

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

JANUARY 1 – DECEMBER 31, 2019
CONSOLIDATED FINANCIAL STATEMENTS
AND AUDIT REPORT

(Convenience translation of interim consolidated financial
information originally issued in Turkish)

Report Date: 10.03.2020
Report Number: AU/2020/001

INDEPENDENT AUDITORS' REPORT

To the Board of Ulusoy Un Sanayi ve Ticaret A.Ş.

A. Report on the Audit of the Consolidated Financial Statements

1- Opinion

We have audited the accompanying consolidated financial statements of Ulusoy Un Sanayi ve Ticaret A.Ş. (the "Company") and its consolidated financial affiliates (together will be referred as to "the Group") which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

2- Basis for Opinion

We conducted our audit in accordance with Standards on Independent Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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. These matters were addressed in the context of our 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 matters.

Key Audit Matter**a.1. Recoverability Of Trade Receivables**

Trade receivables from third parties constitute a significant portion of the consolidated assets of the Group. Furthermore, the assessment of the recoverability of these assets involves significant level of management estimates. Therefore; recoverability of trade receivables is a key matter for our audit.

a.1.1 How Our Audit Addressed The Key Audit Matter

Audit procedures are designed to obtain existence of financial assets. Testing receivables from third parties by obtaining confirmation letters from customers and reconciling them to Groups accounting records. Inquiries with management in relation to any disputes with customers and written inquiries with the Group's legal counsels on outstanding litigation in relation to trade receivables. Analytical procedures on aging of receivables and trade receivable turnover days and understanding and evaluating the customer provision process run by the management. Testing on a sample basis, collections in the subsequent period from selected customers. We had no material findings related to the recoverability of trade receivables as a result of these procedures.

a.2. Inventories and Provision for the impairment of inventories

The Group's inventory is amounting TL-302.969.241 as of 31 December 2019. As of reporting period, inventory is 24% of the total assets. Since the inventory is material for the financial statements and related with the main daily operations, inventory is a key matter for our audit.

a.2.1 How Our Audit Addressed The Key Audit Matter

While designing audit procedures related to this key audit issue, it was checked whether inventory exists, cost values and net realizable values were tested. The Group's year-end stocktaking process was observed, Customs Declarations and invoices related to the goods on the road and related contracts and invoices for transit purchases were provided. Valuations were checked for available inventory at the end of the year. It was also controlled that whether the inventories are valued at the lower of the cost value and the net realizable value, and where necessary, inventory impairment provisions are made. Invoices related to the inventories received during the period were analyzed by the sampling basis and the amounts related to taking the inventories into financial statements were checked.

a.3. Trade Payables

As of reporting period, Group's trade payable account is 45% of the total liabilities. Since the trade payable is material for the financial statements, trade payable is a key matter for our audit.

a.3.1 How Our Audit Addressed The Key Audit Matter

Audit procedures are designed to obtain existence and accuracy of trade payable. Testing on a sample basis, confirmation letters are sent to the suppliers and payments in the subsequent period from selected suppliers.

a.4. Financial Liabilities

As of reporting period, Group's financial liabilities is 30% of the total liabilities. Since the financial liabilities is material for the financial statements, financial liabilities are a key matter for our audit.

a.4.1 How Our Audit Addressed The Key Audit Matter

Audit procedures are designed to obtain existence of financial liabilities and conforming the accuracy of these liabilities. Confirmation letters are sent to the banks and payments and interest payments are tested on a sample basis for the current period. Amortized cost of these liabilities are recalculated.

a.5. Revenue Recognition

The process of recording revenue in the correct period and transferring them to the financial statements were considered as a key audit matter due to the various number of transactions related to revenue.

a.5. How Our Audit Addressed The Key Audit Matter

Recording revenue to financial statements in accordance with the accounting processes in TFRS 15 was questioned. The sales made during the period and after the closing period were selected with the sampling method, and whether the revenue is recorded in the correct periods was evaluated with substantive test. It is evaluated whether there is a high and unusual return and discount in sales returns and discounts in the period after the reporting date.

a.6. Derivative Financial Instruments

The Group holds all derivative financial instruments for trading purposes. The difference between the cost value and the fair value of the derivative financial instrument is associated with the consolidated statement of profit or loss. The fair value of derivative financial instruments is determined by using valuation techniques, assumptions and forecasts. Derivative financial instruments have been considered as key audit matters because of the importance of derivative financial instruments on consolidated financial statements and the use of assumptions and estimates in valuations.

a.6.1 How Our Audit Addressed The Key Audit Matter

Audit procedures include comparing the derivative transactions in the financial statements with the reconciliations from financial institutions that are counterparties. Derivative financial instrument

contracts, which are selected as examples as additional audit procedures, were examined and the cost and fair value differences associated with the consolidated financial statements were checked.

a.7. Tangible Assets

As of 31 December 2019, the Group's property, plant and equipment comprise 14% of its total assets. Due to the size of the balance sheet, tangible fixed assets are considered as the main subject of the audit.

a.7.1 How Our Audit Addressed The Key Audit Matter

Revaluation studies and calculated depreciation amounts for land and buildings have been tested by recalculation method. The appropriateness of the recognition, classification and disclosures of tangible assets in accordance with TAS 16 has been questioned.

4. 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 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.

5. 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 skepticism 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) Audit report on early risk identification system and committee, which has been prepared in accordance with 6102 numbered Turkish Commercial Code's ("TCC") 398th article in paragraph 4, has been submitted to The Company's Board of Directors on 30.03.2020.

2) 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 2019 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting. 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.

The engagement partner on the audit resulting in this independent auditor's report is Prof. Dr. Ömer LALİK.

DMR BAĞIMSIZ DENETİM VE DANIŞMANLIK ANONİM ŞİRKETİ
A member firm of IECnet

Prof. Dr. Ömer LALİK
Partner

İstanbul, 10.03.2020

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ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED THEN DECEMBER 31, 2019***(Amounts expressed in TL, unless otherwise is stated.)*

ASSETS	Note	31.12.2019	31.12.2018
Current Assets		1.065.392.461	857.513.399
Cash and Cash Equivalents	6	148.566.399	233.269.456
Financial Investments	7	2.556.735	820.159
Trade Receivables	10	542.120.772	421.755.175
Receivables from Finance Sector Operations	12	-	-
Other Receivables	11	9.638.349	1.180.276
Derivative Financial Instruments	13	4.094.473	4.580.190
Inventories	14	302.969.241	148.876.878
Biological Assets	15	-	-
Prepaid Expenses	16	46.484.266	37.766.646
Corporate Tax Assets	20	-	-
Other Current Assets	28	8.962.226	9.264.619
<i>(Sub Total)</i>		<i>1.065.392.461</i>	<i>857.513.399</i>
Fixed Assets Held for Sale	35	-	-
Non-Current Assets		215.107.051	178.346.635
Financial Investments	7	-	67.500
Trade Receivables	10	8.822.866	8.822.866
Receivables from Financial Sector Activities	12	-	-
Other Receivables	11	1.119.854	235.418
Derivative Financial Instruments	13	-	-
Investments Valued by Equity Method	18	4.612.490	4.615.132
Biological Assets	15	-	-
Investment Properties	19	11.500.000	9.800.000
Tangible Assets	21	179.250.534	138.747.769
Intangible Assets	22	365.879	414.889
-Goodwill	22	-	-
-Other Intangible Assets	22	365.879	414.889
Prepaid Expenses	16	3.042.014	3.042.014
Deferred Tax Assets	36	6.393.414	12.601.047
Other Non-Current Assets	28	-	-
TOTAL ASSETS		1.280.499.512	1.035.860.034

Consolidated financial statements for the period ended December 31, 2019 were approved at the board meeting on March 10, 2020 and signed by Eren Günhan Ulusoy, Kamil Adem, Salih Zeki Murzioğlu, Özdemir Erol and Kemal Kitaplı on behalf of the Board of Directors.

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED THEN DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

LIABILITIES	Notes	31.12.2019	31.12.2018
Short Term Liabilities		798.508.885	595.776.972
Short Term Financial Borrowings	8	101.222.155	98.238.325
Short Term Portions of Long Term Financial Borrowings	8	81.548.763	68.339.260
Other Financial Liabilities	9	-	-
Trade Payables	10	574.934.836	379.799.207
Payables from Finance Sector Operations	12	-	-
Payables Related with Employee Benefits	26	1.444.264	977.037
Other Payables	11	3.781.764	32.117
Derivative Financial Instruments	13	2.244.832	34.210.890
Government Grants	23	-	-
Deferred Incomes	16	20.809.296	6.543.756
Corporate Tax Liabilities	36	1.572.145	5.918.271
Short Term Provisions	24	264.463	210.574
-Short Term Provisions for Employee Benefits	26/24	10.842	8.740
-Other Short Term Provisions	24	253.621	201.834
Other Short Term Liabilities	28	10.686.367	1.507.535
(Sub Total)		798.508.885	595.776.972
Liabilities of Fixed Assets Held for Sales Purpose	35	-	-
Long Term Liabilities		208.696.825	196.594.217
Long Term Financial Borrowings	8	198.710.777	170.957.065
Other Financial Liabilities	9	-	-
Trade Payables	10	-	16.482.888
Payables from Finance Sector Operations	12	-	-
Other Payables	11	-	-
Derivative Financial Instruments	13	-	-
Government Grants	23	-	-
Deferred Incomes	16	-	291.915
Long Term Provisions	24	2.055.194	1.283.161
-Long Term Provisions for Employee Benefits	26/24	2.055.194	1.283.161
-Other Long Term Provisions	24	-	-
Corporate Tax Liabilities		-	-
Deferred Tax Liabilities	36	7.930.854	7.579.188
Other Long Term Liabilities	28	-	-
Shareholder's Equity	29	273.293.802	243.488.845
Equity Holders of The Parent Company		273.293.802	243.488.845
Paid in Capital		84.500.000	84.500.000
Treasury Shares (-)		(3.445.108)	(3.445.108)
Share Premiums on Capital Stock		38.607.992	38.607.992
Accumulated Other Comprehensive (Income) Expenses not to be Reclassified in Profit and (Loss)		26.601.628	26.779.271
-Revaluation and Remeasurement Gains/ (Losses)		26.601.628	26.779.271
Tangible Assets Revaluation Increases/(Decreases)		27.202.058	27.296.800
Defined Benefit Plans Revaluation Gains/(Losses)		(600.430)	(517.529)
Other Accumulated Comprehensive Income or Expenses to be Classified in Profit or (Loss)		4.346.131	1.477.307
- Foreign Currency Conversion		4.346.131	1.477.307
Restricted Reserves		11.171.315	9.138.328
Retained Earnings		84.516.493	66.524.884
Net Profit/(Loss) for the Period		26.995.351	19.906.171
Non-Controlling Interests		-	-
TOTAL LIABILITIES		1.280.499.512	1.035.860.034

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED THEN DECEMBER 31, 2019 (Amounts expressed in TL, unless otherwise is stated.)

	Note	January 1 - December 31, 2019	January 1 - December 31, 2018
OPERATING ACTIVITIES			
Revenue	30	3.052.037.806	2.984.555.718
Cost of Sales (-)	30	(2.892.155.932)	(2.875.622.716)
Gross Profit/Loss From Commercial Activity		159.881.874	108.933.002
Income from Financial Sector Activities		-	-
Cost of Financial Sector Activities (-)		-	-
Gross Profit/(Loss) From Financial Sector Activities		-	-
GROSS PROFIT/(LOSS)		159.881.874	108.933.002
General Administrative Expenses (-)	31	(13.890.975)	(10.032.131)
Marketing Expenses (-)	31	(42.862.813)	(33.997.935)
Research and Development Expenses (-)	31	(123.301)	(125.242)
Other Operating Income	32	143.406.207	318.518.480
Other Operating Expenses (-)	32	(92.289.385)	(173.754.968)
OPERATING PROFIT/(LOSS)		154.121.607	209.541.206
Income from Investing Activities	32	2.391.507	990.528
Expenses from Investing Activities	32	(118.445)	-
The Profit/(Loss) of Decrease in Value Determined in Accordance with TFRS 9 and Cancellations for Decrease in Value of Loss		34.110	-
Shares of Investments Evaluated by Equity Method in Profit/(Loss)	33	601.824	666.376
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL EXPENSE		157.030.603	211.198.110
Financial Income	34	130.008.931	286.711.355
Financial Expenses (-)	34	(250.998.297)	(475.073.759)
CONTINUING OPERATIONS PROFIT/(LOSS) BEFORE TAX		36.041.237	22.835.706
Continuing Operations Tax Income/(Expenses)	36	(9.045.886)	(2.929.535)
Current Period Tax Income/(Expenses)		(2.439.522)	(10.534.856)
Deferred Tax Income/(Expenses)		(6.606.364)	7.605.321
CONTINUING OPERATIONS PROFIT/(LOSS) FOR THE PERIOD		26.995.351	19.906.171
DISCONTINUED OPERATIONS PROFIT/(LOSS) FOR THE PERIOD		-	-
The Profit/(Loss) of Discontinued Operations After Tax		-	-
NET PROFIT/(LOSS) FOR THE PERIOD		26.995.351	19.906.171
Net Profit/(Loss) Attributable To:		26.995.351	19.906.171
Non-Controlling Interests			
Equity Holders of The Parent Company		26.995.351	19.906.171
Earnings Per Share	37	0,3272	0,2413
Earnings Per Share from Continuing Operations		0,3272	0,2413
Earnings Per Share from Discontinued Operations		-	-
Diluted Earnings Per Share		-	-
Diluted Earnings Per Share From Continuing Operations		-	-
Diluted Earnings Per Share From Discontinued Operations		-	-

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED THEN DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

	Note	January 1- December 31, 2019	January 1- December 31, 2018
OTHER COMPREHENSIVE INCOME			
Not to be Classified in Profit or (Loss)	29	(59.218)	26.854.688
Tangible Assets Revaluation Increases/(Decreases)		-	30.146.334
Intangible Assets Revaluation Increases/(Decreases)		-	-
Defined Benefit Plans Revaluation Gains/(Losses)		(106.283)	(35.423)
Shares Not to be Classified to Profit/(Loss) from Other Comprehensive Income of Investment Valued By Equity Method		-	-
Other Comprehensive Income Items Not to Classify to Other Profit/(Loss)		-	-
Taxes Related to Other Comprehensive Income Not to Reclassified to Profit/(Loss)		47.065	(3.256.223)
<i>Current Period Tax Income / (Expenses)</i>		-	-
<i>Deferred Tax Income / (Expenses)</i>		47.065	(3.256.223)
To be Classified in Profit or (Loss)		2.868.824	1.477.307
Foreign Currency Conversion Adjustments		2.868.824	1.477.307
Revaluation and/or Classification Gains/(Losses) of Available For Sale Financial Assets		-	-
Cash Flow Hedge Gains/(Losses)		-	-
Investment Hedge Gains/(Losses) Related to Foreign Business		-	-
Shares to be Classified in Profit/(Loss) from Other Comprehensive Income of Investment Valued By Equity Method		-	-
Other Comprehensive Income Items to Classify to Other Profit/(Loss)		-	-
Taxes Related to Other Comprehensive Income to Reclassify to Profit/(Loss)		-	-
<i>Current Period Tax Income / (Expenses)</i>		-	-
<i>Deferred Tax Income / (Expenses)</i>		-	-
OTHER COMPREHENSIVE INCOME		2.809.606	28.331.995
TOTAL COMPREHENSIVE INCOME		29.804.957	48.238.166
Total Comprehensive Income Attribute To:		29.804.957	48.238.166
Non-Controlling Interests			
Equity Holders of The Parent Company		29.804.957	48.238.166

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED THEN DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

					Accumulated Other Comprehensive Income or Expenses Not To Be Reclassified Under Profit Or Loss	Profit or Loss be classified Accumulated Other Comprehensive Income and Expenses			Accumulated Profit/(Loss)		
	Note	Paid in Capital	Treasury Shares	Share Premiums on Capital Stock	Tangible Assets Revaluation Increases/(Decreases)	Defined Benefit Plans Revaluation Gains/(Losses)	Foreign Currency Translation Differences	Restricted Reserves	Retained Earnings	The Profit /(Loss) of Period	Total
December 31, 2017 Balance		84.500.000	(3.445.108)	38.607.992	562.159	(489.899)	-	7.444.207	51.899.755	16.595.085	195.674.191
Transfers	29	-	-	-	(147.677)	-	-	1.694.121	15.048.641	(16.595.085)	-
Increase (Decrease) Due to Share Treasury Transactions		-	-	-	-	-	-	-	-	-	-
Dividends	29	-	-	-	-	-	-	-	(423.512)	-	(423.512)
Total Comprehensive Income	29	-			26.882.318	(27.630)	1.477.307			19.906.171	48.238.166
December 31, 2018 Balance	29	84.500.000	(3.445.108)	38.607.992	27.296.800	(517.529)	1.477.307	9.138.328	66.524.884	19.906.171	243.488.845
Transfers	29	-	-	-	(118.425)	-	-	2.032.987	17.991.609	(19.906.171)	-
Increase (Decrease) Due to Share Treasury Transactions	29	-	-	-	-	-	-	-	-	-	-
Change in Accounting Policies		-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	29	-	-	-	23.683	(82.901)	2.868.824	-	-	26.995.351	29.804.957
December 31, 2019 Balance	29	84.500.000	(3.445.108)	38.607.992	27.202.058	(600.430)	4.346.131	11.171.315	84.516.493	26.995.351	273.293.802

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED THEN DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

	Notes	01.01.2019 31.12.2019	01.01.2018 31.12.2018
A. Cash Flow From Operating Activities		(54.442.793)	(19.948.944)
Net Profit/(Loss) For The Period	29	26.995.351	19.906.171
Adjustment Related to Period Profit/Loss Agreement		9.101.606	(8.124.578)
Adjustments Related to Depreciation and Amortization Expense	31	5.902.392	2.905.672
Adjustments Related to Interest Income/Expense		(4.126.789)	(3.521.121)
Adjustments Related to Provisions		719.639	215.643
Adjustments Related to Tax Income/Expense		6.606.364	(7.724.772)
Changes in Working Capital		(90.539.750)	(31.730.537)
Adjustments Related to Increase/Decrease in Inventories	14	(154.092.363)	73.464.280
Adjustments Related to Increase/Decrease in Trade Receivables	10	(120.365.597)	(89.959.506)
Adjustments Related to Increase/Decrease in Other Receivables	11	(9.342.509)	698.447
Adjustments Related to Increase/Decrease in Trade Payables	10	178.652.741	(9.830.475)
Adjustments Related to Increase/Decrease in Other Payables	11	3.749.647	(36.772)
Adjustments Related to Other Increase/Decrease in Working Capital		10.858.331	(6.066.511)
Cash Flow From Operating Activities		(54.442.793)	(19.948.944)
B. Cash Flows From Investing Activities		(81.202.922)	(10.532.698)
Purchase of Tangible and Intangible Asset	21/22	(46.522.881)	(43.881.617)
Disposal of Tangible and Intangible Asset	21/22	166.734	38.647
Cash Inflows from Investment Property Sales		(1.700.000)	-
Cash Outflows for Debt Instruments or Shares of Other Companies or Funds	7/18	(1.666.434)	(560.219)
Cash Inflows for Debt Instruments or Shares of Other Companies or Funds	7/18	-	-
Derivative Instruments Cash Inflows	13	-	-
Derivative Instruments Cash Outflows	13	(31.480.341)	33.870.491
C. Cash Flows From Financing Activities		48.073.834	121.710.869
Capital Contribution	29	-	-
Cash outflow arising from buying its own shares		-	-
Cash Inflows from Financial Borrowings		519.761.499	674.508.806
Cash Outflows from Financial Payments		(436.577.903)	(529.039.335)
Received Interest	34	13.732.229	13.642.790
Interest Paid	34	(48.841.991)	(37.401.392)
Dividends Paid	29	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents Before The Effect Of Foreign Currency Exchange Differences (A+B+C)		(87.571.881)	91.229.227
D. Effect of Foreign Currency Exchange Adjustments on Cash and Cash Equivalents		2.868.824	1.477.307
Net Increase/Decrease in Cash and Cash Equivalents (A+B+C+D)		(84.703.057)	92.706.534
E. Cash and Cash Equivalents at the Beginning of the Period	6	233.269.456	140.562.922
Cash and Cash Equivalents at the End of the Period (A+B+C+D+E)	6	148.566.399	233.269.456

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN
DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Ulusoy Un Sanayi ve Ticaret Anonim Şirketi ("The Company") was established in 1989 to produce, trade, export and import all kinds of food products from cereals and legumes.

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

The Company's registered capital ceiling is 250.000.000-TL. The permission of registered capital ceiling given by Capital Market Board ("CMB") is valid between 2018 – 2022 (for 5 Years).

In the meeting dated November 7, 2014 and numbered 32/1095, CMB has allowed The Company to public offer on November 12-13-14, 2014 by book building (demand gathering) method. Total of 23.500.000 TL nominal value shares, which were offered to public by capital increase and sales of shareholders, were sold. 27, 81% of The Company shares have been traded in Borsa İstanbul since November 20, 2014. The issued capital of The Company is 84.500.000 TL (Eightyfourmillion and fivehundredthousand Turkish Lira). This capital consists of 9.750.000 Group A shares, 6.500.000 Group B shares and 68.250.000 Group C shares and each worth 1,00TL that makes a total of 84.500.000 TL. Group A and B shares are registered to the name and Group C shares which are traded in Borsa Istanbul are registered to the bearer, other Group C shares are registered to the name. Group A shares have privilege to vote in the election of Board of Directors, Group A and B shares have privilege to vote in General Assembly and not considering independent members, in case the Board of Directors consist of five members, at least two members, in case it consists of six or seven members, at least three members, in case it consists of eight or nine members, at least four members, in case it consists of ten or eleven members, at least five members must be chosen among the candidates who are nominated by the majority of Group A shareholders. Group A shareholders or representatives have 15 votes, Group B shareholders or representatives have 10 votes, Group C shareholders or representatives have 1 vote for each share in the ordinary or extraordinary General Assembly.

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN
DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

Partnership structure of The Company is as follows:

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

The Company has 243 employees as of December 31, 2019 (December 31, 2018:246 employees).

The Company has two subsidiaries as of reporting date. The shares on the subsidiaries are as follows:

Subsidiaries	December 31, 2019 (Ratio)	December 31, 2018 (Ratio)
Uludağ Tarım Ürünleri Lisanslı Depoculuk A.Ş.	% 100	%100
Rolweg SA	% 100	%100
Alfaway Gıda Sanayi ve Ticaret A.Ş.	%100	-

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

Uludaş Tarım Ürünleri Lisanslı Depoculuk A.Ş. ("Uludaş")

Ulidas was established on February 27, 2015 in order to operate as licensed warehouse by stocking and retaining "agricultural commodity in scope of license" for commercial purpose in healthy conditions.

Ulidas's registered head office address is Şabanoğlu Mahallesi Atatürk Bulvarı No:180-1 Tekkeköy / Samsun. Ulidas has 17 employees as of December 31, 2019. (December 31, 2018: 9 employees).

The Capital as of December 31, 2019 is 5.000.000 TL and there isn't unpaid capital.

Rolweg SA ("Rolweg")

Rolweg SA was established on March 15, 2018 with the capital of 1,000,000 Swiss Francs (CHF) to make grain commercial. 100% of the capital of Rolweg belongs to Ulusoy Un Sanayi ve Ticaret A.Ş. The official address of Rolweg SA is Rue du Nant6, 1207 Geneva Switzerland.

Rolweg's capital was increased by 2,000,000 Swiss francs (CHF) with the decision taken on 23.07.2019. As of 31.12.2019, the capital of Rolweg SA is 3,000,000 Swiss francs.

Alfawaf Gıda Sanayi ve Ticaret A.Ş. (Alfaway)

It was established on 24.09.2019 to manufacture, wholesale and retail purchase, sale and distribution, import and export of all kinds of foodstuffs. The head office address of Alfaway is Şabanoğlu Mahallesi Atatürk Boulevard N180 / 1 Tekkeköy Samsun. As of 31 December 2019, its capital is 5.000.000 TL. Ulusoy Un Sanayi ve Ticaret A.Ş. holds 100% of Alfaway's capital.

As of 31 December 2019, the company has 43 employees.

The Company, Alfaway, Uludaş and Rolweg will all be referred to as "the Group".

2. BASIS OF THE FINANCIAL STATEMENTS

2.1. Basis of Presentation

2.1.1. Statement of Compliance

The Group prepares its accounting records in accordance with the accounting principles of Turkish Commercial Code and Turkish Tax Law and prepares legal financial statements in Turkish Lira (TL).

The accompanying financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") / Turkish Financial Reporting Standards ("TFRS"), which are endorsed by the Public Oversight Accounting and Auditing Standard Authority according to Communiqué No:II, 14.1 "Communiqué on Financial Reporting Standards in Capital Markets" ("the Communiqué") promulgated by CMB, which is published in the Official Gazette dated June 13, 2013 and numbered 28676.

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN
DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

Consolidated financial statements for the period ended December 31, 2019 were approved at the board meeting on March 10, 2019 and signed by Eren Günhan Ulusoy, Kamil Adem, Salih Zeki Murzioğlu, Özdemir Erol and Kemal Kitaplı on behalf of the Board of Directors.

The Company's General Assembly and/or legal authorities have the authority to change the accompanying consolidated financial statements.

2.1.2. Basis of Financial Statements Preparation

Consolidated financial statements dated 31 December 2019 are presented in accordance with the formats specified in the Announcement of the TAS Taxonomy published by KGK on April 15, 2019 and the Financial Statement Examples and User Guide published by the CMB.

The Group's consolidated financial statements are prepared in accordance with The Group's sustainability under the assumption of The Group will meet its liabilities and benefit from its assets in the following year.

2.1.3. Reporting Currency

The accompanying consolidated financial statements are presented in TL and all financial information is rounded to the nearest digit.

In order to prepare consolidated financial statements and footnotes in TL, subsidiaries operating abroad in the scope of consolidation are required to convert monetary statement of financial position accounts using the existing exchange rate of TL and non-monetary statement of financial position accounts, income, expense and cash flow accounts using the rate of the transaction date of TL.

The financial statements prepared in USD, which is the functional currency of Rolweg SA, are translated into the functional currency of the Company, as follows:

-As of 31 December 2019, assets and liabilities accounts were translated by T.C. Central Bank with USD buying rate (1 USD = 5,9402-TL)

-Statement of profit and loss accounts are converted to TL at the average rates of the relevant year.

2.1.4. Adjustment of Financial Statements in Hyperinflation Period

TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the reporting date. Hyperinflation period ceased and also the criteria related to hyperinflation are not valid anymore according to CMB's March 17, 2005 dated and 11/367 numbered decree. Moreover, preparation of financial statements according to inflation accounting has been ceased on January 1, 2005.

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

2.1.5. Basis of Consolidation

Financial statements as of December 31, 2019 and December 31, 2018 are presented as **consolidated financial statements**.

The Company's subsidiary details as of December 31, 2019 and December 31, 2018 are as follows:

Subsidiary	December 31, 2019 (Rate)	December, 31 2018 (Rate)
Uludaş Tarım Ürünleri Lisanslı Depoculuk A.Ş.	% 100	% 100
Rolweg SA	%100	%100
Alfaway Gıda Sanayi ve Ticaret A.Ş.	%100	-

The accompanying consolidated financial statements reflect the accounts of The Group and its subsidiaries in the way which is mentioned in the "subsidiaries" note. Necessary adjustments and reclassifications are made in the sense of accordance with legal records, reporting standards, accounting policies of The Group and presentation styles by preparing the financial statements of subsidiaries.

2.1.5.1. Subsidiaries

Subsidiaries are the companies that The Group has control on the activities directly or indirectly. The Group takes a share from operating results of subsidiaries depending on its managing authority on the financial and operational policies of its subsidiaries. Existing and transposable vote rights are considered in determination of control power. Financial statements of subsidiaries are presented in the consolidated financial statements as long as the control power exists.

The Group owns 100% of Ulidas and Rolweg SA as of December 31, 2018. Considering The Company has full control authority on the activities of Alfaway, Rolweg SA and Ulidas, financial statements of Alfaway, Rolweg SA and Ulidas are included in the accompanying consolidated financial statements with full consolidation method.

2.1.5.2. Elimination by Consolidation

Statement of financial position and profit or loss statement of Alfaway, Ulidas and Rolweg are consolidated with full consolidation method and recorded values of Alfaway, Ulidas and Rolweg which are presented as subsidiaries in The Group's books and equity of Alfaway, Ulidas and Rolweg are offset reciprocally. Consolidated financial statements are purified from all balances, transactions and all sorts of unrealized income and expenses arising from transactions between The Group and Alfaway, Ulidas and Rolweg. When necessary, adjustments are made in financial statements of subsidiaries in order to follow same accounting policies with The Company. All transactions, balances, income and expenses within The Group are eliminated by consolidation.

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN
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(Amounts expressed in TL, unless otherwise is stated.)

2.1.5.3. Non-controlling Interests

Non-controlling interests in net assets of consolidated subsidiaries are expressed separately in shareholders' equity of The Group. Non-controlling interests consist of amount of these interests which realized in the beginning of merger and amount of non-controlling interests in the changes in equity since merging date.

2.1.6. Comparative Information and Prior Period Financial Statement Correction

Consolidated financial statements are presented comparatively. Comparative information is reclassified in order to be in conformity with the presentation of the current period consolidated financial statements if necessary.

2.1.7. Offsetting

Financial assets and liabilities are reported on net basis in the consolidated statement of financial position; if there is legal offsetting right, they are paid on net basis or collection is possible or acquisition and payment are realized simultaneously.

2.1.8. Changes in Accounting Policies

Changes in accounting policies are applied retroactively and the financial statements of the prior period are prepared accordingly.

TFRS 16 Leases

Effective for annual reporting periods starting on January 1, 2019 or after this date, this standard replaces existing TMS 17 Leases. According to TAS 17, if the lessor is a leasing party, it is required to make financial lease or operating lease distinction for this transaction. However, in TFRS 16, lesser will have to write down their future lease obligations and asset usage right to the financial statement for all lease contracts. When short-term lease contracts with a rental period of 12 months and less are considered as low value contracts, it is possible to continue to expense these contracts, which can be evaluated within the scope of the exception defined by TFRS 16, at the time of payment.

The Group records the lease obligation by calculating the discounted present value of the remaining lease payments at the the lessor's alternative borrowing interest rate on the first application date. In the accounting of the right of use asset, the option to include it in the financial statements at an amount equal to the lease obligation is preferred, as specified. In line with this initial recognition, no revisions have been made in retained earnings or in the comparative information of the financial statements (2018 balance sheet and income statement).

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

As of 1 January 2019 and 31 December 2019, the right of use asset and lease obligations included in the financial statements are as follows:

Statement of Financial Position	01.01.2019	31.12.2019
Right of Use Asset (Gross)	1.502.723	1.591.101
Lease Liabilities	1.502.723	806.554

As of 31 December 2019, right of use asset has been reported as 35.863-TL buildings and 1.555.238-TL in vehicles. The depreciation expenses of the right of use asset for the period ending on 31 December 2019 are 789.612-TL. While measuring the lease debts, the Group discounts the lease payments using the alternative borrowing rate as of January 1, 2019. The alternative borrowing rates used are 19.32%, 4.48% and 4.19% for TL, USD and Euro, respectively.

2.1.9. Changes in Accounting Estimates and Errors

If estimated changes in accounting policies are for only one period, changes are applied in the current period but if the estimated changes continue for the following periods, changes are applied both in the current and following periods prospectively. Determined accounting errors are applied retroactively and the financial statements of the prior periods are reprepared accordingly.

The preparation of financial statements; Group management makes judgments, estimates and assumptions. The estimates are used particularly in the following notes: determining the useful lives of tangible and intangible assets, determining the actuarial assumptions used in the retirement pay account, provisions to be set aside for lawsuits and enforcement proceedings against the Group, and determination of inventory impairment.

Significant Accounting Evaluations, Estimates and Assumptions,

The preparation of financial statements, management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The assumptions made by the Group as of the reporting period are as follows:

- ❖ Termination indemnity liability is determined by using actuarial assumptions (discount rates, future salary increase rates, employees' probability of leaving work).
- ❖ Tangible and intangible assets are amortized on a straight-line basis over their useful lives. Useful life, residual value and amortization method are reviewed annually for possible effects of changes in estimates.
- ❖ In case of doubt (uncertainty) in the collection of receivables, the Group reserves provision for these receivables irrespective of the circumstances of the case (unfolding).
- ❖ Inventories are presented in the financial statements over the lower of cost or fair value.

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN
DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

2.1.10. Summary of Significant Accounting Policies

2.1.10.1. Revenue

2.1.10.1. Revenue

The Group adopted TFRS 15, “Revenue From Contracts with Customers” from 1 January 2018 which proposes a five step model framework mentioned below for recognizing the revenue.

1. Identify the contact with customers
2. Identify separate performance obligations in the contract
3. Determine the transaction price in contract
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue

The revenue of the Group consists of wheat, corn, flour, dandruff and spike sales.

2.1.10.2. Tangible Assets

Tangible assets such as underground and overland plants, furniture and fixture, plants machinery and equipment of The Group are presented by their cost, including expenses incurred to make it ready for use, after deducting accumulated depreciation and accumulated impairment loss As of December 31, 2019; lands, buildings and vehicles are reported due to revaluation model in the consolidated financial statements and the realised difference is reported in equity in tangible assets revaluation surplus and in the statement of other comprehensive income in the related period When tangible assets are sold, realised profit or loss is presented in profit or loss statement after their cost and accumulated depreciation are deducted from the related accounts. Assets except lands are depreciated by considering the rates which are determined according to their useful lives.

	<u>Useful Life</u>
Underground and Overland Plant	25-40-50 Years
Buildings	25-50 Years
Furniture and Fixture	3-4-5-6-9-10-15-16-50 Years
Vehicles	2-4-5-10-15 Years
Plants Machinery and Equipment	4-5-6-8-10-13-15-16 Years
	17-20-25-40-50 Years

2.1.10.3. Intangible Assets

Intangible assets are recognized by acquisition cost and are amortized by the rates that are determined due to their useful lives.

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	<u>Useful Life</u>
Rights	3-4-5-10-15 Years

2.1.10.4. Impairment of Assets

All assets other than financial assets are tested for whether there is an indicator of impairment or not all reporting dates. If such an indicator exists, recoverable amount of that asset is estimated. Recoverable amount of an asset is the higher one of net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its life.

2.1.10.5. Borrowing Costs

All borrowing costs are recognized in consolidated profit or loss statement in the period in which they are incurred because The Group has no qualifying assets.

2.1.10.6. Inventories

Inventories shall be measured at the lower of cost and net realizable value. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.1.10.7. Financial Assets

2.1.10.7.1. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments of which maturities are three months or less from the date of acquisition and that are easily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2.1.10.7.2. Trade and Other Receivables

Trade and other receivables are recorded by their fair values at the initial recognition, and are subsequently presented by amortized cost by using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired.

2.1.10.7.3. Derivative Financial Instruments

Derivative financial instruments are held for trading or hedging. The Group holds all derivative financial instruments for trading. The difference between the cost value and the fair value of the financial derivative is recognized in profit/ (loss).

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2.1.10.8. Financial Liabilities

2.1.10.8.1. Financial Borrowings

Interest-bearing financial borrowings are initially recognized by fair value, and are subsequently revaluated by using effective interest rate method.

2.1.10.8.2. Trade and Other Payables

Trade and other payables are initially recognized by fair value, and are subsequently evaluated by amortized cost by using effective interest rate method.

Credit Risk:

The Group's credit risk primarily arises from its trade receivables. Trade receivables are evaluated by The Group's management based on prior experiences and the current economic environment, and are presented in the consolidated statement of financial position on net basis after deducting allowances for doubtful receivables.

Market Risk:

Market risk arises from the probable changes in the level of interest rates, currency exchange rates or the price of securities and other financial contracts that might have an adverse financial impact.

Liquidity Risk:

The Group is generally raising funds by liquidating its short-term financial instruments. The proceedings from these instruments are presented by their fair values.

2.1.10.9. Foreign Currency Transactions

Transactions in foreign currencies are exchanged to TL by the rates on the date of transactions. Assets and liabilities denominated in foreign currencies are translated by the exchange rates on the reporting date. Gains and losses arising from settlement and translation of foreign currency items are presented in consolidated profit or loss statement.

2.1.10.10. Earnings Per Share

According to TAS 33; earnings per share presented in the accompanying consolidated profit or loss statement are calculated by dividing net income by the weighted average ordinary number of shares.

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN
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2.1.10.11. Subsequent Events

Describe the events that occurred between the reporting date and the authorization date for publishing the consolidated statement of financial position in favour of or against The Group. If there are new proofs showing that such events really exist as of reporting date or the related events reveal following reporting date, The Group states such issues in the related notes.

If some events that require adjustments revealed after reporting date, The Group should adjust the amounts in the consolidated financial statements according to the new situation.

2.1.10.12. Related Parties

For the purpose of accompanying consolidated financial statements, shareholders of The Group and other companies owned by the shareholders, their directors and key management personnel and any other related person or company are considered and referred as related parties. Related parties expression refers to the control of The Group directly or indirectly, to have right to provide significant impact on The Group or The Group's subsidiaries, members of the board, directors like chief executive officer.

2.1.10.13. Taxes Calculated On The Basis Of The Company's Earnings

In Turkey, corporation tax rate is 22% for 2019 (on December 31, 2018: %22). This rate is implemented to the tax base which is calculated by adding non-deductible expenses according to the tax laws and deducting tax exemptions and discounts. Unless the profit is distributed, there is not further tax to be paid. 5520 numbered corporation tax rate is amended to 22% for the fiscal taxation periods of 2018, 2019 and 2020, with provisional Clause 10 added to the Article 91 of the Law numbered 7061.

The Group is required to pay temporary corporate tax based on their quarterly profits at the rate of 22%. Temporary Corporate tax must be submitted by the 14th of the second month following the quarterly period and the tax should be paid until the 17th of the same month. Temporary corporate tax payments are going to be offset against the final corporate tax liability of The Group, which is determined in the annual return. According to the Turkish Tax Laws, stated financial loss can be deducted from profit for five years.

2.1.10.14. Employee Termination Benefits

According to the laws in force, The Group is responsible for making a specific amount of payment to personnel due to rescind reasons except the ones stated in the Labour Law and retirement. Due to TAS 19 'Employee Benefits', employee termination benefits are presented in consolidated financial statements by estimating present value, of the total liability that should be paid to all employees who have right to get severance pay on reporting date.

2.1.10.15. Government Grants and Incentives

Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:

- (a) The Group will comply with the conditions attaching to them; and
- (b) the grants will be received.

The manner in which a grant is received does not affect the accounting method to be adopted in regard to the grant. Thus a grant is accounted for in the same manner whether it is received in cash or as a reduction of a liability to the government.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan shall be recognised and measured in accordance with TAS 39 Financial Instruments: Recognition and Measurement. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with TAS 39 and the proceeds received. The benefit is accounted for in accordance with this Standard. The Group shall consider the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate.

There are two broad approaches to the accounting for government grants: the capital approach, under which a grant is recognised outside profit or loss, and the income approach, under which a grant is recognised in profit or loss over one or more periods.

Considering income tax and other taxes are kinds of expense, as a part of financial policies the government grants, are recognised in profit or loss.

2.1.10.16. Investment Properties

The Group chooses fair value method or cost method as an accounting policy and applies it to all investment properties.

A company which choose cost method after the first recognition, measures all investment properties by cost method according to TAS 16.

The Group choses fair value method therefore, profit/loss which appeared by the change in fair value of an investment property, is added to profit/loss of regarding period. Explanations about the Group's investment properties are presented in the note 19.

2.2. Significant Accounting Evaluation, Estimates and Judgments

The preparation of consolidated financial statements in accordance with TFRS, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. If adjustment is necessary, it is reported in consolidated profit or loss statement of the period that adjustment is revealed.

2.3. New and Revised International Financial Reporting Standards

The Group applied all of the relevant and required standards promulgated by Public Oversight Accounting and Auditing Standard Authority as of December 31, 2019.

New standards in valid as of December 31, 2019 and amendments to prior standards;

TFRS 9 is effective for reporting periods beginning on or after January 1, 2019. This amendment results in the recognition of profit or loss directly in profit / loss when the financial liability measured at amortized cost is changed without leaving the financial statement. The k/z is calculated as the difference between the contractual cash outflows and the effective interest rate amortized cash outflows.

TFRS 16 Leasing Operations

It will effective after January 1, 2019. This standard will take the place of TAS 17 standard and will bring about a wide change especially in terms of leaseholders.

TFRS Comment 23 Uncertainties in Tax Applications

It will effective from 1 January 2019 and from the reporting periods beginning after that date. It clarifies some of the uncertainties in the application of TMS 12 standard.

2015-2017 annual improvements; Effective for annual periods beginning on or after 1 January 2019. These improvements contain the following changes:

- TFRS 3, "Business Combinations"; Control is provided, the previously acquired share in joint activity is re-measured by the entity.

TFRS 11, "Joint Agreements "; Joint control is provided, the previously acquired share in joint activity is not re-measured by the entity.

- TAS 12, "Income Taxes"; The income tax effects of dividends in the same way is recognized by the entity.

- TAS 23, "Borrowing Costs"; Any borrowing to make a qualifying asset ready for its intended use or sale and considers as a part of general borrowing.

TAS 19, "Employee Benefits"; Adjustments of the plan, improvement of downsizing and fulfillment, effective for annual reporting periods beginning on or after 1 January 2019.

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Standards and amendments issued as of December 31, 2019, but not yet in force:

Amendments to TFRS 3; Is effective for annual periods beginning on or after 1 January 2020. With this amendment, the definition of entity was revised.

TFRS 17, "Insurance Contracts"; Is effective for annual periods beginning on or after 1 January 2021. This standard takes the place of TFRS 4, currently allows a wide range of applications.

3. BUSINESS COMBINATIONS

None.

4. INTERESTS IN OTHER ENTITIES

None.

5. SEGMENTAL REPORTING

December 31, 2019	Wheat and Flour Trade	Licensed Warehouse	Elimination	Total
Revenue	3.085.440.548	4.249.540	(37.652.282)	3.052.037.806
Cost of Sales (-)	(2.927.275.861)	(1.485.128)	36.605.057	(2.892.155.932)
Gross Profit/Loss From Commercial Activity	158.164.687	2.764.412	(1.047.225)	159.881.874
Research and Development Expenses (-)	(123.301)	-	-	(123.301)
General Administrative Expenses (-)	(13.203.392)	(1.343.754)	656.171	(13.890.975)
Marketing Expenses (-)	(43.396.293)	-	533.480	(42.862.813)
Other Operating Income	142.311.867	1.330.257	(235.917)	143.406.207
Other Operating Expenses (-)	(92.011.231)	(378.191)	100.037	(92.289.385)
Operating Profit/(Loss)	151.742.337	2.372.724	6.546	154.121.607
Income from Investing Activities	2.391.507	-	-	2.391.507
Expenses from Investing Activities	(118.445)	-	-	(118.445)
The Profit/(Loss) of Decrease in Value Determined in Accordance with TFRS 9 and Cancellations for Decrease in Value of Loss	34.110	-	-	34.110
Shares of Investments Evaluated by Equity Method in Profit/(Loss)	601.824	-	-	601.824
Operating Profit/(Loss) Before Financial Expenses	154.651.333	2.372.724	6.546	157.030.603
Financial Income	131.891.697	19	(1.882.785)	130.008.931
Financial Expenses (-)	(251.234.494)	(1.640.042)	1.876.239	(250.998.297)
Continuing Operations Profit/(Loss) Before Tax	35.308.536	732.701	-	36.041.237
Continuing Operations Tax Income/(Expenses)	(8.998.149)	(47.737)	-	(9.045.886)
Net Profit/(Loss) For The Period	26.310.387	684.964	-	26.995.351

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(Amounts expressed in TL, unless otherwise is stated.)

December 31, 2018	Wheat and Flour Trade	Licensed Warehouse	Elimination	Total
Revenue	2.984.040.150	621.377	(105.809)	2.984.555.718
Cost of Sales (-)	(2.874.825.002)	(897.828)	100.114	(2.875.622.716)
Gross Profit/Loss From Commercial Activity	109.215.148	(276.451)	(5.695)	108.933.002
General Administrative Expenses (-)	(9.614.288)	(423.539)	5.696	(10.032.131)
Marketing Expenses (-)	(33.997.935)	-	-	(33.997.935)
Research and Development Expenses (-)	(125.242)	-	-	(125.242)
Other Operating Income	317.407.205	1.111.275	-	318.518.480
Other Operating Expenses (-)	(173.201.289)	(472.308)	(81.371)	(173.754.968)
Operating Profit/(Loss)	209.683.599	(61.023)	(81.370)	209.541.206
Income from Investing Activities	965.191	25.337	-	990.528
Expenses from Investing Activities	-	-	-	-
Shares of Investments Evaluated by Equity Method in Profit/(Loss)	666.376	-	-	666.376
Operating Profit/(Loss) Before Financial Expenses	211.315.166	(35.686)	(81.370)	211.198.110
Financial Income	287.958.380	-	(1.247.025)	286.711.355
Financial Expenses (-)	(474.774.843)	(1.545.941)	1.247.025	(475.073.759)
Continuing Operations Profit/(Loss) Before Tax	24.498.703	(1.581.627)	(81.370)	22.835.706
Continuing Operations Tax Income/(Expenses)	(2.982.338)	52.803	-	(2.929.535)
Net Profit/(Loss) For The Period	21.516.365	(1.528.824)	(81.370)	19.906.171

December 31, 2019	Wheat and Flour Trade	Licensed Warehouse	Elimination	Total
Total Assets	1.327.812.521	14.334.318	(61.647.327)	1.280.499.512
Total Liabilities	1.033.898.237	9.464.505	(36.157.032)	1.007.205.710
Equity Holders of The Parent Company	293.914.284	4.869.813	(25.490.295)	273.293.802
Non-Controlling Interests	-	-	-	-

December 31, 2018	Wheat and Flour Trade	Licensed Warehouse	Elimination	Total
Total Assets	1.051.504.035	14.322.469	(29.966.470)	1.035.860.034
Total Liabilities	788.888.842	10.137.617	(6.655.270)	792.371.189
Equity Holders of The Parent Company	248.329.393	4.184.852	(9.025.400)	243.488.845
Non-Controlling Interests	-	-	-	-

December 31, 2019	Wheat and Flour Trade	Licensed Warehouse	Total
Investment Expenditures*	46.321.573	201.308	46.522.881
Amortization Charge for Period	5.507.679	394.713	5.902.392

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December 31, 2018	Wheat and Flour Trade	Licensed Warehouse	Total
Investment Expenditures	43.728.096	153.521	43.881.617
Amortization Charge for Period	2.549.173	356.499	2.905.672

* Consists of purchases on tangible assets and intangible assets.

6. CASH AND CASH EQUIVALENTS

	Interest Rate (December 31, 2019)	December 31, 2019	December 31, 2018
Cash		59.065	35.006
Demand Deposits		25.005.286	53.402.311
Deposit Accounts	USD: %1,85 - %2,75 Interest Corridor TL: %10 - %10,50 Interest Corridor	92.473.701	179.774.361
POS Accounts		161.035	184.450
Fund Accounts		30.955.677	-
Expected Credit Loss		(88.365)	(126.672)
		148.566.399	233.269.456

Expected credit loss is consisted of provisions calculated in accordance with TFRS 9.

7. FINANCIAL INVESTMENTS

Short Term Financial Investments

Short-term financial assets are classified as financial assets at fair value through profit or loss.

	December 31, 2019	December 31, 2018
Bonds	1.012.995	820.159
Blocked Accounts	1.543.740	-
	2.556.735	820.159

Long Term Financial Investments

Long term financial assets are classified as financial assets at fair value through profit or loss.

Details of the cost of a financial asset and the fair value difference are as follows:

Fair value difference reflected in profit / (loss)	%	December 31, 2019	%	December 31, 2018
Samsun Teknolojik Geliştirme Bölgesi Yönetici A.Ş.		-	0,5	22.500
		-		22.500
Unpaid Capital Commitments (-)				
Samsun Teknolojik Geliştirme Bölgesi Yönetici A.Ş.		-		3.750
		-		3.750
Cost Value		-		18.750
Fair Value Difference		-		48.750
Fair Value		-		67.500

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At the Board of Directors meeting dated 4 February 2019, the Company's board of directors decided to sale of the shares of Samsun Teknoloji Geliştirme Bölgesi Yönetici AŞ, which was classified in financial fixed assets. Financial assets at fair value through profit or loss amounting to 67,500-TL were sold to Fahrettin Ulusoy who is one of the shareholders of the company.

As of 31.12.2018, the sale price is determined as the fair value of the financial asset and the 48.750 TL difference between the cost value is reported in the income account from investment activities.

8. FINANCIAL BORROWINGS

Short Term Financial Borrowings

	December 31, 2019	December 31, 2018
Short Term Borrowings	101.222.155	98.238.325
Short Term Portions of Long Term Borrowings (net)	81.548.763	68.339.260
	182.770.918	166.577.585

Short Term Borrowings

	December 31, 2019	December 31, 2018
Short Term Loans	101.222.155	98.238.325

Short Term Loans

	December 31, 2019	December 31, 2018
Short Term Loans	102.321.509	100.412.624
Deferred Interest Expenses (-)	(1.099.354)	(2.174.299)
Short Term Loans (Net)	101.222.155	98.238.325

Detail of the short term loans (net) as of December 31, 2019 is as follows:

Currency	Interest Rate Corridor	Currency Amount	TL Amount
USD	%1,84-%5,70 Interest Corridor	17.040.193-Usd	101.222.155
TL		-	-
			101.222.155

Detail of the short term loans (net) as of December 31, 2018 is as follows:

Currency	Interest Rate Corridor	Currency Amount	TL Amount
USD	%1,66-%3,85 Interest Corridor	15.822.069-Usd	83.238.325
TL			15.000.000
			98.238.325

Short Term Portions of Long Term Borrowings

	December 31, 2019	December 31, 2018
Short Term Portions of Long Term Loans (net)	74.479.261	60.980.766
Short Term Portions of Long Term Leasing Payables (net)	7.069.502	7.358.494
	81.548.763	68.339.260

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

Short Term Portions of Long Term Loans

	December 31, 2019	December 31, 2018
Short Term Portions of Long Term Loans	91.360.923	74.711.042
Deferred Interest Expenses (-)	(16.881.662)	(13.730.276)
Short Term Portions of Long Term Borrowings (net)	74.479.261	60.980.766

Detail of the short term portions of long term loans as of December 31, 2019 is as follows:

Currency	Interest Rate Corridor	Currency Amount	TL Amount
USD	% 4,12 - %7,57 Interest Corridor	2.388.236-Usd	14.186.601
Euro	%3,59- %5,11 Interest Corridor	4.906.923-Euro	32.633.983
TL	%12 - %24,55 Interest Corridor		27.658.677
			74.479.261

Detail of the short term portions of long term loans as of December 31, 2018 is as follows:

Currency	Interest Rate Corridor	Currency Amount	TL Amount
USD	% 4,12 - %4,44 Interest Corridor	2.294.353-Usd	12.070.359
Euro	%2,46- %5,11 Interest Corridor	3.293.822-Euro	19.855.158
TL	%14,80 - %17,77 Interest Corridor		29.055.249
			60.980.766

Short Term Portions of Long Term Leasing Payables

	December 31, 2019	December 31, 2018
Short Term Portions of Long Term Leasing Payables	7.622.919	8.196.809
Deferred Interest Expenses (-)	(553.417)	(838.315)
Short Term Portions of Long Term Leasing Payables (net)	7.069.502	7.358.494

Detail of the short term portions of long term leasing payables (net) as of December 31, 2019 is as follows:

Currency	Currency Amount	TL Amount
USD	1.169.802-Usd	6.948.859
Euro	-	-
TL	-	120.643
		7.069.502

Detail of the short term portions of long term leasing payables (net) as of December 31, 2018 is as follows:

Currency	Currency Amount	TL Amount
USD	1.398.714-Usd	7.358.494
Euro	-	-
TL	-	-
		7.358.494

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Long Term Financial Borrowings

	December 31, 2019	December 31, 2018
Long Term Loans (net)	190.728.621	158.376.270
Long Term Leasing Payables (net)	7.982.156	12.580.795
Long Term Leasing Payables (net)	198.710.777	170.957.065

Long Term Loans

	December 31, 2019	December 31, 2018
Long Term Loans	228.494.500	186.245.464
Deferred Interest Expenses (-)	(37.765.879)	(27.869.194)
Long Term Loans (net)	190.728.621	158.376.270

Detail of the long term loans (net) as of December 31, 2019 is as follows:

Currency	Interest Rate Corridor	Currency Amount	TL Amount
USD	% 4,12 - %7,57 Interest Corridor	17.128.571-Usd	101.747.140
Euro	%3,59- %5,11 Interest Corridor	2.250.000-Euro	14.963.850
TL	%12 - %24,55 Interest Corridor		74.017.631
			190.728.621

Detail of the long term loans (net) as of December 31, 2018 is as follows:

Currency	Interest Rate Corridor	Currency Amount	TL Amount
USD	% 4,12 - %4,44 Interest Corridor	19.110.952-Usd	100.540.809
Euro	%2,46- %5,11 Interest Corridor	1.875.000-Euro	11.302.500
TL	%14,80 - %17,77 Interest Corridor		46.532.967
			158.376.276

Long Term Leasing Payables

	December 31, 2019	December 31, 2018
Long Term Leasing Payables	8.432.749	13.453.715
Deferred Interest Expenses (-)	(450.593)	(872.920)
Long Term Leasing Payables (net)	7.982.156	12.580.795

Detail of the long term leasing payables (net) as of December 31, 2019 is as follows:

Currency	Currency Amount	TL Amount
USD	1.228.283-Usd	7.296.245
Euro	-	-
TL	-	685.911
		7.982.156

Detail of the long term leasing payables (net) as of December 31, 2018 is as follows:

Currency	Currency Amount	TL Amount
USD	2.391.377-Usd	12.580.795
Euro	-	-
TL	-	-
		12.580.795

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9. OTHER FINANCIAL LIABILITIES

None.

10. TRADE RECEIVABLES AND PAYABLES

Short Term Trade Receivables

	December 31, 2019	December 31, 2018
Trade Receivables from Related Parties	711.701	216.003
Trade Receivables from Other Parties	518.836.838	390.708.473
Notes Receivable from Related Parties	2.362.923	-
Notes Receivable from Other Parties	21.244.946	33.204.859
Deferred Maturity Difference Income (-)	(1.035.636)	(2.374.160)
Doubtful Trade Receivables	7.588.747	6.301.918
Provision for Doubtful Trade Receivables (-)	(7.588.747)	(6.301.918)
Trade Receivables (net)	542.120.772	421.755.175

Changes in doubtful trade receivables as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Opening Balance	6.301.918	5.427.384
Provisions for the Period	1.589.173	876.364
Change in Accounting Policy	-	273.613
Provisions Cancelled* (-)	(302.344)	(275.443)
Closing Balance	7.588.747	6.301.918

* Consists of collected doubtful trade receivables.

Long Term Trade Receivables

	December 31, 2019	December 31, 2018
Trade Receivables from Related Parties	-	-
Trade Receivables from Other Parties*	8.822.866	8.822.866
Long Term Trade Receivables (net)	8.822.866	8.822.866

*Vide note 24.

Short Term Trade Payables

	December 31, 2019	December 31, 2018
Trade Payables to Related Parties	167.724	86.172
Trade Payables to Other Parties*	576.432.408	376.250.338
Notes Payable to Related Parties	-	7.189.884
Notes Payable to Other Parties	360.212	1.394.282
Deferred Maturity Difference Expense (-)	(2.025.508)	(5.121.469)
Trade Payables (net)	574.934.836	379.799.207

Long Term Trade Payables

	December 31, 2019	December 31, 2018
Trade Payables to Unrelated Parties*	-	16.482.888
Long Term Trade Payables (net)	-	16.482.888

* As of December 31, 2019; 483.259.024TL of trade payables to related parties consist of letter of credit payables (31 December 2018: 358.217.657 TL).

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11. OTHER RECEIVABLES AND PAYABLES

Other Short Term Receivables

	December 31, 2019	December 31, 2018
Deposits and Guarantees Given	11.910	8.438
Other Receivables from Other Parties	23.458	-
Receivables From Public Authority	9.602.981	1.171.838
	9.638.349	1.180.276

Other Long Term Receivables

	December 31, 2019	December 31, 2018
Deposits and Guarantees Given	1.119.854	235.418
	1.119.854	235.418

Other Short Term Payables

	December 31, 2019	December 31, 2018
Other Payables to Other Parties	241.751	32.117
Other Payables to Related Parties	3.540.013	-
	3.781.764	32.117

Other Long Term Payables

None.

12. RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR ACTIVITIES

None.

13. DERIVATIVE INSTRUMENTS

Derivative Financial Assets

	December 31, 2019	December 31, 2018
Futures Market Collaterals	4.094.473	4.580.190
Derivative Financial Instruments	-	-
	4.094.473	4.580.190

Derivative Financial Liabilities

	December 31, 2019	December 31, 2018
Futures Market Collaterals	-	-
Derivative Financial Instruments	2.244.832	34.210.890
	2.244.832	34.210.890

Collaterals that are given to make transactions in futures market are classified as futures market collaterals where as fair values of forward agreements and options are classified as derivative financial instruments. Profit or losses resulted from the transactions within the period are reported in profit/loss statement as derivative financial instruments gain/loss in financial income/expenses. Also, fair value differences of open positions as of reporting date are reported in financial income.

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Fair Value of Financial Instruments

The Group classifies the fair value measurement of each class of financial instruments according to the source using the three level hierarchy as follows:

- Level 1 : Valuation methods which uses quoted prices (unadjusted) in active markets for identical assets or liabilities that The Group can access at the measurement date
- Level 2 : Valuation methods which include inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : Valuation methods which include inputs that are unobservable inputs for the asset or liability

December 31, 2019	Level 1	Level 2	Level 3
Foreign Exchange Forward Contracts (Held for Trading)		1.849.641	
		1.849.641	
December 31, 2018	Level 1	Level 2	Level 3
Foreign Exchange Forward Contracts (Held for Trading)	-	(29.630.700)	-
	-	(29.630.700)	-

Foreign exchange forward contracts (Level 2) are valued by; discounting foreign exchange forward contracts' fair value to present day and using foreign exchange rate.

14. INVENTORIES

	December 31, 2019	December 31, 2018
Raw Material and Supplies	140.283.127	56.403.692
Goods	20.567.208	22.825.892
Goods in transit*	2.595.956	2.575.042
Trade Goods	141.168.506	67.274.817
Other Inventories	434.424	346.060
Provision for Impairment of Inventories (-)	(2.079.980)	(548.625)
	302.969.241	148.876.878

There are not any collaterals, pledges and mortgages upon inventories, and they are all insured.

* The goods in transit consists of goods waiting at the customs, that sales agreement has been made and shipped; but have not been processed yet and are under the control and responsibility of the company.

15. BIOLOGICAL ASSETS

None.

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16. PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	December 31, 2019	December 31, 2018
Advances Given to Related Parties	-	-
Advances Given to Other Parties	44.847.059	37.010.236
Insurance Expenses and Other Expenses	1.637.207	756.410
	46.484.266	37.766.646

Long Term Prepaid Expenses

	December 31, 2019	December 31, 2018
Insurance Expenses	-	-
Advances Given to Other Parties*	3.042.014	3.042.014
	3.042.014	3.042.014

*Vide note 24.

Short Term Deferred Income

	December 31, 2019	December 31, 2018
Advances Received from Related Parties	-	-
Advances Received from Other Parties	20.409.090	6.114.123
Deferred Income	400.206	429.633
	20.809.296	6.543.756

Long Term Deferred Income

	December 31, 2019	December 31, 2018
Deferred Income	-	291.915
	-	291.915

17. RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS

None.

18. INVESTMENTS VALUED BY EQUITY METHOD

Associates	%	December 31, 2019	%	December 31, 2018
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	17	4.612.490	17	4.615.132

As of December 31, 2019, 601.824-TL (December 31, 2018: 666.376-TL) share from associates' profit increases the book value of associates and also is recognised as shares of investments evaluated by equity method in profit/(loss) in consolidated profit or loss statement.

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The detail of the change in Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.'s value for the period of December 31, 2019 is as follows:

	January 1- December 31, 2019
Value as of December 31, 2018	4.615.132
The Share from Associate's Profit/Loss as of December 31, 2019	601.824
Accrued Dividend Yield	(604.466)
	4.612.490

According to TFRS 12 "Disclosure of Interests in Other Entities" B12 (a) and (b) matters; disclosure requirements for summarised financial information of Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş. as of December 31, 2019 and December 31, 2018 are as follows*:

	December 31, 2019	December 31, 2018
Current Assets	3.504.360	2.530.139
Non-Current Assets	4.998.894	5.559.383
Short Term Liabilities	549.523	385.370
Long Term Liabilities	778.340	542.000
Revenue	8.944.214	6.864.761
Continuing Profit/(Loss) for the Period	3.540.141	3.919.858
The Period Profit/(Loss) After Tax for Discontinued Operations		
Other Comprehensive Income	3.540.141	3.919.858
Total Comprehensive Income	3.540.141	3.919.858

* According to B15 (b) matter of TFRS 12 "Disclosure of Interests in Other Entities"; financial information is obtained from associate's legal accounting records.

19. INVESTMENT PROPERTIES

Acquisition Cost	Land	Buildings	Total
January 1, 2019 Opening Balance	5.696.555	4.103.445	9.800.000
Fair Value Difference	1.818.445	(118.445)	1.700.000
December 31, 2019 Closing Balance	7.515.000	3.985.000	11.500.000

Investment properties are reported on the financial statements at fair value. On 27.02.2020, Varlık İmmovable Valuation and Consulting A.Ş. authorized by CMB prepared a valuation report for the determination of values of investment properties dated 31.12.2019. The market value method, cost approach method and income approach methods were used in the valuation. It is stated in the valuation report that the value determined according to the cost approach method and the value determined according to the income approach method are seen to be consistent and compatible with each other in the report of 27.02.2020 and it is decided to accept the cost approach method as the final valuation method. The fair value of the lands and buildings have been recognized as 11.500.000 TL. As of the reporting date, fair value differences of investment properties are reported as profit or loss.

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

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Fixed Assets Distribution	Land	Buildings	Total
January 1, 2018 Opening Balance	5.610.000	3.830.000	9.440.000
Fair Value Difference	86.555	273.445	360.000
December 31, 2018 Closing Balance	5.696.555	4.103.445	9.800.000

Investment properties are reported in the financial statements at fair value. On 29.06.2018, Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş. authorized by CMB prepared a valuation report for investment properties. In the valuation of investment properties, the cost analysis method was used. In determining the land value of the investment properties, the market share of the land was compared with market method and the land value was appraised. The cost of the buildings is calculated by considering the relevant communiqué of the Ministry of Environment and Urbanization. As the only method is used in the value appraisal of the investment properties, the value reached by the cost formation analysis method are rounded and the fair value of the lands and buildings is appreciated as 9.800.000 TL. As of the reporting date, it is associated with the 360,000-TL profit and loss statement, which is the difference between the fair value of investment properties.

20. CORPORATE TAX ASSETS

None.

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31 ARALIK 2019 TARİHİNDE SONA EREN DÖNEME AİT KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN DİPNOTLAR
(Tutarlar aksi belirtilmedikçe TL olarak ifade edilmektedir.)

21. TANGIBLE ASSETS

Detail of the tangible assets as of December 31, 2019 is as follows:

Acquisition Cost	Plant Machinery And Equipment	Underground and Overland Plants	Land	Buildings	Furniture and Fixtures	Vehicles	Leasehold Improvements	Constructions In Progress	Total
January 1, 2019 Opening Balance	46.175.028	1.315.000	21.938.350	44.077.729	1.980.239	7.593.199	-	29.479.681	152.559.226
Additions	1.371.593	15.000	-	35.863	529.698	2.744.800	43.995	41.737.267	46.478.216
Disposals	(658.459)	-	-	-	(154.785)	(1.067.993)	-	-	(1.881.237)
Reclassification	40.763.224	2.039.822	-	28.271.196	142.706	-	-	(71.216.948)	-
December 31, 2019 Closing Balance	87.651.386	3.369.822	21.938.350	72.384.788	2.497.858	9.270.006	43.995	-	197.156.205

Accumulated Depreciation	Plant Machinery And Equipment	Underground and Overland Plants	Land	Buildings	Furniture and Fixtures	Vehicles	Leasehold Improvements	Constructions In Progress	Total
January 1, 2019 Opening Balance	6.853.860	72	-	2.593.189	790.286	3.574.050	-	-	13.811.457
Charge for the Period	2.809.409	30.567	-	1.344.447	385.032	1.243.338	121	-	5.812.914
Disposals	(651.563)	-	-	-	(153.158)	(913.979)	-	-	(1.718.700)
December 31, 2019 Closing Balance	9.011.706	30.639	-	3.937.636	1.022.160	3.903.409	121	-	17.905.671

Net Book Value (As of December 31, 2019)	78.639.680	3.339.183	21.938.350	68.447.152	1.475.698	5.366.597	43.874	-	179.250.534
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There is a mortgage on the fixed assets amounting to 41.400.000-USD (245.924.280-TL).

As of December 31, 2019, net book value of the right of use assets classified under property, plant and equipment is TL 801.489. For the period ended December 31, 2019, depreciation expenses of the usage rights are TL 789.612. Exercise of rights are reported in the inflows and expenses of period.

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

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(Amounts expressed in TL, unless otherwise is stated.)

Detail of the tangible assets as of December 31, 2018 is as follows:

Acquisition Cost	Plant Machinery and Equipment	Underground and Overland Plants	Land	Buildings	Furniture and Fixtures	Vehicles	Leasehold Improvements	Constructions In Progress	Total
January 1, 2018 Opening Balance	30.822.895	304.427	9.294.898	17.070.235	2.247.195	7.716.880	467.566	14.735.272	82.659.368
Additions	11.804.792	-	-	535.887	329.335	991.598	-	30.140.810	43.802.422
Disposals	(1.952.320)	-	-	-	(700.500)	(1.115.279)	-	-	(3.768.099)
Reclassification	5.499.661	1.010.573	-	9.249.524	104.209	-	(467.566)	(15.396.401)	-
Revaluation	-	-	12.643.452	17.222.083	-	-	-	-	29.865.535
December 31, 2018 Closing Balance	46.175.028	1.315.000	21.938.350	44.077.729	1.980.239	7.593.199	-	29.479.681	152.559.226
Accumulated Depreciation	Plant Machinery and Equipment	Underground and Overland Plants	Land	Buildings	Furniture and Fixtures	Vehicles	Leasehold Improvements	Constructions In Progress	Total
January 1, 2018 Opening Balance	7.660.114	62.660	-	1.486.077	1.167.531	4.034.006	246.088	-	14.656.476
Charge for the Period	1.191.070	5.300	-	688.190	323.255	537.475	59.942	-	2.805.232
Disposals	(1.952.320)	-	-	-	(700.500)	(997.431)	-	-	(3.650.251)
Reclassification	(45.004)	(67.888)	-	418.922	-	-	(306.030)	-	-
December 31, 2018 Closing Balance	6.853.860	72	-	2.593.189	790.286	3.574.050	-	-	13.811.457
Net Book Value (As of December 31, 2018)	39.321.168	1.314.928	21.938.350	41.484.540	1.189.953	4.019.149	-	29.479.681	138.747.769

* The Group uses the revaluation model for the land and buildings accounts of the tangible assets included in the assets of the Group. The valuation reports for the buildings dated September 28, 2018 was prepared by the Varlık Taşınmaz Değerleme ve Danışmanlık AŞ. which is authorized by the Capital Markets Board. In the valuation method, cost method and market approach methods were used. Total value of tangible assets at the reporting date are determined as 56.053.654-TL. The difference between the book value and the fair value at the revaluation date occurred as gross revaluation difference of 30.146.334-TL and as 280.799-TL revaluation expense.

** There is a mortgage on the fixed assets amounting to 41.400.000-USD (217.801.260).

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIKLARI

31 ARALIK 2019 TARİHİNDE SONA EREN DÖNEME AİT KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN DİPNOTLAR

(Tutarlar aksi belirtilmedikçe TL olarak ifade edilmektedir.)

22. INTANGIBLE ASSETS

Goodwill

None.

Other Intangible Assets

Acquisition Cost	Rights (Computer Programs)	Trademark and Royalty	Total
January 1, 2019 Opening Balance	362.686	324.724	687.410
Additions	44.666	-	44.666
Disposals	(179.982)	-	(179.982)
Reclassification	-	-	-
December 31, 2019 Closing Balance	227.370	324.724	552.094

Accumulated Depreciation	Rights (Computer Programs)	Trademark and Royalty	Total
January 1, 2019 Opening Balance	186.985	85.536	272.521
Charge for the Period	61.204	32.472	93.676
Disposals	(179.982)	-	(179.982)
Reclassification	-	-	-
December 31, 2019 Closing Balance	68.207	118.008	186.215

Net Book Value (As of December 31, 2019)	159.163	206.716	365.879
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Detail of the intangible assets as of December 31, 2018 is as follows:

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

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Acquisition Cost	Rights (Computer Programs)	Trademark and Royalty	Total
January 1, 2018 Opening Balance	477.888	264.974	742.862
Additions	19.445	59.750	79.195
Disposals	(134.647)	-	(134.647)
Reclassification	-	-	-
December 31, 2018 Closing Balance	362.686	324.724	687.410

Accumulated Depreciation	Rights (Computer Programs)	Trademark and Royalty	Total
January 1, 2018 Opening Balance	251.484	55.244	306.728
Charge for the Period	70.148	30.292	100.440
Disposals	(134.647)	-	(134.647)
Reclassification	-	-	-
December 31, 2018 Closing Balance	186.985	85.536	272.521

Net Book Value (As of December 31, 2018)	175.701	239.188	414.889
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23. GOVERNMENT GRANTS AND INCENTIVES

Government grants consist of Social Security Institution Premium Fund due to law numbered 5510 and fair incentives.

24. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short Term Provisions

	December 31, 2019	December 31, 2018
Short Term Provisions for Employee Benefits*	10.842	8.740
Other Short Term Provisions**	253.621	201.834
	264.463	210.574

*Vide note 26.

**Other provisions consist of the provisions set aside under TFRS 15.

Long Term Provisions

	December 31, 2019	December 31, 2018
Long Term Provisions for Employee Benefits*	2.055.194	1.283.161
Other Long Term Provisions	-	-
	2.055.194	1.283.161

*Vide note 26.

Lawsuits

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(Amounts expressed in TL, unless otherwise is stated.)

There is not any provision because there is not any possible cash outflow from The Group's liabilities as a result of previous events as of reporting date.

Collaterals, Pledges and Mortgages ("CPM") Given by The Group

	December 31, 2019	December 31, 2018
A. Total Amount of CPM Given by The Group's Own Legal Personality	273.222.059	260.608.359
B. Total Amount of CPM Given In Favour of Fully Consolidated Companies	15.075.000	5.917.000
C. Total Amount of CPM Given For Continuation of Its Economic Activities on Behalf of Third Parties	-	-
D. Total Amount of Other CPM	-	-
i. Total Amount of CPM Given in Favour of Majority Shareholder	-	-
ii. Total Amount of CPM Is Given in Favour of Other Group Companies Which Are Not In the Scope of B and C	-	-
iii. Total Amount of CPM is Given in Favour of Third Parties Which Are Not In the Scope of C	-	-
Total	288.297.059	266.525.359

The details of receivables from Samsun Yem Sanayi ve Ticaret A.Ş. ("Samsun Yem"), Yemsel Tavukçuluk Hayvancılık Yem Hammaddeleri Sanayi ve Ticaret A.Ş. ("Yemsel") and Çakıroğlu Gıda Tarım Ürünleri Hayvancılık ve Yem Tavukçuluk Nakliyat Ticaret ve Sanayi A.Ş. ("Çakıroğlu") as of December 31, 2019 are as follows:

Company Title*	Trade Receivable	Advances Given	Total	Mortgage Amount
Samsun Yem	1.151.913	-	1.151.913	700.000
Yemsel	-	3.042.014	3.042.014	6.000.000
Çakıroğlu **	7.670.953	-	7.670.953	10.000.000
Total	8.822.866	3.042.014	11.864.880	16.700.000

* All together will be referred as the "Çakıroğlu Group".

Samsun Yem, Yemsel ve Çakıroğlu has requested the postponement of bankruptcy on T.C. Samsun Commercial Court. According to the interlocutory decision given by the court, the prosecution will continue on April 6, 2016 and trustees have been appointed on administration. The decision of T.C. Samsun Commercial Court was issued on December 8, 2015 dated Trade Registry Gazette.

The Company has mortgaged Samsun Yem, Yemsel And Çakıroğlu's real estates for the receivables that are explained in details above. The hypothec that The Company has issued gives The Company right to demand whole receivables from any real estate of Çakıroğlu Group that have been mortgaged.

The Company is in the first place for the mortgage from Çakıroğlu and Samsun Yem. The Company is in the second place for the mortgages issued on Yemsel's real estate. Akbank T.A.Ş. is in the first place. Akbank T.A.Ş.'s total mortgage amount is 6.000.000-TL.

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Real estate revaluation report has been prepared by Standart Gayrimenkul Değerleme Uygulamaları A.Ş. on June 28, 2013 for these real estates. According to revaluation reports, fair value of the mortgaged real estates is 18.867.692-TL.

As of December 31, 2015 a notice has been sent to Çakıroğlu Group for the payment of their debts. On January 8, 2016, property valuation was requested for real estates. On December 29, 2016, the court delegation was invited for the valuation of the property. On January 18, 2017, the court experts presented their reports to the court. According to revaluation reports of court experts, fair value of the mortgaged Çakıroğlu's real estate is 10.858.440,75-TL. According to revaluation reports, fair value of the mortgaged Yemsel's real estate is 11.527.728,25-TL. Also, A total of 263.249,19-TL fair value was appreciated for the real estate with the mortgage of Samsun Yem. Sales of real estate were requested but the court rejected it because they were in the process of bankruptcy postponement.

Trade receivables and advances given to Samsun Yem, Yemsel ve Çakıroğlu are classified as long term because postponement of bankruptcy request.

The Company did not recognised provision because the mortgages issued and fair value of real estates on the revaluation reports can meet total receivable amount.

Samsun Tax Inspection Board has carried out full tax audits on the company's books and documents for the years 2017 and 2018. In the tax inspection reports issued;

2017;

11.728.331,15 TL basis difference has been proposed and 2.345.666,23 TL over this basis difference Corporate Tax and 3.518.499,35 TL Tax Loss penalty, 1.308.695,69 TL Advance Corporate Tax and 1.963.043,54 TL. tax loss penalty, 50.541,54 TL Value Added Tax and 75,812.31 T. tax loss penalty and 110.000,00 TL special irregularity penalty and for total of 21.100.589,81 TL

2018;

9.836.228,94 TL. basis difference is proposed and 1.110.362,61 TL over this basis difference Corporate Tax and 1.665.543,92 TL Tax Loss penalty, 1.053.607,76 TL. Corporate Tax refund receivable for 2018 amounting to 1,008,747.65 TL Advance Corporate Tax and 1,513,121.49 TL Tax Loss penalty, 908.495,45 TL Corporate (Withholding) Tax and 1.362.743,18 TL Tax Loss Penalty, 50.541,54 TL Value Added Tax and 75,812.31 TL Tax Loss penalty and 120.000,00 TL Special Irregularity Penalty and for total of 18.705.204,85 TL

Were imposed and taxpayers have been notified, a lawsuit has been filed at Samsun Tax Court against the special irregularity penalties, and a request for reconciliation has been made to the Revenue Administration for other taxes and penalties, on condition that financial errors are corrected. In addition, an application was made to the Revenue Administration with regard to inspection report for appropriation of the Corporate Tax refund receivables to treasury by deducting an undeclared tax of e for 2018, amounting to 1.053.607,76 TL

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

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According to the reports prepared by the board of directors of the company, the experts of the subject and the reports prepared based on these reviews, no provision has been made since there is no reliable determination regarding the economic benefit outflow and tax differences and special irregularity penalties levied due to the tax differences aforesaid in the tax review report are not legal as mentioned above.

25. COMMITMENTS

None.

26. EMPLOYEE BENEFITS

Payables Related with Employee Benefits

Details of payables related with employee benefits as of December 31, 2019 and December 31, 2018 are:

	December 31, 2019	December 31, 2018
Social Security Institution Premiums	428.516	302.240
Due to Personnel	1.015.748	674.797
	1.444.264	977.037

Short Term Employee Benefits

Short term employee benefits are consisting of provision for unused vacation.

Details of short term employee benefits as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Provision for Unused Vacation	10.842	8.740

Short Term Employee Benefits

Short term employee benefits are consisting of provision for unused vacation.

According to Turkish Laws, employer has to pay employee termination benefit to employee who has worked at least a year in local firms, and whose employment is terminated without a legitimate reason, who is called for military obligation, who dies, who works for 25 years for males, 20 years for females, or who is 60-year-old male and 58-year-old female (retirement age).

As of December 31, 2019 provision for employee termination benefit ceiling on the respective reporting dates, is subject to a maximum of 6.379,86-TL per month for a working year (December 31, 2018: 5.434,42-TL). Provision for employee termination benefits are not subordinated any fund.

Provision for employee termination benefits is calculated by discounting potential liabilities of retirement to net present value. TFRS requires companies to improve actuarial valuation methods in the scope of retirement plans in order to estimate the termination benefits. Therefore, below mentioned actuarial estimations are used in order to calculate total employee termination benefits.

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Provisions for employee termination is calculated by the discount rate of 4,16%, which is determined by 6,35% inflation rate and 10,77 % interest rate. The release rate is 96% (December 31, 2018: inflation rate 10,05%, interest rate 16,05 % and discount rate 5,02%, release rate 96%).

Details of the provision for employee termination benefits as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Provision for Employee Termination Benefits	2.055.194	1.283.161

Details of provision for employee termination benefits are as follows:

	December 31, 2019	December 31, 2018
Opening Balance	1.283.161	1.232.972
Interest Cost	96.050	169.771
Service Cost	880.163	391.371
Payments (-)	(310.463)	(546.376)
Actuarial Differences	106.283	35.423
Closing Balance	2.055.194	1.283.161

Changes in interest rates and other rates and severance of personnel who are supposed to get compensation at retirement cause actuarial differences. The Group classifies service cost in general administrative expenses, interest costs in financial expenses, actuarial differences in shareholders' equity.

27. RETIREMENT BENEFITS

None.

28. OTHER ASSETS AND OTHER LIABILITIES

Other Current Assets

	December 31, 2019	December 31, 2018
Deferred VAT	8.364.408	8.361.558
Income Accruals*	594.468	899.377
Business Advances	-	334
Other VAT	3.350	3.350
	8.962.226	9.264.619

Other Short Term Liabilities

	December 31, 2019	December 31, 2018
Taxes and Funds Payables	1.176.758	1.163.922
Expense Accruals	9.509.609	343.613
	10.686.367	1.507.535

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

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(Amounts expressed in TL, unless otherwise is stated.)

Other Non-Current Assets

None.

Other Long Term Liabilities

None.

29. EQUITY

Capital and Reserves

In the meeting dated November 7, 2014 and numbered 32/1095, CMB has allowed The Company to public offer on November 12-13-14, 2014 by book building (demand gathering) method. Total of 23.500.000 TL nominal value shares, which were offered to public by capital increase and sales of shareholders, were sold. 27, 81% of The Company shares have been traded in Borsa İstanbul since November 20, 2014. The issued capital of The Company is 84.500.000 TL (Eightyfourmillion and fivehundredthousand Turkish Lira). This capital consists of 9.750.000 Group A shares, 6.500.000 Group B shares and 68.250.000 Group C shares and each worth 1,00TL that makes a total of 84.500.000 TL. Group A and B shares are registered to the name and Group C shares which are traded in Borsa Istanbul are registered to the bearer, other Group C shares are registered to the name.

Group A shares have privilege to vote in the election of Board of Directors, Group A and B shares have privilege to vote in General Assembly and not considering independent members, in case the Board of Directors consist of five members, at least two members, in case it consists of six or seven members, at least three members, in case it consists of eight or nine members, at least four members, in case it consists of ten or eleven members, at least five members must be chosen among the candidates who are nominated by the majority of Group A shareholders. Group A shareholders or representatives have 15 votes, Group B shareholders or representatives have 10 votes, Group C shareholders or representatives have 1 vote for each share in the ordinary or extraordinary General Assembly.

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

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(Amounts expressed in TL, unless otherwise is stated.)

Shareholder structure of The Company as of December 31, 2019 is as follows:

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

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

Shareholder structure of The Company as of December 31, 2018 is as follows:

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

According to Turkish Commercial Code, there are two types of legal reserves; primary reserves and secondary reserves. Primary reserves are set up as 5% of the net profit until it reaches 20% of The Company's paid-in-capital due to Turkish Commercial Code. Secondary legal reserves are set up as 1/11 proportion of distribution of dividends by cash which is more than 5% of The Company's capital according to CMB's regulation, and 1/10 proportion of distribution of dividends by cash which is more than 5% of The Company's capital according to official records.

Publicly traded companies distribute dividends according to the II-19.1 numbered Dividend Communique of CMB which is published in January 23, 2014 dated and 28891 numbered Official Gazette.

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Companies distribute dividends by a decree of their general assembly in the scope of the determined policy of their general assembly and due to the related regulations. According to the mentioned communique of CMB, minimum distribution ratio has not been determined. Companies distribute dividends according to their articles of association or their dividend policy. Also dividends can be paid by equal or different amounting instalments and dividend advances can be paid by cash due to the profit in interim financial statements.

In case the contingency reserves are not allocated according to Turkish Trade Regulation and profit is not distributed as mentioned in the dividend policy or articles of association; it is not allowed to allocate another contingency reserve to transfer profit to the following year and to distribute dividends to beneficial owners, board members, employees and people other than shareholders, and also dividends cannot be paid to these people unless dividends are not paid to the shareholders by cash.

Share Premiums on Capital Stock

	December 31, 2019	December 31, 2018
Share Premiums on Capital Stock	41.925.000	41.925.000
Expenses of Share Premiums on Capital Stock Expenses (-)	(3.317.008)	(3.317.008)
	38.607.992	38.607.992

According to thirty-seventh matter of TAS 32 "Financial Instruments", The Group bears some expenses while issuing or repurchasing equity instruments. These expenses may contain registration and other regulatory charges, legal, financial and other professional consulting fees, printing costs and stamp tax duties. Transaction costs of equity transactions are recognized as deduction from equity as long as they are directly incurred additional costs as a result of these transactions. Additionally, costs related with cancelled equity transactions are recognized as expenses.

Additional expenses, related with the issuance of new share certificates directly (indirectly), are deducted from equity after related taxes are deducted from these expenses. Expenses related with the permission for trading in stock market (quotation) or expenses that are not directly related with the issuance of new stocks are recognised as expenses in profit and loss statement. Expenses related with the permission for either flotation in stock market or quotations are allocated due to the proportion of shares that are offered between two transactions.

Treasury Shares (-)

	December 31, 2019	December 31, 2018
Treasury Shares (-)	3.445.108	3.445.108

If the company receives its own shares in accordance with paragraph 33 of TAS 32, the purchase proceeds related to these shares are shown in "Treasury Shares (-)" net of equity.

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In the Scope of CMB's July 21, 2016 dated announcement; the July 25, 2016 dated and 2016/014 numbered decision to buy back The Company's shares in the market has been made.

It is announced that the repurchase has ended with the special case statement dated 27 July 2017. In repurchases, amounting to TL 3,445,108 was used, with an average of TL 1,7207 per share.

The maximum amount paid for a share	1,90 TL
Average repurchase cost per share	1,7207 TL
Total repurchase cost	3.445.108 TL
Total number of shares repurchased	2.002.152 Adet
Rate of repurchase shares in company's capital	% 2,3694

Details of The Company's treasury shares as of December 31, 2019 are as follows:

Date	Number of Shares Owned	Nominal Amount of Shares Acquired(TL)	Purchase Fees of Owned Shares Total Amount(TL)
December 31, 2019	2.002.152	2.002.152	3.445.108

Details of The Company's treasury shares as of December 31, 2018 are as follows:

Date	Number of Shares Owned	Nominal Amount of Shares Acquired(TL)	Purchase Fees of Owned Shares Total Amount(TL)
December 31, 2018	2.002.152	2.002.152	3.445.108

Other Equity Items

Other accumulated comprehensive income and expenses which are not classified in profit/loss as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Tangible Assets Revaluation Differences(net)	27.202.058	27.296.800
Actuarial Profit/Loss Related with the Employee Benefits	(600.430)	(517.529)
	26.601.628	26.779.271

Details of the actuarial differences as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Actuarial Gains/(Losses) Related with the Employee Benefits	(754.080)	(647.797)
Deferred Tax***	153.650	130.268
Actuarial Gains/(Losses) Related to Employee Benefits (net)	(600.430)	(517.529)

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Details of tangible assets revaluation surplus as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Revaluation Differences of Buildings and Lands (net)	27.053.177	27.053.177
Revaluation Differences of Vehicles (net)	148.881	243.623
	27.202.058	27.296.800

Detail of the revaluation differences of lands and buildings as of December 31, 2019 and December 31, 2018 is as follows:

	December 31, 2019	December 31, 2018
Total Lands and Buildings Revaluation Difference	30.396.828	30.396.828
Deferred Tax	(3.343.651)	(3.343.651)
Revaluation Differences of Buildings and Lands (net)	27.053.177	27.053.177

Details of the vehicles revaluation surplus as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Vehicles Revaluation Differences (net)	148.881	243.623

	December 31, 2019	December 31, 2018
Total Vehicle Revaluation Differences	186.103	304.528
Deferred Tax	(37.222)	(60.905)
	148.881	243.623

Other comprehensive income and expenses to be reclassified to profit / loss as of 31 December 2019 and 31 December 2018 are as follows:

	December 31, 2019	December 31, 2018
Foreign Currency Conversion Adjustments	4.346.131	1.477.307
	4.346.131	1.477.307

Restricted reserves as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Legal Reserves	7.726.207	5.693.220
Reserves of Treasury Shares	3.445.108	3.445.108
	11.171.315	9.138.328

Accumulated profit or loss as of December 31, 2019 and December 31, 2018 is as follows:

	December 31, 2019	December 31, 2018
Accumulated Profit/(Loss)	84.516.493	66.524.884

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Detail of Accumulated Profit/ (Loss) is as follows:

	December 31, 2019	December 31, 2018
Accumulated Profit/(Loss)	66.524.884	51.899.755
Transfer of Previous Year to the Accumulated Profit/(Loss)	19.906.171	16.595.085
Transfers to Legal Reserves	(2.032.987)	(1.694.121)
Change in Accounting Policy	-	(423.512)
Tangible Assets Revaluation Transfer	118.425	147.677
	84.516.493	66.524.884

Net profit/ (loss) for the period as of December 31, 2019 and December 31, 2018 are as follow:

	December 31, 2019	December 31, 2018
Net Profit/(Loss) For The Period	26.995.351	19.906.171

30. REVENUE AND COST OF SALES

Details of revenue as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Domestic Sales	794.262.071	922.589.399
Foreign Sales	2.262.066.848	2.065.557.869
Sales Returns (-)	(2.796.105)	(2.471.063)
Sales Discounts (-)	(895.867)	(1.112.249)
Other Discounts (-)	(599.141)	(8.238)
	3.052.037.806	2.984.555.718

The Company generated 756.952.411-TL (133.473.059-USD) of revenue from its subsidiaries, Rolweg SA.

Details of cost of sales as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Cost of Goods Sold	557.096.610	307.077.677
Cost of Merchandise Sold	2.328.474.819	2.563.511.152
Cost of Service Sold	6.584.503	5.033.887
	2.892.155.932	2.875.622.716

Details of cost of service sold as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Depreciation Expenses	343.634	304.083
Vehicle Expenses	224.140	2.598.862
Outsourced Benefits and Services	3.605.406	296.245
Other Expenses	67.148	144.541
Education and Publication Expenses	-	89
Personnel Expenses	2.050.240	1.373.790
Insurance Expenses	289.991	235.010
Taxes and Funds	3.944	81.267
Cost Of Service Sold	6.584.503	5.033.887

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31. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

3 Details of total operating expenses as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
General Administrative Expenses	13.890.975	10.032.131
Marketing Expenses	42.862.813	33.997.935
Research and Development Expenses	123.301	125.242
	56.877.089	44.155.308

Details of General Administrative Expenses as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Depreciation Expenses	514.287	436.721
Vehicle Expenses	769.213	400.453
Grants and Aids	391.269	262.081
Maintenance and Repair Expenses	-	-
Consultancy Expenses	2.456.605	1.471.409
Outsourced Benefits and Services	1.354.288	1.144.430
Other Expenses	501.783	364.429
Education and Publication Expenses	264.240	154.337
Exposition Expenses	46.784	134.148
Late Fees and Charges	14	-
Heat and Water Expenses	43.339	21.602
Rent Expenses	392.755	237.856
Court Expenses	23.777	7.158
Brand, Apl. and Ren. of Patent Expenses	18.792	13.855
Notary Expenses	-	970
Personnel Expenses	4.748.490	3.115.910
Advertising Expenses	13.285	32.659
Insurance Expenses	635.432	453.955
Registration and Announcement Expenses	-	-
Transportation Expenses	340.240	272.173
Taxes and Funds	488.516	844.963
Food Expenses	653.488	404.575
Health Expenses	8.616	-
Commission Expenses	225.762	258.447
General Administrative Expenses	13.890.975	10.032.131

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Details of Marketing Expenses as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Depreciation Expenses	461.596	524.540
Vehicle Expenses	1.266.629	1.493.857
Consultancy Expenses	53.971	96.693
Outsourced Benefits and Services	342.789	873.741
Other Expenses	257.877	115.260
Exposition Expenses	533.466	385.878
Late Fees and Charges	16.371	3.504
Export Expenses	6.909.318	4.107.116
Rent Expenses	336.399	297.735
Sales Commissions Expenses	1.733.396	1.085.364
Freight Expenses	25.690.626	20.212.232
Personnel Expenses	3.537.315	3.418.155
Insurance Expenses	667.033	493.020
Transportation Expenses	60.543	82.486
Taxes and Funds	742.300	573.066
Food Expenses	253.184	235.288
Marketing Expenses	42.862.813	33.997.935

Details of Research and Development Expenses as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Vehicle Expenses	41.152	19.395
Outsourced Benefits and Services	11.483	15.664
Other Expenses	408	8.536
Commission Expenses	781	1.523
Personnel Expenses	59.037	58.989
Insurance Expenses	2.070	1.976
Transportation Expenses	6.394	14.675
Taxes and Funds	1.976	4.484
	123.301	125.242

Nature of expenses for the period January 1, 2019 - December 31, 2019 is as follows:

	General Administrative Expenses	Marketing Expenses	Research and Development Expenses	Cost of Sales and Service
Personnel Expenses	4.748.490	3.537.315	59.037	11.555.567
Depreciation Expenses	514.287	461.596	-	4.926.509

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Nature of expenses for the period January 1, 2018 - December 31, 2018 is as follows:

	General Administrative Expenses	Marketing Expenses	Research and Development Expenses	Cost of Sales and Service
Personnel Expenses	3.115.910	3.418.155	58.989	7.301.877
Depreciation Expenses	436.721	524.540	-	1.944.411

32. OTHER INCOME AND OTHER EXPENSES

Other Income

	January 1- December 31, 2019	January 1- December 31, 2018
Income Due to the Law No 5510 and 6661	1.056.565	1.041.628
Balance Allocation Income	38.865	615.013
Other Income	648.650	701.297
Service Reflection Income*	4.861.764	6.784.914
Maturity Difference Income	26.253.183	36.672.387
Foreign Currency Income	105.177.118	257.842.104
Licensed Warehouse Rental Grant	1.237.609	1.078.075
Freight Incentive Income	-	9.367.193
Provisions no Longer Required	302.344	954.385
Income From Returned Expenses	2.627.978	934.138
Indemnity Income	359.798	2.294.198
Income from Grants and Supports	827.747	222.265
Inventory Excess	14.586	10.883
	143.406.207	318.518.480

* Service reflection income consists of reflection revenues of trust expenses and, reflection revenues of service expenses.

Other Expenses

	January 1- December 31, 2019	January 1- December 31, 2018
Trust Expenses	-	22.511
Other Expenses	485.639	321.675
Balance Allocation Expenses	13.784	375.784
Provision Expenses	1.589.173	876.364
Foreign Currency Expenses	56.824.478	140.671.634
Price and Maturity Difference Expenses	31.481.554	30.453.595
Returned Expenses	1.528.377	752.606
Insurance Expenses (Indemnity)	366.380	-
Tangible Asset Revaluation Loss **	-	280.799
	92.289.385	173.754.968

** Vide note 21.

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Income from Investing Activities

	January 1- December 31, 2019	January 1- December 31, 2018
Asset Sales Revenue	251.720	151.899
Financial Fixed Asset Fair Value Difference	-	48.750
Other Income	-	246
Investment Properties Fair Value Difference	1.818.445	360.000
Sale and Lease Back Income	321.342	429.633
	2.391.507	990.528

Expenses from Investing Activities

	January 1- December 31, 2019	January 1- December 31, 2018
Asset Sales Expenses	-	-
Investment Properties Fair Value Difference	118.445	-
	118.445	-

Determined in Accordance with TFRS 9 and Cancellations for Decrease in Value of Loss

	January 1- December 31, 2019	January 1- December 31, 2018
Expected Credit Loss and Other Provisions	34.110	-
	34.110	-

33. SHARES OF INVESTMENTS EVALUATED BY EQUITY METHOD IN PROFIT/LOSS

Details of profit/loss shares of investments evaluated by equity method as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.*	601.824	666.376

*(Vide note 18)

34. FINANCIAL INCOME AND EXPENSES

Financial Income

	January 1- December 31, 2019	January 1- December 31, 2018
Interest Income	13.732.229	13.642.790
Foreign Exchange Profits	101.966.674	214.655.534
Derivative Financial Instruments Income	14.165.071	58.309.913
Profit on Sale of Marketables	144.957	103.118
Derivative Financial Instruments Fair Value Difference	-	-
	130.008.931	286.711.355

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Financial Expenses

	January 1- December 31, 2019	January 1- December 31, 2018
Financial Expenses	180.011.001	376.813.834
Foreign Exchange Losses	48.841.991	37.401.392
Marketable Securities Sales Loss	-	54
Derivative Financial Instruments Expenses	19.900.473	26.647.589
Derivative Financial Instruments Fair Value Difference	2.244.832	34.210.890
	250.998.297	475.073.759

35. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUING OPERATIONS

None.

36. TAX ASSETS AND TAX LIABILITIES

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

In 2019 corporate tax rate is 22% (2018: 22%). 5520 numbered corporation tax rate is determined as 22% for the fiscal taxation periods of 2018, 2019 and 2020, with provisional Article 10 added to Article 91 of Law No. 7061. In Turkey pre-paid corporate tax is calculated and accrued quarterly. In 2019, pre-paid corporate tax rate is 22% of the corporation income for the quarterly taxation periods (2018: 22%).

The Company's subsidiary, Rolweg, operates in Switzerland. The Swiss income tax rate is 12.5%.

Losses can be carried forward to offset from future taxable income for up to 5 years. Losses cannot be carried back to offset from profit of the previous periods.

There is not a specific procedure for a final and definitive agreement on tax assessments in Turkey. Companies prepare their current year tax returns within April 1-25 of the following year (The duration for the companies which has private fiscal year between 1st and the 25th day of the forth month following the closing date of the fiscal year). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% beginning from April 24, 2003. This rate modified to 15% by the law No: 5520, article 15 valid from June 21, 2006. However, by the new cabinet decision the rate was stated to be 10% until it is modified. The income withholding tax becomes 15% by publishing on the official journal by the

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cabinet decision on July 23, 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Deferred Tax Assets / Liability:

The Group recognises deferred tax assets and liabilities based upon temporary differences arising from differences between its consolidated financial statements as reported based on the “Financial Reporting Standards in capital market” and its statutory tax financial statements. These differences are set out below. Deferred tax asset is only provided to the extent if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Provision is provided for the deferred tax asset of which the realisation is not likely. Deferred tax rate is 22% for all temporary differences since there is investment incentive of The Group (December 31, 2018: 22%).

The tax rate to be applied in 2018, 2019 and 2020 is increased to 22%.

Deferred tax liabilities are recognised for all taxable temporary differences.

Temporary difference and deferred tax as of December 31, 2019 are as follows:

Deferred Tax Assets	Temporary Difference	Deferred Tax
Doubtful Receivables	1.164.728	256.240
Adjustment on Receivables from Personnel	68.895	15.157
Adjustment on Advances Given	79.424	17.473
Adjustment on Tangible and Intangible Assets	5.939.718	1.306.738
Impairment of Inventories Expenses	6.109.630	1.344.119
Adjustment on Amortized Cost of Receivables	4.580.802	1.007.776
Adjustment on Interest Accrual	23.014	5.063
Adjustment on Deferred Income of Sell and Leaseback	400.206	88.045
Adjustment on Loans	6.815.472	1.499.404
Adjustments on Import Credit Interest	593.859	130.649
Change in Accounting Policy	341.986	75.237
Derivative Instruments Fair Value Difference Adjustment	2.244.832	493.863
Actuarial Difference of Employee Termination Benefits *	754.080	153.650
	29.116.646	6.393.414
Deferred Tax Liabilities	Temporary Difference	Deferred Tax
Vehicles Revaluation Difference (Related with Equity)	186.104	37.222
Lands and Buildings Revaluation Difference (Related with Equity)	30.396.829	3.343.651
Other Adjustments	23.123	5.087
Amortized Cost of Debt Adjustment	2.025.508	445.612
Tangible and Intangible Assets Depreciation Difference	13.704.068	3.014.895
Employee Termination Benefits Difference	4.984.702	1.084.387
	51.320.334	7.930.854

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Temporary difference and deferred tax as of December 31, 2018 are as follows:

Deferred Tax Assets	Temporary Difference	Deferred Tax
Doubtful Receivables	3.693.578	812.587
Adjustment on Receivables from Personnel	68.895	15.157
Adjustment on Advances Given	78.022	17.165
Adjustment on Tangible and Intangible Assets	6.860.466	1.503.211
Impairment of Inventories Expenses	4.904.220	1.078.928
Adjustment on Amortized Cost of Receivables	2.374.160	522.315
Adjustment on Accrued Interests	19.955	4.390
Adjustment on Deferred Income of Sell and Leaseback	721.549	158.741
Adjustments on Credits	3.365.676	740.449
Derivative Instruments Fair Value Difference Adjustment	34.210.890	7.526.396
Change in Accounting Policy	79.359	71.348
Other Adjustments	45.340	20.092
Actuarial Difference of Employee Termination Benefits *	647.797	130.268
	57.069.907	12.601.047

Deferred Tax Liabilities	Temporary Difference	Deferred Tax
Vehicles Revaluation Difference (Related with Equity)	304.528	60.905
Lands and Buildings Revaluation Difference (Related with Equity)	30.396.828	3.343.651
Adjustments on Import Credit Interest	34.046	7.490
Amortized Cost of Debt Adjustment	5.121.469	1.126.723
Tangible and Intangible Assets Depreciation Difference	9.956.629	2.190.459
Employee Termination Benefits Actuarial Difference	3.919.127	849.960
	49.732.627	7.579.188

Changes in the deferred tax as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Opening Balance	8.296.147	571.375
Deferred Tax Income /(Expenses) for The Period	(6.606.364)	7.605.321
Change in Accounting Policy	-	119.451
Tangible Assets Revaluation Surplus and Actuarial Difference Deferred Tax Effect*	(3.227.223)	(3.274.288)
Closing Balance	(1.537.440)	5.021.859

Tax expenses as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Current Period Tax Income/(Expenses)	2.439.522	10.534.856
Deferred Tax(Profit)/ Loss	6.606.364	(7.605.321)
	9.045.886	2.929.535

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Tax provisions as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Corporate Tax Liabilities	2.533.635	10.534.856
Prepaid Taxes and Funds	(961.490)	(4.616.585)
	1.572.145	5.918.271

37. EARNINGS PER SHARE

Details of earning per share as of December 31, 2019 and December 31, 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Net Profit/(Loss) for the Period	26.995.351	19.906.171
Weighted Average Number of Ordinary Shares	82.497.848	82.497.848
Earnings Per Share	0,3272	0,2413

38. RELATED PARTY DISCLOSURES

	December 31, 2019	December 31, 2018
GFC Denizcilik ve Ticaret A.Ş.	416.134	133.407
Unay Un San. ve Tic. A.Ş.	249.770	82.596
Ulusoy Çay Gıda San. ve Tic. A.Ş.	34.634	-
Ulusoy Petrol Ürünleri Tic. A.Ş.	11.163	-
Trade Receivables from Related Parties	711.701	216.003

	December 31, 2019	December 31, 2018
Unay Un San. ve Tic. A.Ş.	12.117	11.829
Ulusoy Petrol Ürünleri Tic. A.Ş.	49.142	56.567
Ulusoy Çay Gıda San. ve Tic. A.Ş.	-	17.776
GK Tarım Ürünleri Depoculuk A.Ş.	106.465	-
Trade Payables to Related Parties	167.724	86.172

	December 31, 2019	December 31, 2018
Unay Un San. ve Tic. A.Ş.	-	7.189.884
Notes Payable to Related Parties	-	7.189.884

	December 31, 2019	December 31, 2018
Unay Un San. ve Tic. A.Ş.	3.540.013	-
Other Payables to Related Parties	3.540.013	-

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	December 31, 2019	December 31, 2018
Unay Un San. ve Tic. A.Ş.	2.362.923	-
Notes Receivables From Related Parties	2.362.923	-
	January 1- December 31, 2019	January 1- December 31, 2018
Unay Un San. ve Tic. A.Ş.	41.847.625	58.663.713
GK Tarım Ürünleri Depoculuk A.Ş.	9.342	-
Ulusoy Çay Gıda San. ve Tic. A.Ş.	64.564	7.470
Sales to Related Parties	41.921.531	58.671.183
	January 1- December 31, 2019	January 1- December 31, 2018
Unay Un San. ve Tic. A.Ş.	155.892	-
Sales Returns from Related Parties	155.892	-
	January 1- December 31, 2019	January 1- December 31, 2018
Unay Un San. ve Tic. A.Ş.	-	-
GFC Denizcilik ve Ticaret A.Ş.	-	15.638
Sales Discounts from Related Parties	-	15.638
	January 1- December 31, 2019	January 1- December 31, 2018
Unay Un San. ve Tic. A.Ş.	40.146.325	13.446.333
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	-	30.329
Ulusoy Çay Gıda San. ve Tic. A.Ş.	27.885	-
GK Tarım Ürünleri Depoculuk A.Ş.	7.466	-
First Article and Material Purchases from Related Parties	40.181.676	13.476.662
	January 1- December 31, 2019	January 1- December 31, 2018
Ulusoy Çay Gıda San. ve Tic. A.Ş.	4.657	24.735
Ulusoy Petrol Ürünleri Tic. A.Ş.	-	86.244
Unay Un San. ve Tic. A.Ş.	71.885.776	85.616.941
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	-	458.309
GFC Denizcilik ve Ticaret A.Ş.	-	3.532
GK Tarım Ürünleri Depoculuk A.Ş.	149.409	395.609
Commercial Goods and Other Purchases of Related Parties	72.039.842	86.585.370

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	January 1- December 31, 2019	January 1- December 31, 2018
Unay Un San. ve Tic. A.Ş.	3.649.293	7.364.293
GFC Denizcilik ve Ticaret A.Ş.	438.733	489.282
Ulusoy Petrol Ürünleri Tic. A.Ş.	28.205	27.563
Other Income from Related Parties	4.116.231	7.881.138
	January 1- December 31, 2019	January 1- December 31, 2018
Unay Un San. ve Tic. A.Ş.	990.332	400.045
Ulusoy Petrol Ürünleri Tic. A.Ş.	9.593	56.019
General Production Expenses to Related Parties	999.925	456.064
	January 1- December 31, 2019	January 1- December 31, 2018
Unay Un San. ve Tic. A.Ş.	285.735	200.804
Ulusoy Petrol Ürünleri Tic. A.Ş.	484.444	466.303
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	50.220	39.588
GFC Denizcilik ve Ticaret A.Ş.	15.717	-
Marketing Expenses to Related Parties	836.116	706.695
	January 1- December 31, 2019	January 1- December 31, 2018
Ulusoy Çay Gıda San. ve Tic. A.Ş.	1.110	-
Ulusoy Petrol Ürünleri Tic. A.Ş.	114.876	93.160
Unay Un San. ve Tic. A.Ş.	3.773	-
General Administrative Expenses to Related Parties	119.759	93.160
	January 1- December 31, 2019	January 1- December 31, 2018
GFC Denizcilik ve Ticaret A.Ş.	839	15.672
Unay Un San. ve Tic. A.Ş.	1.088.309	1.764.585
Other Expenses from Related Parties	1.089.148	1.780.257
	January 1- December 31, 2019	January 1- December 31, 2018
Unay Un San. ve Tic. A.Ş.	7.863.456	8.346.520
Interest Income from Related Parties	7.863.456	8.346.520

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	January 1- December 31, 2019	January 1- December 31, 2018
Unay Un San. ve Tic. A.Ş.	49.836	13.464
Interest Expenses from Related Parties	49.836	13.464

The senior management of the Group consists of the members of the board of directors, general manager and department managers.

The benefits and fees of the Group to the top management amount to 930.512 TL as of 31 December 2019 (31 December 2018: 894.175 TL).

39. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Liquidity Risk Management:

The principal responsibility related with the liquidity risk management belongs to the Board of Directors. The Board of Directors has created an appropriate liquidity risk management for the short, medium, and long term funding and liquidity requirements of The Group. The Group manages the liquidity risk by monitoring the estimated and actual cash flows on a regular basis and ensuring the continuity of adequate funds and borrowing reserve through matching the maturities of financial assets and liabilities.

Credit Risk:

The Group's credit risk primarily arises from its trade receivables. Trade receivables are evaluated by The Group's management based on prior experiences and the current economic environment, and presented in the consolidated statement of financial position on net basis after deducting allowances for doubtful receivables.

Market Risk:

Market risk arises from the probable changes in the level of interest rates, currency exchange rates or the price of securities and other financial contracts that might have an adverse financial impact.

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40. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND EXPLANATIONS OF HEDGE ACCOUNTING)**Statement of Foreign Currency Position****31.12.2019**

	TL (Its functional currency)	USD	EURO
1. Trade and Other Receivables	492.658.385	82.796.944	124.496
2a. Monetary Financial Asset (Include Cash and Bank Account)	103.477.239	16.673.654	666.466
2b. Non-Monetary Financial Assets	-	-	-
3. Other	39.520.213	5.034.173	1.445.918
4. CURRENT ASSETS	635.655.837	104.504.771	2.236.881
5. Trade Receivables	-	-	-
6a. Monetary Financial Asset	-	-	-
6b. Non-Monetary Financial Assets	-	-	-
7. Other	2.386.547	401.762	-
8. NON-CURRENT ASSETS	2.386.547	401.762	-
9. TOTAL ASSETS	638.042.384	104.906.533	2.236.881
10. Trade Payables	568.612.508	95.692.575	27.000
11. Financial Liabilities	154.991.598	20.598.231	4.906.923
12a. Other Monetary Liabilities	25.295.881	4.131.874	113.031
12b. Other Non- Monetary Liabilities	-	-	-
13. SHORT TERM LIABILITIES	748.899.986	120.422.680	5.046.955
14. Trade Payables	-	-	-
15. Financial Liabilities	124.007.235	18.356.854	2.250.000
16a. Other Monetary Liabilities	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-
17. LONG TERM LIABILITIES	124.007.235	18.356.854	2.250.000
18. TOTAL LIABILITIES	872.907.221	138.779.534	7.296.955
19. Off Balance Sheet Net Asset and Liability Positions, which are Derivative Instruments (19a-19b)	243.839.150	38.250.000	2.500.000
19a. Amount of Active Off Balance Sheet Foreign Currency Derivative Products	243.839.150	38.250.000	2.500.000
19b. Amount of Passive Off Balance Sheet Foreign Currency Derivative Products			
20. Net Foreign Currency Asset / Liability Position (9-18+19)	8.974.312	4.376.999	(2.560.074)
21. Monetary Items Net Foreign Currency Asset / Liability Position (1 +2a+3+5+6a-10-11 -12a-14-15-16a)	(234.864.838)	(33.873.001)	(5.060.074)

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(Amounts expressed in TL, unless otherwise is stated.)

31.12.2018	TL (Its functional currency)	USD	EURO
1. Trade and Other Receivables	367.791.158	69.789.791	105.184
2a. Monetary Financial Asset	187.396.621	35.545.929	65.202
2b. Non-Monetary Financial Assets	-	-	-
3. Other	29.280.204	4.271.321	1.129.597
4. CURRENT ASSETS	584.467.983	109.607.041	1.299.983
5. Trade Receivables	-	-	-
6a. Monetary Financial Asset	-	-	-
6b. Non-Monetary Financial Assets	-	-	-
7. Other	-	-	-
8. NON-CURRENT ASSETS	-	-	-
9. TOTAL ASSETS	584.467.983	109.607.041	1.299.983
10. Trade Payables	388.199.011	73.781.869	6.632
11. Financial Liabilities	246.946.440	41.017.465	5.168.822
12a. Monetary Other Liabilities	36.892.082	6.732.475	244.393
12b. Non-Monetary Other Liabilities	-	-	-
13. SHORT TERM LIABILITIES	672.037.533	121.531.809	5.419.847
14. Trade Payables	-	-	-
15. Financial Liabilities	-	-	-
16a. Monetary Other Liabilities	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-
17. LONG TERM LIABILITIES	-	-	-
18. TOPLAM YÜKÜMLÜLÜKLER	672.037.533	121.531.809	5.419.847
19. Off Balance Sheet Net Asset and Liability Positions, which are Derivative Instruments (19a-19b)	139.194.600	26.000.000	400.000
19a. Amount of Active Off Balance Sheet Foreign Currency Derivative Products	139.194.600	26.000.000	400.000
19b. Amount of Passive Off Balance Sheet Foreign Currency Derivative Products	-	-	-
20. Net Foreign Currency Asset / Liability Position (9-18+19)	51.625.050	14.075.232	(3.719.864)
21. Monetary Items Net Foreign Currency Asset / Liability Position (1 +2a+3+5+6a-10-11 -12a-14-15-16a)	(87.569.550)	(11.924.768)	(4.119.864)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN
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Foreign Currency Sensitivity Analysis		
December 31, 2019		
	Profit/Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change in 10% of USD Against TL		
1- Net USD Asset/Liability	(20.121.240)	20.121.240
2- USD Hedging (-)	-	-
3- Net USD Effect (1+2)	(20.121.240)	20.121.240
Change in 10% of EURO Against TL		
4- Net Euro Asset/Liability	(3.365.253)	3.365.253
5- Euro Hedging (-)	-	-
6- Net Euro Effect (4+5)	(3.365.253)	3.365.253

Foreign Currency Sensitivity Analysis		
December 31, 2018		
	Profit/Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change in 10% of USD Against TL		
1- Net USD Asset/Liability	(6.273.501)	6.273.501
2- USD Hedging (-)	-	-
3- Net USD Effect (1+2)	(6.273.501)	6.273.501
Change in 10% of EURO Against TL		
4- Net Euro Asset/Liability	(2.483.454)	2.483.454
5- Euro Hedging (-)	-	-
6- Net Euro Effect (4+5)	(2.483.454)	2.483.454

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Credit Risk

December 31, 2019	Receivables				Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk as of reporting dates (A+B+C+D+E)	3.074.624	547.869.014	-	10.758.203	117.478.987	4.094.473	86.175.010
- The part of maximum is under guarantee with collateral	-	-	-	-	-	-	-
A. Carrying value of financial assets that not past due nor impaired	3.074.624	547.869.014	-	10.758.203	117.478.987	4.094.473	86.175.010
B. Net book value of financial assets that terms are reassessed, if not accepted as past due or impaired	-	-	-	-	-	-	-
C. Carrying value of financial assets that past due not impaired	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross book value)	-	7.588.747	-	-	-	-	-
- Impairment (-)	-	(7.588.747)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
E. Off balance sheet items that include credit risk	-	-	-	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2019

(Amounts expressed in TL, unless otherwise is stated.)

December 31, 2018	Receivables				Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk as of reporting dates (A+B+C+D+E)	216.003	430.362.038	-	1.415.694	233.176.672	4.580.190	45.739.491
- The part of maximum is under guarantee with collateral	-	-	-	-	-	-	-
A. Carrying value of financial assets that not past due nor impaired	216.003	430.362.038	-	1.415.694	233.176.672	4.580.190	45.739.491
B. Net book value of financial assets that terms are reassessed, if not accepted as past due or impaired	-	-	-	-	-	-	-
C. Carrying value of financial assets that past due not impaired	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross book value)	-	6.301.918	-	-	-	-	-
- Impairment (-)	-	(6.301.918)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
E. Off balance sheet items that include credit risk	-	-	-	-	-	-	-

Liquidity Risk

December 31, 2019						
Maturities Based on Agreement						
Non Derivative Financial Liabilities	Book Value	Cash Outflow According to Contract	Less Than 3 Month	3-12 Month	1-5 Year	More Than 5 Years
Financial Liabilities	381.481.695	381.481.695	37.207.850	145.563.068	147.633.151	51.077.626
Debt Securities Issuance	-	-	-	-	-	-
Trade Payables	574.934.836	574.934.836	51.651.605	523.283.231	-	-
Other Payables	3.781.764	3.781.764	-	3.781.764	-	-

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December 31, 2018						
Maturities Based on Agreement						
Non Derivative Financial Liabilities	Book Value	Cash Outflow According to Contract	Less Than 3 Month	3-12 Month	1-5 Year	More Than 5 Years
Financial Liabilities	337.534.650	337.534.650	25.635.556	140.942.029	130.185.090	40.771.975
Debt Securities Issuance	-	-	-	-	-	-
Trade Payables	396.282.095	396.282.095	183.521.157	196.278.050	16.482.888	-
Other Payables	32.117	32.117	-	32.117	-	-

December 31, 2019	Receivables		Deposits	Derivative Instruments	Other
	Trade Receivables	Other Receivables			
3-12 months overdue	1.286.829	-	-	-	-
1-5 years overdue	6.301.918	-	-	-	-

December 31, 2018	Receivables		Deposits	Derivative Instruments	Other
	Trade Receivables	Other Receivables			
3-12 months overdue	874.534	-	-	-	-
1-5 years overdue	5.427.384	-	-	-	-

Fair Value of Financial Instruments

The Group classifies financial instruments reflected at fair value in the financial statements using three level hierarchy according to the source of valuation inputs of each class of financial instruments.

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

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices),

Level 3 : Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Financial Assets (December 31, 2019)	Level 1	Level 2	Level 3
Derivative Assets	-	4.094.473	-
Short Term Financial Investments	2.556.735	-	-
Financial Liabilities (December 31, 2019)	Level 1	Level 2	Level 3
Derivative Liabilities	-	2.244.832	-

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Financial Assets (December 31, 2018)	Level 1	Level 2	Level 3
Derivative Assets	-	4.580.190	-
Short Term Financial Investments	820.159	-	-
Financial Liabilities (December 31, 2018)	Level 1	Level 2	Level 3
Derivative Liabilities	-	34.210.890	-

41. SUBSEQUENT EVENTS

None.

42. OTHER MATTERS THAT MAY AFFECT THE FINANCIAL STATEMENTS TO A SIGNIFICANT EXTENT OR MATTERS WHICH ARE REQUIRED TO BE EXPLAINED IN ORDER FOR THE FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.