

ULUSOY UN SANAYİ VE TİCARET A.Ş.
AND IT'S SUBSIDIARY
CONVENIENCE TRANSLATION TO ENGLISH OF
AUDIT REPORT REGARDING
CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2016

Report Date: 13.03.2017
Report Number: AU/2017/001



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ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND IT'S SUBSIDIARY

CONVENIENCE TRANSLATION TO ENGLISH OF AUDIT REPORT REGARDING FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2016

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

We have audited the accompanying consolidated financial information of Ulusoy Un Sanayi ve Ticaret A.Ş. ("The Company") and its subsidiary (all together "The Group") as of December 31, 2016 and the consolidated profit or loss statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Turkish Accounting Standards ("TAS") and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit was conducted in accordance with the Independent Auditing Standards published by Capital Market Board ("CMB") and in accordance with Independent Audit Standards which are part of Turkish Auditing Standards issued by POA. These standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence for the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; The Group's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design procedures that are appropriate for the circumstances in order to identify the relation between the consolidated financial statements prepared by The Group and its internal control system. An audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by The Group's management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence obtained is sufficient and adequate to provide a basis for our opinion.

Opinion

In our opinion, accompanying financial statements present fairly, in all material respects, the consolidated financial position of The Group as of December 31, 2016 and their consolidated financial performance and consolidated cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports Arising from Other 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 March 13, 2017.
- 2) In accordance with Article 402 of TTC, no significant matter has come to our attention that causes us to believe that The Company's bookkeeping activities for the period between January 1 and December 31, 2016, is not in compliance with the code and provisions of The Company's articles of association that are related with financial reporting. Also, The Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

İstanbul, 13.03.2017

DMR BAĞIMSIZ DENETİM VE DANIŞMANLIK ANONİM ŞİRKETİ
A member firm of Kudos International Network



Dr. Defne DEMİR
Partner

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ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2016***(Amounts expressed in TL, unless otherwise is stated.)*

ASSETS	Note	31.12.2016	31.12.2015
Current Assets		478.299.924	430.476.542
Cash and Cash Equivalents	6	32.323.233	44.688.907
Financial Investments	7	176.990	290.931
Trade Receivables	10	263.586.105	202.008.828
Receivables from Finance Sector Operations	12	-	-
Other Receivables	11	2.958.765	3.700.674
Derivative Financial Instruments	13	13.892.922	8.869.096
Inventories	14	140.983.993	140.128.664
Biological Assets	15	-	-
Prepaid Expenses	16	14.187.995	27.564.094
Corporate Tax Assets	20	2.674.593	15.987
Other Current Assets	28	7.515.328	3.209.361
<i>(Sub Total)</i>		<i>478.299.924</i>	<i>430.476.542</i>
Fixed Assets Held for Sale	35	-	-
Non-Current Assets		90.347.969	72.630.710
Financial Investments	7	15.000	15.000
Trade Receivables	10	8.906.885	7.795.160
Receivables from Financial Sector Activities	12	-	-
Other Receivables	11	167.726	26.882
Derivative Financial Instruments	13	-	-
Investments Valued by Equity Method	18	4.350.978	4.167.980
Biological Assets	15	-	-
Investment Properties	19	9.440.000	7.094.142
Tangible Assets	21	61.668.476	46.144.226
Intangible Assets	22	438.808	503.319
-Goodwill	22	-	-
-Other Intangible Assets	22	438.808	503.319
Prepaid Expenses	16	3.043.014	4.418.420
Deferred Tax Assets	36	2.317.082	2.465.581
Other Non-Current Assets	28	-	-
TOTAL ASSETS		568.647.893	503.107.252

Consolidated financial statements for the period ended December 31, 2016 were approved at the board meeting on March 13, 2017 and signed by Eren Günhan Ulusoy, Kamil Adem, Salih Zeki Murzioğlu, Vedat Ceyhan and Kemal Kitaplı on behalf of the Board of Directors.

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2016

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

LIABILITIES	Note	31.12.2016	31.12.2015
Short Term Liabilities		370.936.821	326.793.283
Short Term Financial Borrowings	8	98.522.262	74.314.521
Short Term Portions of Long Term Financial Borrowings	8	6.671.382	13.318.859
Other Financial Liabilities	9	-	-
Trade Payables	10	256.503.295	233.915.632
Payables from Finance Sector Operations	12	-	-
Payables Related with Employee Benefits	26	686.640	753.913
Other Payables	11	35.144	38.120
Derivative Financial Instruments	13	-	-
Government Grants	23	-	-
Deferred Incomes	16	8.319.734	3.960.839
Corporate Tax Liabilities	36	-	279.760
Short Term Provisions	24	1.400	39.231
-Short Term Provisions for Employee Benefits	26/24	1.400	-
-Other Short Term Provisions	24	-	39.231
Other Short Term Liabilities	28	196.964	172.408
(Sub Total)		370.936.821	326.793.283
Liabilities of Fixed Assets Held for Sales Purpose	35	-	-
Long Term Liabilities		18.239.647	6.545.630
Long Term Financial Borrowings	8	10.338.233	651.463
Other Financial Liabilities	9	-	-
Trade Payables	10	-	-
Payables from Finance Sector Operations	12	-	-
Other Payables	11	-	-
Derivative Financial Instruments	13	-	-
Government Grants	23	-	-
Deferred Incomes	16	1.151.182	-
Long Term Provisions	24	900.118	719.701
-Long Term Provisions for Employee Benefits	26/24	900.118	719.701
-Other Long Term Provisions	24	-	-
Corporate Tax Liabilities		-	-
Deferred Tax Liabilities	36	5.850.114	5.174.466
Other Long Term Liabilities	28	-	-
Shareholder's Equity	29	179.471.425	169.768.339
Equity Holders of The Parent Company		179.471.425	169.768.339
Paid in Capital		84.500.000	84.500.000
Treasury Shares (-)		(3.072.969)	-
Share Premiums on Capital Stock		38.607.992	38.607.992
Accumulated Other Comprehensive (Income) Expenses not to be Reclassified in Profit and (Loss)		97.066	4.499.957
-Revaluation and Remeasurement Gains/ (Losses)		97.066	4.499.957
Tangible Assets Revaluation Increases/(Decreases)		565.860	4.780.452
Defined Benefit Plans Revaluation Gains/(Losses)		(468.794)	(280.495)
Other Accumulated Comprehensive Income or Expenses to be Classified in Profit or (Loss)		-	-
- Hedging Gains/(Losses)		-	-
Restricted Reserves		6.403.284	2.120.395
Retained Earnings		38.139.327	31.736.786
Net Profit/(Loss) for the Period		14.796.725	8.303.209
Non-Controlling Interests		-	-
TOTAL LIABILITIES		568.647.893	503.107.252

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2016

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

	Note	January 1 - December 31, 2016	January 1- December 31, 2015
OPERATING ACTIVITIES			
Revenue	30	1.151.991.130	1.030.479.354
Cost of Sales (-)	30	(1.075.930.400)	(952.456.882)
Gross Profit/Loss From Commercial Activity		76.060.730	78.022.472
Income from Financial Sector Activities		-	-
Cost of Financial Sector Activities (-)		-	-
Gross Profit/(Loss) From Financial Sector Activities		-	-
GROSS PROFIT/(LOSS)		76.060.730	78.022.472
General Administrative Expenses (-)	31	(6.644.475)	(6.343.518)
Marketing Expenses (-)	31	(29.150.859)	(36.880.978)
Research and Development Expenses (-)	31	-	-
Other Operating Income	32	57.589.920	48.507.396
Other Operating Expenses (-)	32	(34.297.653)	(38.318.683)
OPERATING PROFIT/(LOSS)		63.557.663	44.986.689
Income from Investing Activities	32	400.046	886.892
Expenses from Investing Activities	32	-	-
Shares of Investments Evaluated by Equity Method in Profit/(Loss)	33	182.998	318.044
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL EXPENSE		64.140.707	46.191.625
Financial Income	34	73.463.274	63.464.133
Financial Expenses (-)	34	(120.083.393)	(99.381.482)
CONTINUING OPERATIONS PROFIT/(LOSS) BEFORE TAX		17.520.588	10.274.276
CONTINUING OPERATIONS PROFIT/(LOSS) BEFORE TAX	36	(2.723.863)	(1.971.067)
Current Period Tax Income/(Expenses)		(798.994)	(727.875)
Deferred Tax Income/(Expenses)		(1.924.869)	(1.243.192)
CONTINUING OPERATIONS PROFIT/(LOSS) FOR THE PERIOD		14.796.725	8.303.209
DISCONTINUED OPERATIONS PROFIT/(LOSS) FOR THE PERIOD		-	-
The Profit/(Loss) of Discontinued Operations After Tax		-	-
NET PROFIT/(LOSS) FOR THE PERIOD		14.796.725	8.303.209
NET PROFIT/(LOSS) FOR THE PERIOD		14.796.725	8.303.209
Non-Controlling Interests			
Equity Holders of The Parent Company		14.796.725	8.303.209
Earnings Per Share	37	0,1789	0,0983
Earnings Per Share from Continuing Operations		0,1789	0,0983
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 VE BAĞLI ORTAKLIĞINOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN
DECEMBER 31, 2016

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

	Note	January 1- December 31, 2016	January 1- December 31, 2015
OTHER COMPREHENSIVE INCOME			
Not to be Classified in Profit or (Loss)	29	(4.402.891)	(17.216.244)
Tangible Assets Revaluation Increases/(Decreases)		(5.268.240)	(21.228.934)
Intangible Assets Revaluation Increases/(Decreases)			-
Defined Benefit Plans Revaluation Gains/(Losses)		(235.373)	(291.370)
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)		1.100.722	4.304.060
<i>Current Period Tax Income /(Expenses)</i>		-	-
<i>Deferred Tax Income / (Expenses)</i>		1.100.722	4.304.060
To be Classified in Profit or (Loss)		-	-
Foreign Currency Conversion Adjustments		-	-
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		(4.402.891)	(17.216.244)
TOTAL COMPREHENSIVE INCOME		10.393.834	(8.913.035)
Total Comprehensive Income Attribute To:		10.393.834	(8.913.035)
Non-Controlling Interests		-	-
Equity Holders of The Parent Company		10.393.834	(8.913.035)

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2016 (AMOUNTS EXPRESSED IN TL, UNLESS OTHERWISE IS STATED.)

	Note	Paid in Capital	Treasury Shares	Share Premiums on Capital Stock	Accumulated Other Comprehensive Income or Expenses Not To Be Reclassified Under Profit Or Loss		Restricted Reserves	Accumulated Profit/(Loss)		Total
					Tangible Assets Revaluation Increases/(Decreases)	Defined Benefit Plans Revaluation Gains/(Losses)		Retained Earnings	The Profit /(Loss) of Period	
December 31, 2014 Balance		84.500.000	-	38.607.992	21.763.600	-47.399	1.400.369	2.474.682	14.189.389	162.888.633
Transfers	29	-	-	-	-	-	-	35.418.323	(14.189.389)	21.228.934
Dividends		-	-	-	-	-	720.026	(6.156.219)	-	(5.436.193)
Total Comprehensive Income	29	-	-	-	(16.983.148)	(233.096)	-	-	8.303.209	(8.913.035)
December 31, 2015 Balance	29	84.500.000	-	38.607.992	4.780.452	(280.495)	2.120.395	31.736.786	8.303.209	169.768.339
Transfers	29	-	-	-	-	-	-	13.571.449	(8.303.209)	5.268.240
Increase (Decrease) Due to Treasury Shares Transactions	29	-	(3.072.969)	-	-	-	3.072.969	(3.072.969)	-	(3.072.969)
Dividends	29	-	-	-	-	-	1.209.920	(4.095.939)	-	(2.886.019)
Total Comprehensive Income	29	-	-	-	(4.214.592)	(188.299)	-	-	14.796.725	10.393.834
December 31, 2016 Balance	29	84.500.000	(3.072.969)	38.607.992	565.860	(468.794)	6.403.284	38.139.327	14.796.725	179.471.425

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2016

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

	Note	01.01.2016 31.12.2016	01.01.2015 31.12.2015
A. Cash Flow From Operating Activities		(8.454.353)	(36.638.859)
Net Profit/(Loss) For The Period	29	14.796.725	8.303.209
Adjustment Related to Period Profit/Loss Agreement		4.132.969	10.908.228
Adjustments Related to Depreciation and Amortisation Expense	31	2.783.015	2.374.248
Adjustments Related to Interest Income/Expense		(482.128)	7.431.143
Adjustments Related to Provisions		(92.787)	(140.355)
Adjustments Related to Tax Income/Expense		1.924.869	1.243.192
Changes in Working Capital		(27.384.047)	(55.850.296)
Adjustments Related to Increase/Decrease in Inventories	14	(855.329)	34.883.798
Adjustments Related to Increase/Decrease in Trade Receivables	10	(62.689.002)	(32.748.566)
Adjustments Related to Increase/Decrease in Other Receivables	11	601.065	(2.814.728)
Adjustments Related to Increase/Decrease in Trade Payables	10	22.587.663	(29.631.598)
Adjustments Related to Increase/Decrease in Other Payables	11	(2.976)	7.754
Adjustments Related to Other Increase/Decrease in Working Capital		12.974.532	(25.546.956)
Cash Flow From Operating Activities		(8.454.353)	(36.638.859)
B. Cash Flows From Investing Activities		(25.681.495)	(13.586.107)
Purchase of Tangible and Intangible Asset	21/22	(20.612.051)	(7.764.544)
Disposal of Tangible and Intangible Asset	21/22	23.439	(776.559)
Cash Outflows for Debt Instruments or Shares of Other Companies or Funds	7/18	(182.998)	-
Cash Inflows for Debt Instruments or Shares of Other Companies or Funds	7/18	113.941	53.880
Derivative Instruments Cash Inflows	13	-	-
Derivative Instruments Cash Outflows	13	(5.023.826)	(5.098.884)
C. Cash Flows From Financing Activities		21.770.174	28.446.929
Capital Contribution	29	-	-
Cash outflow arising from buying its own shares		(3.072.969)	-
Cash Inflows from Financial Borrowings		336.124.323	770.764.643
Cash Outflows from Financial Payments		(302.442.691)	(723.907.419)
Received Interest	34	4.802.615	17.377.772
Interest Paid	34	(10.755.085)	(30.351.874)
Dividends Paid	29	(2.886.019)	(5.436.193)
Net Increase/(Decrease) in Cash and Cash Equivalents Before The Effect Of Foreign Currency Exchange Differences (A+B+C)		(12.365.674)	(21.778.037)
D. Effect of Foreign Currency Exchange Adjustments on Cash and Cash Equivalents			-
Net Increase/Decrease in Cash and Cash Equivalents (A+B+C+D)		(12.365.674)	(21.778.037)
E. Cash and Cash Equivalents at the Beginning of the Period	6	44.688.907	66.466.944
Cash and Cash Equivalents at the End of the Period (A+B+C+D+E)	6	32.323.233	44.688.907

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN
DECEMBER 31, 2016

(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 Atatürk Bulvarı No:180/1 Tekkeköy / Samsun'dur.

The Company's registered capital ceiling is 150.000.000-TL. The permission of registered capital ceiling given by Capital Market Board ("CMB") is valid between 2013 – 2017 (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 VE BAĞLI ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN
DECEMBER 31, 2016

(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
	23.873.882	C	28,25	23.873.882
	30.373.882		35,94	30.373.882
Nevin Ulusoy	650.000	A	0,77	650.000
	1.300.000	B	1,54	1.300.000
	5.830.756	C	6,90	5.830.756
	7.780.756		9,21	7.780.756
Onur Erhan Ulusoy	650.000	A	0,77	650.000
	1.950.000	B	2,31	1.950.000
	7.423.684	C	8,78	7.423.684
	10.023.684		11,86	10.023.684
Eren Günhan Ulusoy	3.900.000	A	4,62	3.900.000
	1.300.000	B	1,54	1.300.000
	7.499.375	C	8,88	7.499.375
	12.699.375		15,04	12.699.375
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

The Company has 238 employees as of December 31, 2016 (December 31, 2015:230 employees).

The Company has one subsidiary as of reporting date. The shares on the subsidiary are as follows:

Subsidiaries	December 31, 2016 (Rate)	December 31, 2015 (Rate)
Uludaş Tarım Ürünleri Lisanslı Depoculuk A.Ş.	% 100	%100

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.

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Ulidas's registered head office address is Şabanoğlu Mahallesi Atatürk Bulvarı No:180-1 Tekkeköy / Samsun'dur. Ulidas has 9 employee as of December 31, 2016. (December 31, 2015:1 employee)

The Capital as of December 31, 2016 is 5.000.000 TL and there isn't unpaid capital.

The Company and Ulidas all together, will be referred 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 Communique No:II, 14.1 "Communique on Financial Reporting Standards in Capital Markets" ("the Communique") promulgated by CMB, which is published in the Official Gazette dated June 13, 2013 and numbered 28676.

Consolidated financial statements for the period ended December 31, 2016 were approved at the board meeting on March 13, 2017 and signed by Eren Günhan Ulusoy, Kamil Adem, Salih Zeki Murzioğlu, Vedat Ceyhan 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

The consolidated financial statements as of December 31, 2016 are prepared in accordance with the Communique.

Paid in capital and restricted reserves are expressed by the amounts in legal records.

The accompanying consolidated financial statements contain adjustments and classifications of The Group's legal records according to the Communique promulgated by CMB.

The consolidated financial statements and notes were prepared in accordance with the formats required by CMB's communiques and decrees.

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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.

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.

2.1.5. Basis of Consolidation

Financial statements as of December 31, 2016 and December 31, 2015 are presented as **consolidated financial statements**.

The Company's subsidiary details as of December 31, 2016 and December 31, 2015 are as follows:

Subsidiary	December 31, 2016 (Rate)	December 31, 2015 (Rate)
Uludaş Tarım Ürünleri Lisanslı Depoculuk A.Ş.	% 100	% 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 as of December 31, 2016 and December 31, 2015. Considering The Company has full control authority on the activities of Ulidas, financial statements of Ulidas are included in the accompanying consolidated financial statements with full consolidation method.

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2.1.5.2. Elimination by Consolidation

Statement of financial position and profit or loss statement of Ulidas are consolidated with full consolidation method and recorded values of Ulidas which are presented as subsidiaries in The Group's books and equity of Ulidas 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 Ulidas. 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.

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 realised 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 realised 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.

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.

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2.1.10. Summary of Significant Accounting Policies

2.1.10.1. Revenue

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of The Group when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue includes only the gross inflows of economic benefits received and receivable by The Group on its own account. Revenue is recognised when it is probable that future economic benefits will flow to The Group and these benefits can be measured reliably and revenue shall be measured at the fair value of the consideration received or receivable. Net sales are calculated by deducting sales returns and sales discounts from gross sales.

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- (a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits associated with the transaction will flow to The Group;
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group's revenue is composed of wheat, corn, flour, bran, razmol and ear of wheat 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, 2016 and December 31, 2015; 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. As of December 31, 2016 and December 31, 2015 7.342.704- TL amount of lands and 16.657.296-TL amount of buildings were acquired by sell and leaseback transaction. 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.

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	<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 17-20-25-40-50 Years

2.1.10.3. Intangible Assets

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

	<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 recognised 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 realisable 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 realisable 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

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change in value. There are not significant differences between their book values and fair values.

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 recognised in profit or loss when there is objective evidence that the asset is impaired. Trade receivables and other receivables balances in the consolidated statement of financial position are assumed to be their fair values.

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 recognised in profit/ (loss).

2.1.10.7.4. Available-for-Sale Financial Assets

“Available-for-sale financial assets” are non-derivatives that are not designated in financial assets at fair value through profit or loss, held-to-maturity financial assets or loans and receivables. Available-for-sale equity securities that do not have quoted fair values or for which fair values cannot be reliably measured through alternative methods, are measured by deducting impairment provisions from its cost.

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 recognised in profit/ (loss).

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“Available-for-sale financial assets” are non-derivatives that are not designated in financial assets at fair value through profit or loss, held-to-maturity financial assets or loans and receivables. Available-for-sale equity securities that do not have quoted fair values or for which fair values cannot be reliably measured through alternative methods, are measured by deducting impairment provisions from its cost.

2.1.10.8. Financial Liabilities

2.1.10.8.1. Financial Borrowings

Interest-bearing financial borrowings are initially recognised by fair value, and are subsequently

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revaluated by using effective interest rate method.

2.1.10.8.2. Trade and Other Payables

Trade and other payables are initially recognised by fair value, and are subsequently evaluated by amortized cost by using effective interest rate method. It is assumed that there are not significant differences between book values and fair values of trade and other payables.

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.

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.

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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 20% for 2016. 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.

Companies are required to pay temporary corporate tax based on their quarterly profits at the rate of 20%. 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.

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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.

As of December 31, 2016, land amounting to TL 5,610,000 and buildings and lease receivables amounting to TL 3,830,000 are provided through sales and lease back.

2.1.10.17. Sell and Leaseback Contract

The Group has signed Sell and Leaseback Contracts with Deniz Finansal Kiralama A.Ş. on March 31, 2015 and Finans Finansal Kiralama A.Ş. on July 13, 2016 . The Group considers this contract in the scope of IAS 17 Leases. In the relevant contract, the amount that represents the fair value of land and buildings is collected from Leasing Company in the scope of leasing contract is recognised as "Short Term Financial Borrowings" in the consolidated financial statements. According to IAS 17, tangible asset sales profit was recognised in deferred income and leasing payables are transferred to consolidated profit or loss statement due to their periods.

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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, 2016.

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2016 and have not been applied during the preparation of the accompanying consolidated financial statements.

There are some new standards and some amendments related with some standards and comments which have not become valid as of December 31, 2016 and have not been considered while preparing the accompanying consolidated financial statements. These amendments are not expected to have an important effect over the accompanying consolidated financial statements.

3. BUSINESS COMBINATIONS

None.

4. BUSINESS PARTNERSHIP

None.

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5. SEGMENTAL REPORTING

December 31, 2016	Wheat and Flour Trade	Licensed Warehouse	Elimination	Total
Revenue	1.152.007.935	-	(16.805)	1.151.991.130
Cost of Sales (-)	(1.075.945.411)	-	15.011	(1.075.930.400)
Gross Profit/Loss From Commercial Activity	76.062.524	-	(1.794)	76.060.730
General Administrative Expenses (-)	(6.393.283)	(255.006)	3.814	(6.644.475)
Marketing Expenses (-)	(29.150.859)	-	-	(29.150.859)
Other Operating Income	57.480.852	111.088	(2.020)	57.589.920
Other Operating Expenses (-)	(34.290.280)	(7.373)	-	(34.297.653)
Operating Profit/(Loss)	63.708.954	(151.291)	-	63.557.663
Income from Investing Activities	400.046	-	-	400.046
Expenses from Investing Activities	-	-	-	-
Shares of Investments Evaluated by Equity Method in Profit/(Loss)	182.998	-	-	182.998
Operating Profit/(Loss) Before Financial Expenses	64.291.998	(151.291)	-	64.140.707
Financial Income	73.547.453	150.605	(234.784)	73.463.274
Financial Expenses (-)	(119.743.723)	(574.454)	234.784	(120.083.393)
Continuing Operations Profit/(Loss) Before Tax	18.095.728	(575.140)	-	17.520.588
Continuing Operations Tax Income/(Expenses)	(2.798.061)	74.198	-	(2.723.863)
Net Profit/(Loss) For The Period	15.297.667	(500.942)	-	14.796.725

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December 31, 2015	Wheat and Flour Trade	Licensed Warehouse	Elimination	Total
Revenue	1.030.479.354	-	-	1.030.479.354
Cost of Sales (-)	(952.456.882)	-	-	(952.456.882)
Gross Profit/Loss From Commercial Activity	78.022.472	-	-	78.022.472
General Administrative Expenses (-)	(6.302.464)	(43.173)	2.119	(6.343.518)
Marketing Expenses (-)	(36.880.978)	-	-	(36.880.978)
Other Operating Income	48.509.491	24	(2.119)	48.507.396
Other Operating Expenses (-)	(38.318.618)	(65)	-	(38.318.683)
Operating Profit/(Loss)	45.029.903	(43.214)	-	44.986.689
Shares of Investments Evaluated by Equity Method in Profit/(Loss)	318.044	-	-	318.044
Income from Investing Activities	886.892	-	-	886.892
Expenses from Investing Activities	-	-	-	-
Financial Income	63.315.416	200.257	(51.540)	63.464.133
Financial Expenses (-)	(99.433.022)	-	51.540	(99.381.482)
Continuing Operations Profit/(Loss) Before Tax	10.117.233	157.043	-	10.274.276
Continuing Operations Tax Income/(Expenses)	(1.939.586)	(31.481)	-	(1.971.067)
Net Profit/(Loss) For The Period	8.177.647	125.562	-	8.303.209

December 31, 2016	Wheat and Flour Trade	Licensed Warehouse	Elimination	Total
Total Assets	562.591.710	12.271.520	(6.215.337)	568.647.893
Total Liabilities	382.744.901	7.646.904	(1.215.337)	389.176.468
Equity Holders of The Parent Company	179.846.809	4.624.616	(5.000.000)	179.471.425
Non-Controlling Interests	-	-	-	-

December 31, 2016	Wheat and Flour Trade	Licensed Warehouse	Elimination	Total
Total Assets	502.973.269	3.133.983	(3.000.000)	503.107.252
Total Liabilities	333.330.486	8.427	-	333.338.913
Equity Holders of The Parent Company	169.642.783	3.125.556	(3.000.000)	169.768.339
Non-Controlling Interests	-	-	-	-

December 31, 2016	Wheat and Flour Trade	Licensed Warehouse	Total
Investment Expenditures*	8.112.560	10.782.134	18.894.694
Amortization Charge for Period	2.712.890	70125	2.783.015

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December 31, 2015	Wheat and Flour Trade	Licensed Warehouse	Total
Investment Expenditures*	7.696.683	67.861	7.764.544
Amortization Charge for Period	2.369.356	4.892	2.374.248

* Consists of tangible assets, intangible assets and investment properties investments.

6. CASH AND CASH EQUIVALENTS

	Rate (December 31, 2016)	December 31, 2016	December 31, 2015
Cash		163.422	151.069
Demand Deposits		8.250.149	14.763.944
Deposit Accounts	USD: %1,86 - % 3,95 Interest Rate	23.886.098	27.503.675
	TL: %8,3 - %9 Interest Rate		
POS Accounts		21.163	42.823
Investment and Fund			
Accounts		2.401	2.227.396
		32.323.233	44.688.907

7. FINANCIAL INVESTMENTS

Short Term Financial Investments

	December 31, 2016	December 31, 2015
Bonds	176.990	290.931

Long Term Financial Investments

Available for Sale Financial Assets	%	December 31, 2016	%	December 31, 2015
Samsun Teknolojik Geliştirme Bölgesi Yönetici A.Ş.	0,5	15.000	0,5	15.000
		15.000		15.000
Unpaid Capital Commitments (-)				
Samsun Teknolojik Geliştirme Bölgesi Yönetici A.Ş.		-		-
		-		-
Impairment Provisions (-)				
Samsun Teknolojik Geliştirme Bölgesi Yönetici A.Ş.		-		-
		-		-
		15.000		15.000

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8. FINANCIAL BORROWINGS

Short Term Financial Borrowings

	December 31, 2016	December 31, 2015
Short Term Borrowings	98.522.262	74.314.521
Short Term Portions of Long Term Borrowings (net)	6.671.382	13.318.859
	105.193.644	87.633.380

Short Term Borrowings

	December 31, 2016	December 31, 2015
Short Term Loans	98.522.262	74.314.521

Short Term Loans

	December 31, 2016	December 31, 2015
Short Term Loans	99.005.165	74.601.700
Deferred Interest Expenses (-)	(482.903)	(287.179)
Short Term Loans (Net)	98.522.262	74.314.521

Detail of the short term loans (net) as of December 31, 2016 is as follows:

Currency	Interest Rate Corridor	Currency Amount	TL Amount
USA Dollar	Libor + 2,30 / Libor +2,45 %1,31 - %3,64 Faiz Aralığı	13.402.089 USD	47.164.630
TL	% 5,5 - % 11,34 Faiz Aralığı	-	51.357.632
			98.522.262

Detail of the short term loans (net) as of December 31, 2015 is as follows:

Currency	Interest Rate Corridor	Currency Amount	TL Amount
USA Dollar	%1,27 - %2,50	23.151.231 USD	67.314.521
TL	%6,34- %6,59	-	7.000.000
			74.314.521

Short Term Portions of Long Term Borrowings

	December 31, 2016	December 31, 2015
Short Term Portions of Long Term Loans (net)	3.739.928	3.581.456
Short Term Portions of Long Term Leasing Payables (net)	2.931.454	9.737.403
	6.671.382	13.318.859

Short Term Portions Of Long Term Loans

	December 31, 2016	December 31, 2015
Short Term Portions of Long Term Loans	3.810.612	3.621.867
Deferred Interest Expenses (-)	(70.684)	(40.411)
Short Term Portions of Long Term Borrowings (net)	3.739.928	3.581.456

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Detail of the short term portions of long term loans as of December 31, 2016 is as follows:

Currency	Interest Rate Corridor	Currency Amount	TL Amount
USA Dollar	-	-	-
Euro	Euribor + %3,5	1.008.094 Euro	3.739.928
TL	-	-	-
			3.739.928

Detail of the short term portions of long term loans as of December 31, 2015 is as follows:

Currency	Interest Rate Corridor	Currency Amount	TL Amount
USA Dollar	-	-	-
Euro	Euribor + %3,5	1.127.095 Euro	3.581.456
TL	-	-	-
			3.581.456

Short Term Portions of Long Term Leasing Payables

	December 31, 2016	December 31, 2015
Short Term Portions of Long Term Leasing Payables	3.357.106	10.525.739
Deferred Interest Expenses (-)	(425.652)	(788.336)
Short Term Portions of Long Term Leasing Payables (net)	2.931.454	9.737.403

Detail of the short term portions of long term leasing payables (net) as of December 31, 2016 is as follows:

Currency	Currency Amount	TL Amount
ABD Doları	832.989 USD	2.931.454
Euro	-	-
TL	-	-
		2.931.454

Detail of the short term portions of long term leasing payables (net) as of December 31, 2015 is as follows:

Currency	Currency Amount	TL Amount
USA Dollar	43.105 USD	125.332
Euro	-	-
TL	-	9.612.071
		9.737.403

Long Term Financial Borrowings

	December 31, 2016	December 31, 2015
Long Term Loans (net)	1.854.950	-
Long Term Leasing Payables (net)	8.483.283	651.463
Long Term Leasing Payables (net)	10.338.233	651.463

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Long Term Loans

	December 31, 2016	December 31, 2015
Long Term Loans	1.871.441	-
Deferred Interest Expenses (-)	(16.491)	-
Long Term Loans (net)	1.854.950	-

Detail of the long term loans (net) as of December 31, 2016 is as follows:

Currency	Interest Rate Corridor	Currency Amount	TL Amount
USA Dollar	-	-	-
Euro	Euribor + %3,5	500.000 Euro	1.854.950
TL	-	-	-
			1.854.950

Long Term Leasing Payables

	December 31, 2016	December 31, 2015
Long Term Leasing Payables	9.007.419	719.911
Deferred Interest Expenses (-)	(524.136)	(68.448)
Long Term Leasing Payables (net)	8.483.283	651.463

Detail of the long term leasing payables (net) as of December 31, 2016 is as follows:

Currency	Currency Amount	TL Amount
USA Dollar	2.410.571 USD	8.483.283
Euro	-	-
TL	-	-
		8.483.283

Detail of the long term leasing payables (net) as of December 31, 2015 is as follows:

Currency	Currency Amount	TL Amount
USA Dollar	224.055 USD	651.463
Euro	-	-
TL	-	-
		651.463

Redemption dates of long term loans as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
To be paid in 2017	1.854.950	-

9. OTHER FINANCIAL LIABILITIES

None.

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10. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	December 31, 2016	December 31, 2015
Trade Receivables from Related Parties	372.694	-
Trade Receivables from Other Parties	236.778.044	156.917.417
Notes Receivable from Related Parties	-	9.591.657
Notes Receivable from Other Parties	27.216.975	37.376.804
Deferred Maturity Difference Income (-)	(781.608)	(1.877.050)
Doubtful Trade Receivables	5.228.381	4.840.981
Provision for Doubtful Trade Receivables (-)	(5.228.381)	(4.840.981)
Trade Receivables (net)	263.586.105	202.008.828

Changes in doubtful trade receivables as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
Opening Balance	4.840.981	4.317.305
Provisions for the Period	845.461	760.568
Relinquished Receivables	-	(2.088)
Provisions Cancelled* (-)	(458.061)	(234.804)
Closing Balance	5.228.381	4.840.981

* Consists of collected doubtful trade receivables.

Long Term Trade Receivables

	December 31, 2016	December 31, 2015
Trade Receivables from Related Parties	-	-
Trade Receivables from Other Parties*	8.906.885	7.795.160
Long Term Trade Receivables (net)	8.906.885	7.795.160

*Vide note 24.

Short Term Trade Payables

	December 31, 2016	December 31, 2015
Trade Payables to Related Parties	833.610	894.410
Trade Payables to Other Parties*	261.058.040	222.936.955
Notes Payable to Related Parties	636.704	8.408.464
Notes Payable to Other Parties	807.147	7.259.414
Deferred Maturity Difference Expense (-)	(6.832.206)	(5.583.611)
Trade Payables (net)	256.503.295	233.915.632

* Trade payables to other parties include 254.054.531- TL letters of credit as of December 31, 2016 (December 31, 2015: 214.070.889 -TL.).

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11. OTHER RECEIVABLES AND PAYABLES

Other Short Term Receivables

	December 31, 2016	December 31, 2015
Deposits and Guarantees Given	139	206.499
Receivables From Public Authority	2.958.626	2.724.807
Other Receivables from Related Parties	-	246.000
Other Receivables from Other Parties	-	523.368
Doubtful Other Receivables	675.170	-
Provision for Doubtful Other Receivables (-)	(675.170)	-
	2.958.765	3.700.674

Changes in doubtful other receivables as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
Opening Balance	-	-
Provisions for the Period	675.170	-
Provisions Cancelled* (-)	-	-
Closing Balance	675.170	-

Other Long Term Receivables

	December 31, 2016	December 31, 2015
Deposits and Guarantees Given	167.726	26.882

Other Short Term Payables

	December 31, 2016	December 31, 2015
Other Payables to Other Parties	35.144	38.120

Other Long Term Payables

None.

12. RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None.

13. DERIVATIVE INSTRUMENTS

	December 31, 2016	December 31, 2015
Futures Market Collaterals	1.264.862	2.570.536
Derivative Financial Instruments	12.628.060	6.298.560
	13.892.922	8.869.096

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, 2016	Level 1	Level 2	Level 3
Foreign Exchange Forward Contracts (Held for Trading)	-	13.892.922	-
	-	13.892.922	-

December 31, 2015	Level1	Level 2	Level 3
Foreign Exchange Forward Contracts (Held for Trading)	-	8.869.096	-
	-	8.869.096	-

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, 2016	December 31, 2015
Raw Material and Supplies	29.719.443	39.943.991
Goods	2.422.787	7.289.315
Goods in transit*	8.295.198	-
Trade Goods	101.315.493	93.852.096
Other Inventories	262.640	249.375
Provision for Impairment of Inventories (-)	(1.031.568)	(1.206.113)
	140.983.993	140.128.664

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

* Goods in transit consist of products which are waiting in customs and of which sales agreement has been done and shipped but discharge process have not been completed and are still under Company's control and responsibility.

15. BIOLOGICAL ASSETS

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None.

16. PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	December 31, 2016	December 31, 2015
Advances Given to Related Parties*	-	2.000.000
Advances Given to Other Parties	13.635.794	25.072.677
Insurance Expenses and Other Expenses	552.201	491.417
	14.187.995	27.564.094

Long Term Prepaid Expenses

	December 31, 2016	December 31, 2015
Insurance Expenses	-	-
Advances Given to Other Parties*	3.043.014	4.418.420
	3.043.014	4.418.420

*Vide note 24.

Short Term Deferred Income

	December 31, 2016	December 31, 2015
Advances Received from Related Parties	-	-
Advances Received from Other Parties	7.890.101	3.700.134
Deferred Income**	429.633	260.705
	8.319.734	3.960.839

** Vide note 24.

Long Term Deferred Income

	December 31, 2016	December 31, 2015
Deferred Income**	1.151.182	-
	1.151.182	-

** Vide note 21.

17. RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS

None.

18. INVESTMENTS VALUED BY EQUITY METHOD

Associates	%	December 31, 2016	%	December 31, 2015
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	17	4.350.978	17	4.167.980

17% of the shares of Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş. were purchased by The Company on March 28, 2013.

According to fifth matter of TAS 28 "Investments in Associates", if an investor holds, directly or indirectly (eg through subsidiaries), 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this

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is not the case. Conversely, according to sixth matter if the investor holds, directly or indirectly (eg through subsidiaries), less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The existence of significant influence by an investor is usually evidenced in one or more of the following ways: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information. According to this, even though The Group has 17% of Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş., it is considered as The Group has significant influence while the conditions in sixth matter are fulfilled.

Associates	Goodwill*	Cost	Acquisition Cost
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	3.910.000	340.000	4.250.000

*According to thirtysecond matter of TAS 28 “Investments in Associates”, an investment in an associate is accounted for using the equity method from the date on which it becomes an associate. Goodwill related to an associate is added to book value of associate investment. According to this, 3.910.000-TL goodwill is included to the book value of associates, other than 340.000-TL associate share related with Sasbaş Samsun Serbest Bölgesi Kurucusu ve İşleticisi A.Ş..

According to equity method, investments in associates are recorded by acquisition cost in the beginning. After acquisition, book value of the investment is increased or decreased in order to recognise the share of the investor in the invested company’s profit/loss. The share which investor will get from invested company’s profit/loss is recognised as investor’s profit/loss.

As of December 31, 2016, 182.998-TL (December 31, 2015: 318.044-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.

The detail of the change in Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.’s value for the period between January 1, 2016 – December 31, 2016 is as follows:

	December 31, 2016
Value as of December 31, 2015	4.167.980
The Share from Associate’s Profit/Loss as of December 31 ,2016	182.998
Accrued Dividend Yield	-
	4.350.978

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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, 2016 and December 31, 2015 are as follows*:

	December 31, 2016	December 31, 2015
Current Assets	929.488	765.566
Non-Current Assets	5.279.757	5.686.990
Short Term Liabilities	132.208	187.052
Long Term Liabilities	459.745	277.612
Revenue	3.483.064	4.100.980
Continuing Profit/(Loss) for the Period	1.076.460	1.870.845
The Period Profit/(Loss) After Tax for Discontinued Operations	-	-
Other Comprehensive Income	1.076.460	1.870.845
Total Comprehensive Income	1.076.460	1.870.845

* 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, 2016 Opening Balance	5.343.150	1.808.565	7.151.715
Additions	-	40.000	40.000
Additions by Sell and Leaseback Contract	5.610.000	3.830.000	9.440.000
Disposals	(5.343.150)	(2.627.379)	(7.970.529)
Reclassification	-	778.814	778.814
December 31, 2016 Closing Balance	5.610.000	3.830.000	9.440.000

Accumulated Depreciation	Land	Buildings	Total
January 1, 2016 Opening Balance	-	57.573	57.573
Charge for the Period	-	-	-
Disposals	-	(247.886)	(247.886)
Reclassification	-	190.313	190.313
December 31, 2016 Closing Balance	-	-	-

Net Book Value (As of December 31, 2016)	5.610.000	3.830.000	9.440.000
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As of December 31, 2016 gross reclassification to the amount of 778.814-TL, consists of Underground and Overland Plants whose usage purpose has changed and reclassified as investment properties.

The Group has signed a Sell and Leaseback Contract with Finans Finansal Kiralama A.Ş. on July 13, 2016. The Group has sold 2.379.493-TL (Net book value) of buildings and 5.343.150-TL of land (Net book value) to 9.440.000-TL and leased back with financial leasing contract. Whole additions to

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lands and 3.830.000-TL of additions to buildings are tangible assets that are acquired by sell and leaseback contract. Because the contract is a financial leasing contract these land and buildings are included in assets. Whole disposals of relevant tangible assets (land and buildings) consist of cost and accumulated depreciation disposals in scope of sell and leaseback transaction. As of December 31, 2016, gross 5.268.240-TL disposals from revaluation surplus are belonging to land and buildings that were sold regarding to sell and leaseback contract.

Fixed asset sales revenue amounting to TL 1,717,357 - TL is generated from the sale of fixed assets made by the Group in connection with the Sale and Back Lease Agreement. According to Article 60 of the TAS 17 Financial Leasing Contracts, if a sale and leaseback transaction results in a finance lease, the portion above the carrying amount of the sales revenue is not immediately recognized as income by the seller's leaseholder. Instead, the mentioned income is postponed and amortized over the lease term. For this reason, fixed asset sale income amounting to TL 136.542, which corresponds to the period of 31 December 2016, is reported as profit / loss of the year 2016. Fixed asset sales revenue of TL 429.633 is reported in short term deferred income. Fixed asset sales amounting to TL1.151.182 Revenue is reported in long term deferred income..

Acquisition Cost	Land	Buildings	Total
January 1, 2015 Opening Balance	-	-	-
Additions	-	-	-
Disposals	-	-	-
Reclassification	5.343.150	1.808.565	7.151.715
December 31, 2015 Closing Balance	5.343.150	1.808.565	7.151.715

Accumulated Depreciation	Land	Buildings	Total
January 1, 2015 Opening Balance	-	-	-
Charge for the Period	-	-	-
Disposals	-	-	-
Reclassification	-	57.573	57.573
December 31, 2015 Closing Balance	-	57.573	57.573

Net Book Value (As of December 31, 2015)	5.343.150	1.750.992	7.094.142
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As of December 31, 2015 gross reclassification to the amount of 7.151.715-TL, consists of land and buildings whose usage purpose has changed and reclassified as investment properties.

According to IAS 40 Investment Property, 61st matter, if an owner-occupied property becomes an investment property that will be carried at fair value, The Group shall apply IAS 16 up to the date of change in use. Because the relevant properties have previously revaluated by the Group, the properties were recognised as investment properties by their fair values. After January 1, 2015 (The date of change in use) The Group does not depreciate these properties according to relevant

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standards' 62nd mater. The revaluation surplus related with investment properties are being reported in equity. As of December 31, 2015, the net revaluation surplus related with investment properties is 4.214.592-TL.

Construction plan/expropriation work information and lien inspection related with the investment properties (land and buildings) of The Group as of December 31, 2016 are as follows:

SQUARE 511; PARCEL NO 1 and PARCEL NO 10

Construction Plan/Expropriation Work Information

Square 511; parcel no 1 and 10, are in the Industrial Area.

Liens related with square 511; parcel no 1 are as follows:

6, 47 m² of this parcel rapes the road and 24,68m² rapes square 511 parcel no 7.
In a part of 360,34m² there is easement in favour of M. TEK General Management.

Liens related with square 511; parcel no 10 are as follows:

Square 511, parcel no 7 has a breach of 480, 53 m² on this parcel. This parcel has a breach of 35, 70 m² on square 511, parcel no 7.

20. CORPORATE TAX ASSETS

	December 31, 2016	December 31, 2015
Prepaid Taxes and Funds	2.674.593	15.987

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21. TANGIBLE ASSETS

Detail of the tangible assets as of December 31, 2016 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, 2016 Opening Balance	20.492.750	290.203	7.627.198	17.043.413	1.401.113	6.140.300	467.566	1.773.548	55.236.091
Additions	3.596.072	-	1.667.700	-	289.980	1.040.530	-	12.238.745	18.833.027
Disposals	-	-	-	-	-	(39.021)	-	-	(39.021)
Reclassification	5.709.461	(3.814)	-	26.822	203.535	-	-	(6.714.818)	(778.814)
December 31, 2016 Closing Balance	29.798.283	286.389	9.294.898	17.070.235	1.894.628	7.141.809	467.566	7.297.475	73.251.283

Accumulated Depreciation	Plant Machinery and Equipment	Underground and Overland Plants	Land	Buildings	Furniture and Fixtures	Vehicles	Leasehold Improvements	Constructions In Progress	Total
January 1, 2016 Opening Balance	5.763.125	48.689	-	403.342	700.803	2.090.692	85.214	-	9.091.865
Charge for the Period	937.054	7.052	-	541.100	203.553	927.641	80.437	-	2.696.837
Disposals	-	-	-	-	-	(15.582)	-	-	(15.582)
Reclassification	(190.247)	(66)	-	-	-	-	-	-	(190.313)
December 31, 2016 Closing Balance	6.509.932	55.675	-	944.442	904.356	3.002.751	165.651	-	11.582.807

Net Book Value (As of December 31, 2016)	23.288.351	230.714	9.294.898	16.125.793	990.272	4.139.058	301.915	7.297.475	61.668.476
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Detail of the tangible assets as of December 31, 2015 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, 2015 Opening Balance	17.245.811	216.221	14.336.515	17.115.876	915.306	4.750.663	383.467	722.004	55.685.863
Additions	2.835.826	-	7.357.704	16.657.296	485.807	1.875.994	84.099	1.974.380	31.271.106
Disposals	(51.624)	-	(8.723.871)	(15.307.311)	-	(486.357)	-	-	(24.569.163)
Reclassification	462.737	73.982	(5.343.150)	(1.422.448)	-	-	-	(922.836)	(7.151.715)
December 31, 2015 Closing Balance	20.492.750	290.203	7.627.198	17.043.413	1.401.113	6.140.300	467.566	1.773.548	55.236.091

Accumulated Depreciation	Plant Machinery and Equipment	Underground and Overland Plants	Land	Buildings	Furniture and Fixtures	Vehicles	Leasehold Improvements	Constructions In Progress	Total
January 1, 2015 Opening Balance	5.030.288	43.452	-	1.046.799	544.689	1.487.523	8.414	-	8.161.165
Charge for the Period	772.381	5.237	-	502.605	156.114	820.858	76.800	-	2.333.995
Disposals	(39.544)	-	-	(1.088.489)	-	(217.689)	-	-	(1.345.722)
Reclassification	-	-	-	(57.573)	-	-	-	-	(57.573)
December 31, 2015 Closing Balance	5.763.125	48.689	-	403.342	700.803	2.090.692	85.214	-	9.091.865

Net Book Value (As of December 31, 2015)	14.729.625	241.514	7.627.198	16.640.071	700.310	4.049.608	382.352	1.773.548	46.144.226
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ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN DECEMBER 31, 2016

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The Group has signed a Sell and Leaseback Contract with Deniz Finansal Kiralama A.Ş. on March 31, 2015. The Group has sold 14.218.822-TL (Net book value) of buildings and 8.723.871-TL of land (Net book value) to 24.000.000-TL and leased back with financial leasing contract. Whole additions to lands and 16.642.296-TL of additions to buildings are tangible assets that are acquired by sell and leaseback contract. Because the contract is a financial leasing contract these land and buildings are included in assets. Whole disposals of relevant tangible assets (land and buildings) consist of cost and accumulated depreciation disposals in scope of sell and leaseback transaction. As of December 31, 2015, gross 21.136.079-TL disposals from revaluation surplus are belonging to land and buildings that were sold regarding to sell and leaseback contract.

As of December 31, 2015, gross 7.151.715-TL reclassification consists of land and buildings that are reclassified as investment property because the change in use.

1.057.307-TL profit has occurred from tangible asset sales regarding sell and leaseback contract of The Group. According to IAS 17 Leases, 60th matter, if the leaseback is a finance lease, it is not appropriate to regard an excess of sales proceeds over the carrying amount as income immediately by the seller leaser. In case referred excess is deferred and amortised over the lease term. Therefore December 31, 2015 796.602-TL tangible asset sale profit is recognised in 2015 year profit or loss. 260.705-TL tangible asset sale profit is recognised in 2016 income.

Construction plan/expropriation work information and lien inspection related with the real estates (land and buildings) of The Group as of December 31, 2016 are as follows:

SQUARE 349; PARCEL NO 17

Construction Plan/Expropriation Work Info

Square 349, parcel no 17 is in the Industrial Area due to construction plan

SQUARE 496; PARCEL NO 6 , SQUARE 499; PARCEL NO 6, PARCEL NO 14, PARCEL NO 15, PARCEL NO 16, PARCEL NO 17, PARCEL NO 18, PARCEL NO 19, PARCEL NO 20, PARCEL NO 22, PARCEL NO 27

Construction Plan/Expropriation Work Information

Square 496; parcel no 6 is in Housing Area.

Square 499; parcel no 3 is in Non-residential Urban Work Area

Square 499; parcel no 14, 15, 16, 17, 18, 19, 20, 22 and 27 are in Housing Area.

SQUARE 681; PARCEL NO 33 AND 37

Square 681, parcel no 33 and 37 are in the Park and Inappropriate Geologic Area.

Square 681, parcel no 33 and 37 are completely in Park and Inappropriate Geologic Area. Therefore it is estimated that they will be expropriated as a result of bringing Expropriation Law numbered 2942 in to action.

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22. INTANGIBLE ASSETS

Goodwill

None.

Other Intangible Assets

Detail of the intangible assets as of December 31, 2016 is as follows:

Acquisition Cost	Rights (Computer Programs)	Trademark and Royalty	Total
January 1, 2016 Opening Balance	364.131	264.974	629.105
Additions	21.667	-	21.667
Disposals	-	-	-
Reclassification	-	-	-
December 31, 2016 Closing Balance	385.798	264.974	650.772

Accumulated Depreciation	Rights (Computer Programs)	Trademark and Royalty	Total
January 1, 2016 Opening Balance	123.536	2.250	125.786
Charge for the Period	59.681	26.497	86.178
Disposals	-	-	-
Reclassification	-	-	-
December 31, 2016 Closing Balance	183.217	28.747	211.964

Net Book Value (As of December 31, 2016)	202.581	236.227	438.808
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(Amounts expressed in TL, unless otherwise is stated.)

Detail of the intangible assets as of December 31, 2015 is as follows:

Acquisition Cost	Rights (Computer Programs)	Trademark and Royalty	Total
January 1, 2015 Opening Balance	135.667	-	135.667
Additions	228.464	264.974	493.438
Disposals	-	-	-
Reclassification	-	-	-
December 31, 2015 Closing Balance	364.131	264.974	629.105

Accumulated Depreciation	Rights (Computer Programs)	Trademark and Royalty	Total
January 1, 2015 Opening Balance	85.533	-	85.533
Charge for the Period	38.003	2.250	40.253
Disposals	-	-	-
Reclassification	-	-	-
December 31, 2015 Closing Balance	123.536	2.250	125.786

Net Book Value (As of December 31, 2015)	240.595	262.724	503.319
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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.

Detail of the Government grants and incentives as of December 31, 2016 is as follows:

Investment Incentive Document Date and Number	Type of Investment	Support elements to be utilized	Capacity of Investment	Amount of Investment	Finance of Investment
26/04/2016 124045/A	Licensed Warehouse	* Tax Discount Rate 70% * Investment Contribution Rate 30% * VAT Exemption * Interest Support	23.500 Ton	Fixed Investment 6.100.200 TL	6.100.200 TL Foreign Assets - TL Equity

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24. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short Term Provisions

	December 31, 2016	December 31, 2015
Provisions for Lawsuits	-	39.231
Short Term Provisions for Employee Benefits*	1.400	-
	1.400	39.231

*Vide note 26

Long Term Provisions

	December 31, 2016	December 31, 2015
Long Term Provisions for Employee Benefits*	900.118	719.701
Other Long Term Provisions	-	-
	900.118	719.701

*Vide note 26

Lawsuits

The Company's service lawsuit in Çorlu Labour Court has resulted. Decision was appealed but was approved by Supreme Court and finalized. 39.231-TL was paid related with the lawsuit in 2016. There is not any provision other than referred lawsuit 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, 2016	December 31, 2015
A. Total Amount of CPM Given by The Group's Own Legal Personality	21.848.257	20.175.392
B. Total Amount of CPM Given In Favour of Fully Consolidated Companies	30.000	-
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	21.878.257	20.175.392

* There is not any mortgage upon The Group's fixed assets.

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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, 2016 are as follows:

Company Title*	Trade Receivable	Advances Given	Total	Mortgage Amount
Samsun Yem	1.235.950	-	1.235.950	700.000
Yemsel	-	3.043.014	3.043.014	6.000.000
Çakıroğlu	7.670.935	-	7.670.935	10.000.000
Toplam	8.906.885	3.043.014	11.949.899	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.

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. 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.

25. COMMITMENTS

None.

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26. EMPLOYEE BENEFITS

Payables Related with Employee Benefits

Details of payables related with employee benefits as of December 31, 2016 and December 31, 2015 are:

	December 31, 2016	December 31, 2015
Social Security Institution Premiums	472.153	346.005
Due to Personnel	214.487	407.908
	686.640	753.913

Short Term Employee Benefits

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

Details of short term employee benefits as of June 30, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
Provision for Unused Vacation	1.400	-

Long Term Employee Benefits

Long term employee benefits consist of provision for employee termination benefits.

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, 2016 provision for employee termination benefit ceiling on the respective reporting dates, is subject to a maximum of 4.297,21-TL per month for a working year (December 31, 2015: 3.828,37-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. Provisions for employee termination is calculated by the discount rate of 2,44%, which is determined by 8,48% inflation rate and 11,13% interest rate. The release rate is 96% (December 31, 2015: inflation rate 8,19% , interest rate 10,93% and discount rate 2,53% , release rate 96%).

Details of the provision for employee termination benefits as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
Provision for Employee Termination Benefits	900.118	719.701

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Details of provision for employee termination benefits are as follows:

	December 31, 2016	December 31, 2015
Opening Balance	719.701	607.917
Interest Cost	39.549	59.055
Service Cost	152.473	98.931
Payments (-)	(246.978)	(337.571)
Actuarial Differences	235.373	291.369
Closing Balance	900.118	719.701

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, 2016	December 31, 2015
Deferred VAT	7.515.328	3.208.999
Other VAT	-	-
Business Advances	-	362
	7.515.328	3.209.361

Other Short Term Liabilities

	December 31, 2016	December 31, 2015
Taxes and Funds Payables	196.964	172.408

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

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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.

Shareholder structure of The Company as of December 31, 2016 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
	23.873.882	C	28,25	23.873.882
	30.373.882		35,94	30.373.882
Nevin Ulusoy	650.000	A	0,77	650.000
	1.300.000	B	1,54	1.300.000
	5.830.756	C	6,90	5.830.756
	7.780.756		9,21	7.780.756
Onur Erhan Ulusoy	650.000	A	0,77	650.000
	1.950.000	B	2,31	1.950.000
	7.423.684	C	8,78	7.423.684
	10.023.684		11,86	10.023.684
Eren Günhan Ulusoy	3.900.000	A	4,62	3.900.000
	1.300.000	B	1,54	1.300.000
	7.499.375	C	8,88	7.499.375
	12.699.375		15,04	12.699.375
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

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

Shareholder structure of The Company as of December 31, 2015 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
	23.873.882	C	28,25	23.873.882
	30.373.882		35,94	30.373.882
Nevin Ulusoy	650.000	A	0,77	650.000
	1.300.000	B	1,54	1.300.000
	5.830.756	C	6,90	5.830.756
	7.780.756		9,21	7.780.756
Onur Erhan Ulusoy	650.000	A	0,77	650.000
	1.950.000	B	2,31	1.950.000
	7.423.684	C	8,78	7.423.684
	10.023.684		11,86	10.023.684
Eren Günhan Ulusoy	3.900.000	A	4,62	3.900.000
	1.300.000	B	1,54	1.300.000
	7.499.375	C	8,88	7.499.375
	12.699.375		15,04	12.699.375
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

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.

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 amounted instalments and dividend advances can be paid by cash due to the profit in interim financial statements.

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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, 2016	December 31, 2015
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 thirthyseventh 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 recognised 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 recognised 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, 2016	December 31, 2015
Treasury Shares (-)	3.072.969	-

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.

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. Additional board of director's decision has been made on July 25, 2016 referring to CMB's July 25, 2016 date press announcement.

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As per the board of director's decree dated July 25, 2016;

1. Principles of Buyback Program;

a. Buyback Reason: In order to eliminate price inconsistencies caused by extraordinary economic conditions

b. Buyback Programs' Application Duration: 1 Year

c. Maximum Amount of Treasury Shares: 5.000.000 Unit

d. Min and Max Price Limits: 0,00 TL/Unit and 5,00 TL/Unit corridor

e. Yearly and Last 3 Months Share Price Info

Period	Minimum Price	Maximum Price	Weighted Average Price
Year	1,50 TL	2,10 TL	1,88 TL
Last 3 Months	1,50 TL	2,07 TL	1,83 TL

2. In case of reaching maximum amount of Treasury Shares, the program will be finalized without waiting 1 year period,

3. Reselling terms of Treasury Shares are undetermined because of the existing economic uncertainties.

4. Maximum of 25.000.000-TL will be reserved for Treasury Shares and this amount will be supplied from The Company's cash and cash equivalents.

Also;

5. It has been decided to declare that the Buyback program does not have any foreseen negative effect on The Company's financial state and operating results.

Details of The Company's bought back shares as of December 31, 2016 are as follows:

Date	Number of Shares Owned	Nominal Amount of Shares Acquired(TL)	Purchase Fees of Owned Shares Total Amount(TL)
December 31, 2016	1.799.043	1.799.043	3.072.969

Other Equity Items

Other accumulated comprehensive income and expenses which are not classified in profit/loss as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
Tangible Assets Revaluation Differences(net)**	565.860	4.780.452
Actuarial Profit/Loss Related with the Employee Benefits*	(468.794)	(280.495)
	97.066	4.499.957

*Actuarial differences have been recognised in equity since January 1, 2013.

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**If a revaluated tangible asset is disposed of, the revaluation surplus related with the derecognised asset is directly transferred to related earnings. Therefore the revaluation surplus related with land and buildings which have been disposed of by sell and leaseback transaction, were transferred to retained earnings. (Bakınız dipnot 19)

Details of the actuarial differences as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
Actuarial Gains/(Losses) Related with the Employee Benefits	(585.992)	(350.619)
Deferred Tax***	117.198	70.124
Actuarial Gains/(Losses) Related to Employee Benefits (net)	(468.794)	(280.495)

Details of tangible assets revaluation surplus as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
Revaluation Differences of Buildings and Lands (net)	200.395	4.414.987
Revaluation Differences of Vehicles (net)	365.465	365.465
	565.860	4.780.452

Detail of the revaluation differences of lands and buildings as of December 31, 2016 and December 31, 2015 is as follows:

	December 31, 2016	December 31, 2015
Total Lands and Buildings Revaluation Difference	250.494	5.518.734
Deferred Tax ***	(50.099)	(1.103.747)
Revaluation Differences of Buildings and Lands (net)	200.395	4.414.987

Details of the vehicles revaluation surplus as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
Vehicles Revaluation Differences (net)	365.465	365.465

	December 31, 2016	December 31, 2015
Total Vehicle Revaluation Differences **	456.831	456.831
Deferred Tax ***	(91.366)	(91.366)
	365.465	365.465

***According to TAS 12, 61-a, current tax and deferred tax related with the items which are not recognised in profit or loss, are not recognised in profit or loss both in the same or different period. Therefore, current tax and deferred tax that are related with the items that are recognised in the same or different period in other comprehensive income shall be recognised in other comprehensive income. Realised deferred tax is classified in revaluation surplus.

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Restricted reserves as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
Legal Reserves	3.330.315	2.120.395
Reserves of Treasury Shares	3.072.969	-
	6.403.284	2.120.395

In accordance with Article 520 of the Law No. 6102, the amount of reserves is allocated to the shares that are acquired for the Treasury shares. These reserves are shown in the line of "reserves on retained earnings " since they are solved only when the reversed shares are transferred or canceled. In other words, reserves amounting to TL 3.072.969 are allocated from retained earnings.

Accumulated profit or loss as of December 31, 201 and December 31, 2015 is as follows:

	December 31, 2016	December 31, 2015
Accumulated Profit/(Loss)	38.139.327	31.736.786

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

	December 31, 2016	December 31, 2015
Accumulated Profit/(Loss)	31.736.786	2.474.682
Transfer of Previous Year to the Accumulated Profit/(Loss)	8.303.209	14.189.389
Capital Contribution	-	-
Transfers to Legal Reserves	(1.209.920)	(720.026)
Reserves of Treasury Shares	(3.072.969)	-
Dividends Paid	(2.886.019)	(5.436.193)
Tangible Assets Revaluation Transfer**	5.268.240	21.228.934
	38.139.327	31.736.786

**If a revaluated tangible asset is disposed of, the revaluation surplus related with the derecognised asset is directly transferred to related earnings. Therefore the revaluation surplus related with land and buildings which have been disposed of by sell and leaseback transaction were transferred to retained earnings.

Net profit/ (loss) for the period as of December 31, 2016 and December 31, 2015 are as follow:

	December 31, 2016	December 31, 2015
Net Profit/(Loss) For The Period	14.796.725	8.303.209

30. REVENUE AND COST OF SALES

Details of revenue as of December 31, 2016 and December 31, 2015 are as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
Domestic Sales	608.830.588	701.659.853
Foreign Sales	547.511.606	332.616.423
Sales Returns (-)	(3.552.938)	(2.702.201)
Sales Discounts (-)	(514.661)	(1.094.721)
Other Discounts (-)	(283.465)	-
	1.151.991.130	1.030.479.354

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Details of cost of sales as of December 31, 2016 and December 31, 2015 are as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
Cost of Goods Sold	298.823.795	276.932.056
Cost of Merchandise Sold	777.106.605	675.524.826
	1.075.930.400	952.456.882

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

Details of total operating expenses as of December 31, 2016 and December 31, 2015 are as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
General Administrative Expenses	6.644.475	6.343.518
Marketing Expenses	29.150.860	36.880.978
Research and Development Expenses	-	-
	35.795.335	43.224.496

Details of General Administrative Expenses as of December 31, 2016 and December 31, 2015 are as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
Depreciation Expenses	355.266	200.099
Vehicle Expenses	303.539	261.837
Grants and Aids	173.449	121.733
Maintenance and Repair Expenses	21.977	27.486
Consultancy Expenses	1.036.074	338.973
Outsourced Benefits and Services	771.882	1.043.048
Other Expenses	334.002	219.605
Education and Publication Expenses	102.209	48.040
Exposition Expenses	26.782	53.759
Late Fees and Charges	14.994	16.391
Heat and Water Expenses	15.440	17.165
Rent Expenses	218.843	279.453
Court Expenses	1.962	13.354
Brand, Apl. and Ren. of Patent Expenses	5.833	22.616
Notary Expenses	22.600	68.656
Personnel Expenses	2.183.308	2.824.523
Advertising Expenses	16.027	17.705
Insurance Expenses	160.024	166.201
Registration and Announcement Expenses	23.337	6.299
Transportation Expenses	107.690	175.517
Taxes and Funds	299.058	282.926
Food Expenses	299.010	51.191
Public Offering Expenses	-	-
Health Expenses	2.810	13.361
Commission Expenses	148.359	73.580
General Administrative Expenses	6.644.475	6.343.518

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Details of Marketing Expenses as of December 31, 2016 and December 31, 2015 are as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
Depreciation Expenses	914.485	817.126
Vehicle Expenses	777.555	1.661.231
Consultancy Expenses	19.223	7.969
Outsourced Benefits and Services	767.609	924.143
Other Expenses	109.871	196.809
Exposition Expenses	106.975	41.177
Late Fees and Charges	17.120	21.752
Export Expenses	2.367.960	2.766.391
Rent Expenses	1.618.458	761.089
Sales Commissions Expenses	1.326.448	188.538
Freight Expenses	18.104.868	26.782.730
Personnel Expenses	1.830.467	1.789.368
Advertising Expenses	12.380	23.607
Insurance Expenses	575.465	510.136
Registration and Announcement Expenses	-	183
Transportation Expenses	75.627	30.955
Taxes and Funds	291.381	204.051
Food Expenses	234.967	153.723
Marketing Expenses	29.150.859	36.880.978

Nature of expenses for the period January 1, 2016 - December 31, 2016 is as follows:

	General Administrative Expenses	Marketing Expenses	Research and Development Expenses	Cost of Sales
Personnel Expenses	2.183.308	1.830.467	-	4.446.563
Depreciation Expenses	355.266	914.485	-	1.513.264

Nature of expenses for the period January 1, 2015 - December 31, 2015 is as follows:

	General Administrative Expenses	Marketing Expenses	Research and Development Expenses	Cost of Sales
Personnel Expenses	2.824.523	1.789.368	-	3.772.251
Depreciation Expenses	200.099	817.126	-	1.357.023

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32. OTHER INCOME AND OTHER EXPENSES

Other Income

	January 1- December 31, 2016	January 1- December 31, 2015
Income Due to the Law No 5510	453.024	273.929
Allocated Balance Income	77.936	27.508
Other Income	756.117	205.863
Service Reflection Income*	2.952.470	4.670.736
Maturity Difference Income	9.098.458	14.528.070
Foreign Currency Gains	40.803.076	26.931.209
Insurance Income	-	273.938
Provisions No Longer Required	458.061	234.804
Income From Returned Expenses	2.128.549	749.133
Income from Indemnity	531.135	524.682
Income From Incentive and Support	52.226	82.274
Inventory Difference	278.868	5.250
	57.589.920	48.507.396

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

Other Expenses

	January 1- December 31, 2016	January 1- December 31, 2015
Trust Expenses**	3.070.713	3.604.729
Other Expenses	42.632	35.816
Balance Dedication Expenses	21.941	26.941
Provision Expenses	1.520.631	799.799
Foreign Currency Expenses	16.907.975	11.915.002
Maturity Difference Expenses	11.343.244	21.315.597
Returned Expenses	1.390.517	620.799
	34.297.653	38.318.683

** Consists of freight, evacuation, stocking, customs and export expenses.

Income from Investing Activities

	January 1- December 31, 2016	January 1- December 31, 2015
Sales of Fixed Assets	2.799	90.290
Sell And Leaseback Transaction Income	397.247	796.602
	400.046	886.892

Expenses from Investing Activities

None.

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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, 2016 and December 31, 2015 are as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.*	182.998	318.044

*(Vide note 18)

34. FINANCIAL INCOME AND EXPENSES

Financial Income

	January 1- December 31, 2016	January 1- December 31, 2015
Interest Income	4.567.832	2.798.161
Foreign Currency Gains	47.128.869	36.868.509
Derivative Financial Instruments Income	8.902.102	17.327.341
Security Sales Income	236.411	171.562
Derivative Financial Instruments Fair Value Difference	12.628.060	6.298.560
	73.463.274	63.464.133

Financial Expenses

	January 1- December 31, 2016	January 1- December 31, 2015
Foreign Currency Expenses	99.065.333	87.842.986
Financial Expenses	10.520.300	8.984.736
Security Sales Losses	7.395	99.951
Derivative Financial Instruments Expenses	10.490.365	2.453.809
	120.083.393	99.381.482

35. FIXED ASSETS HELD FOR SALE AND CEASED 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 2016 corporate tax rate is 20% (2015: 20%).

In Turkey pre-paid corporate tax is calculated and accrued quarterly. In 2016, pre-paid corporate tax rate is 20% of the corporation income for the quarterly taxation periods (2015: 20%).

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.

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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 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 20% for all temporary differences since there is investment incentive of The Group (December 31, 2014: 20%).

Deferred tax liabilities are recognised for all taxable temporary differences.

The Group's earnings from investments linked to the incentive certificate are subject to corporation tax at rates discounted up to the amount of the investment contribution beginning from the accounting period in which the investment is partially or fully commissioned. As of December 31, 2016 the Group is not likely to benefit for the foreseeable future, Therefore deferred tax assets are not reflected to the consolidated financial statements.

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Temporary difference and deferred tax as of December 31, 2016 are as follows:

Deferred Tax Assets	Temporary Difference	Deferred Tax
Doubtful Receivables	4.388.338	877.668
Adjustment on Receivables from Personnel	110.609	22.122
Adjustment on Advances Given	77.247	15.449
Adjustment on Letter of Credit Interest	46.464	9.293
Impairment of Inventories Expenses	1.031.568	206.314
Adjustment on Amortized Cost of Receivables	781.608	156.322
Adjustment on Deferred Income of Sell and Leaseback	1.580.815	316.163
Adjustment on Tangible and Intangible Assets	2.656.290	531.258
Adjustment of Loans	297.388	59.478
Provision for Unused Vacation	1.400	280
Other adjustments	27.679	5.537
Actuarial Difference of Employee Termination Benefits *	585.992	117.198
	11.585.398	2.317.082

Deferred Tax Liabilities	Temporary Difference	Deferred Tax
Vehicles Revaluation Difference (Related with Equity)	456.831	91.366
Lands and Buildings Revaluation Difference (Related with Equity)	250.494	50.099
Adjustment on Inventory Maturity and Other Differences	715.249	143.050
Fair value adjustment of derivative instruments	12.628.060	2.525.612
Adjustment on Bank Interest Income Accruals	22.619	4.524
Amortization of Deferred Cost Adjustment	6.832.206	1.366.441
Depreciation difference of tangible and intangible assets	5.769.261	1.153.852
Employee Termination Benefits Actuarial Difference	2.575.849	515.170
	29.250.569	5.850.114

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Temporary difference and deferred tax as of December 31, 2015 are as follows:

Deferred Tax Assets	Temporary Difference	Deferred Tax
Doubtful Receivables	3.514.724	702.945
Adjustment on Receivables from Personnel	69.495	13.899
Adjustment on Advances Given	87.849	17.570
Adjustment on Letter of Credit Interest	126.053	25.211
Impairment of Inventories Expenses	1.206.113	241.224
Adjustment on Amortized Cost of Receivables	1.877.050	375.410
Adjustment on Leasing Payables	92.877	18.575
Adjustment on Tangible and Intangible Assets	453.720	90.744
Adjustment on Deferred Income of Sell and Leaseback	260.705	52.141
Adjustment of Loans	6.655	1.331
Adjustment on Warehouse Expenses	743.749	148.750
Constructions in Progress	26.955	5.391
Provisions For Lawsuits	39.231	7.846
Adjustment on Inventory Maturity and Other Differences	3.470.787	694.157
Adjustment on Other Receivables	1.314	263
Actuarial Difference of Employee Termination Benefits *	350.619	70.124
	12.327.896	2.465.581

Deferred Tax Liabilities	Temporary Difference	Deferred Tax
Vehicles Revaluation Difference (Related with Equity)	456.831	91.366
Lands and Buildings Revaluation Difference (Related with Equity)	5.518.734	1.103.747
Adjustment on Bank Interest Income Accruals	36.538	7.307
Adjustment on Amortized Cost of Payables	5.583.611	1.116.722
Adjustment on Derivative Financial Instruments Income	6.298.560	1.259.712
Tangible and Intangible Assets Depreciation Difference	5.733.548	1.146.709
Employee Termination Benefits Actuarial Difference	1.817.983	363.597
Adjustment on Inventory Count	426.529	85.306
	25.872.334	5.174.466

Changes in the deferred tax as of December 31, 2016 and December 31, 2015 are as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
Opening Balance	(1.583.896)	(340.704)
Deferred Tax Income /(Expenses) for The Period	(1.924.869)	(1.243.192)
Tangible Assets Revaluation Surplus and Actuarial Difference Deferred Tax Effect*	(24.267)	(1.124.989)
Closing Balance	(3.533.032)	(2.708.885)

*According to TAS 12, 61-a, current tax and deferred tax related with the items which are not recognised in profit or loss, are not recognised in profit or loss both in the same or different period.

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Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period in other comprehensive income, shall be recognised in other comprehensive income. Deferred tax liability which is calculated by actuarial differences, is recognised in other comprehensive income.

Tax expenses as of December 31, 2016 and December 31, 2015 are as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
Current Period Tax Income/(Expenses)	798.994	727.875
Deferred Tax(Profit)/ Loss	1.924.869	1.243.192
	2.723.863	1.971.067

Tax provisions as of December 31, 2016 and December 31, 2015 are as follows:

	January 1- December 31, 2016	1 January- December 31, 2015
Corporate Tax Liabilities	798.994	727.875
Prepaid Taxes and Funds	(3.473.587)	(448.115)
	(2.674.593)	279.760

37. EARNINGS PER SHARE

Details of earning per share as of December 31, 2016 and December 31, 2015 are as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
Net Profit/(Loss) for the Period	14.796.725	8.303.209
Weighted Average Number of Ordinary Shares	82.700.957	84.500.000
Earnings Per Share	0,1789	0,0983

38. RELATED PARTY DISCLOSURES

	December 31, 2016	December 31, 2015
GFC Denizcilik ve Ticaret A.Ş.	372.694	-
Trade Receivables from Related Parties	372.694	-

	December 31, 2016	December 31, 2015
Unay Un San. ve Tic. A.Ş.	-	9.591.657
Notes Receivable from Related Parties	-	9.591.657

	December 31, 2016	December 31, 2015
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	-	246.600
Other Receivables from Related Parties	-	246.600

	December 31, 2016	December 31, 2015
Unay Un San. ve Tic. A.Ş.	-	2.000.000
Advances Given to Related Parties	-	2.000.000

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	December 31, 2016	December 31, 2015
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	225.839	-
Unay Un San. ve Tic. A.Ş.	56.256	-
Ulusoy Petrol Ürünleri Tic. A.Ş.	45.365	33.415
Ulusoy Çay Gıda San. ve Tic. A.Ş.	28.594	-
GK Tarım Ürünleri Depoculuk A.Ş.	477.556	860.995
Trade Payables to Related Parties	833.610	894.410

	December 31, 2016	December 31, 2015
Unay Un San. ve Tic. A.Ş.	636.704	8.408.464
Notes Payable to Related Parties	636.704	8.408.464

	January 1- December 31, 2016	January 1- December 31, 2015
Unay Un San. ve Tic. A.Ş.	39.026.657	49.805.825
GFC Denizcilik ve Ticaret A.Ş.	112.484	-
Sales to Related Parties	39.139.141	49.805.825

	January 1- December 31, 2016	January 1- December 31, 2015
Unay Un San. ve Tic. A.Ş.	47	890
Sales Returns from Related Parties	47	890

	January 1- December 31, 2016	January 1- December 31, 2015
Unay Un San. ve Tic. A.Ş.	2.773	136.059
Sales Discounts to Related Parties	2.773	136.059

	January 1- December 31, 2016	January 1- December 31, 2015
Ulusoy Çay Gıda San. ve Tic. A.Ş.	-	-
Unay Un San. ve Tic. A.Ş.	23.207.025	26.498.854
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	-	-
GK Tarım Ürünleri Depoculuk A.Ş.	-	5.844
Purchase of Raw Material and Supplies from Related Parties	23.207.025	26.504.698

	January 1- December 31, 2016	January 1- December 31, 2015
Ulusoy Çay Gıda San. ve Tic. A.Ş.	17.215	13.488
Unay Un San. ve Tic. A.Ş.	66.304.829	62.025.197
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	480.788	554.868
GK Tarım Ürünleri Depoculuk A.Ş.	692.097	1.425.316
Purchase of Trade Inventories from Related Parties	67.494.929	64.018.869

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	January 1- December 31, 2016	January 1- December 31, 2015
Unay Un San. ve Tic. A.Ş.	391.691	-
Other Income from Related Parties	391.691	-

	January 1- December 31, 2016	January 1- December 31, 2015
Unay Un San. ve Tic. A.Ş.	1.175.340	739.887
Ulusoy Çay Gıda San. ve Tic. A.Ş.	975	-
Ulusoy Petrol Ürünleri Tic. A.Ş.	1.732	102
General Production Expenses to Related Parties	1.178.047	739.989

	January 1- December 31, 2016	January 1- December 31, 2015
Unay Un San. ve Tic. A.Ş.	32.337	42.341
Ulusoy Petrol Ürünleri Tic. A.Ş.	217.790	271.504
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	90.270	2.143
Marketing Expenses to Related Parties	340.397	315.988

	January 1- December 31, 2016	January 1- December 31, 2015
Ulusoy Çay Gıda San. ve Tic. A.Ş.	8.286	4.585
Ulusoy Petrol Ürünleri Tic. A.Ş.	169.234	104.226
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	3.061	-
General Administrative Expenses to Related Parties	180.581	108.811

	January 1- December 31, 2016	January 1- December 31, 2015
Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.	65.481	-
GFC Denizcilik ve Ticaret A.Ş.	18.559	-
Other Expenses to Related Parties	84.040	-

Top management of The Group consists of board members, general manager and department managers.

Total wage payments and other utilities to top management as of December 31, 2016 is 656.134 - TL (December 31, 2015: 614.546,66-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

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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.

40. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND EXPLANATIONS OF HEDGE ACCOUNTING)

Statement of Foreign Currency Position

Statement of Foreign Currency Position			
December 31, 2016			
	TL (Its functional currency)	USD	EURO
1. Trade and Other Receivables	143.028.965	40.448.537	183.960
2a. Monetary Financial Asset (Include Cash and Bank Account)	15.705.216	4.240.495	210.805
2b. Non-Monetary Financial Assets	-	-	-
3. Futures Market Collaterals	13.892.922	3.947.750	-
4. Advances Given	4.536.518	1.289.077	-
5. .Current Assets (1+2+3+4)	177.163.621	49.925.859	394.765
6. Other Non-Current Assets	-	-	-
7. Non-Current Assets	-	-	-
8. Total Assets	177.163.621	49.925.859	394.765
9. Short and Long Term Liabilities	321.041.289	89.527.890	1.610.485
Loans	52.759.510	13.402.089	1.508.094
Leasing Receivables	11.414.736	3.243.560	-
Trade and Other Payables	255.612.171	72.633.602	-
Advances Collected	1.254.872	248.639	102.391
10. Total Liabilities	321.041.289	89.527.890	1.610.485

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Statement of Foreign Currency Position			
December 31, 2015			
	TL (Its functional currency)	USD	EURO
1. Trade and Other Receivables	85.525.801	29.232.795	166.329
2a. Monetary Financial Asset (Include Cash and Bank Account)	19.534.649	6.292.389	389.573
2b. Non-Monetary Financial Assets	-	-	-
3. Futures Market Collaterals	8.869.096	3.050.315	-
4. Advances Given	5.296.719	1.821.681	-
5. .Current Assets (1+2+3+4)	119.226.265	40.397.180	555.902
6. Other Non-Current Assets	-	-	-
7. Non-Current Assets	-	-	-
8. Total Assets	119.226.265	40.397.180	555.902
9. Short and Long Term Liabilities			
Loans	70.895.977	23.151.231	1.127.095
Leasing Receivables	776.795	267.160	-
Trade and Other Payables	220.518.245	75.821.019	-
Advances Collected	657.123	189.393	33.498
10. Total Liabilities	292.848.140	99.428.803	1.160.593

Foreign Currency Sensitivity Analysis				
December 31, 2016				
	Profit/Loss		Shareholder's Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in 10% of USD Against TL				
1- Net USD Asset/Liability	(13.936.747)	13.936.747	(13.936.747)	13.936.747
2- USD Hedging (-)				
3- Net USD Effect (1+2)	(13.936.747)	13.936.747	(13.936.747)	13.936.747
Change in 10% of EURO Against TL				
4- Net Euro Asset/Liability	(451.020)	451.020	(451.020)	451.020
5- Euro Hedging (-)				
6- Net Euro Effect (4+5)	(451.020)	451.020	(451.020)	451.020

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Foreign Currency Sensitivity Analysis				
December 31, 2015				
	Profit/Loss		Shareholder's Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
ABD Doları Kurunun % 10 Değişmesi Halinde				
1- Net USD Asset/Liability	(17.164.035)	17.164.035	(17.164.035)	17.164.035
2- USD Hedging (-)	-	-	-	-
3- Net USD Effect (1+2)	(17.164.035)	17.164.035	(17.164.035)	17.164.035
Euro Kurunun % 10 Değişmesi Halinde				
4- Net Euro Asset/Liability	(192.147)	192.147	(192.147)	192.147
5- Euro Hedging (-)	-	-	-	-
6- Net Euro Effect (4+5)	(192.147)	192.147	(192.147)	192.147

Credit Risk

	Receivables				Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
December 31, 2016							
Maximum credit risk as of reporting dates (A+B+C+D+E)	372.694	272.120.296	-	3.126.491	32.136.247	13.892.922	21.245.340
- The part of maximum is under guarantee with collateral	-	-	-	-	-	-	-
A. Carrying value of financial assets that not past due nor impaired	372.694	272.120.296	-	3.126.491	32.136.247	13.892.922	21.245.340
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)	-	5.228.381	-	675.170	-	-	-
- Impairment (-)	-	(5.228.381)	-	(675.170)	-	-	-
- 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	-	-	-	-	-	-	-

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI

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

	Receivables				Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
December 31, 2015							
Maximum credit risk as of reporting dates (A+B+C+D+E)	9.591.657	200.212.331	246.000	3.481.556	42.267.619	8.869.096	38.235.227
- The part of maximum is under guarantee with collateral	-	-	-	-	-	-	-
A. Carrying value of financial assets that not past due nor impaired	9.591.657	200.212.331	246.000	3.481.556	42.267.619	8.869.096	38.235.227
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)	-	4.840.981	-	-	-	-	-
- Impairment (-)	-	(4.840.981)	-	-	-	-	-
- 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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Liquidity Risk

December 31, 2016						
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	115.531.877	115.531.877	1.673.923	103.519.721	10.338.233	
Debt Securities Issuance						
Trade Receivables	256.503.295	256.503.295	44.273.162	212.230.133	-	-
Other Payables	35.144	35.144	-	35.144	-	-

December 31, 2015						
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	88.284.843	88.284.843	33.146.482	54.486.898	651.463	
Debt Securities Issuance	-	-	-	-	-	-
Trade Receivables	233.915.632	233.915.632	17.557.345	216.358.287	-	-
Other Payables	38.120	38.120	-	38.120	-	-

December 31, 2016	Receivables		Deposits	Derivative Instruments	Other
	Trade Receivables	Other Receivables			
1-30 days overdue	-	-	-	-	-
1-3 months overdue	-	-	-	-	-
3-12 months overdue	845.461	675.170	-	-	-
1-5 years overdue	4.382.920	-	-	-	-
More than 5 years overdue	-	-	-	-	-

December 31, 2015	Receivables		Deposits	Derivative Instruments	Other
	Trade Receivables	Other Receivables			
1-30 days overdue	-	-	-	-	-
1-3 months overdue	-	-	-	-	-
3-12 months overdue	760.568	-	-	-	-
1-5 years overdue	3.720.413	-	-	-	-
More than 5 years overdue	-	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED THEN
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41. SUBSEQUENT EVENTS

In accordance with the announcement dated 21.07.2016 of the Capital Markets Board, a Board of Directors resolution dated 25.07.2016 and numbered 2016/014 concerning the withdrawal of the Company's own shares traded on the stock exchange has been taken.

Details of the Company's own shares as of March 10, 2017 are as follows:

Date	Nominal Amount of Owned Shares (TL)	Share of Shares Owned After the Transaction in the Company's Capital(%)
March 10, 2017	2.002.152	% 2,37

Uludaş Agricultural Products Licensed Deposuluk A.Ş., a subsidiary of the Company, It started its activities by obtaining a license for 23,340 tons of section from 16.01.2017.

**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.