



ULUSOYUn

01.01.2014 - 30.06.2014
ACTIVITY REPORT

*Fan the love
of Wheat*



fan 45 years

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MAJOR FINANCIAL DATA

Ulusoy Un A.Ş. / Basic Financial Indicators and Ratios

ASSETS	30.06.2014	31.12.2013	31.12.2012
Current Assets	323.553.525	288.866.129	242.383.566
Fixed Assets	50.788.030	51.116.025	21.101.186
TOTAL ASSETS	374.341.555	339.982.152	263.484.752
LIABILITIES	30.06.2014	31.12.2013	31.12.2012
Short-term Liabilities	265.445.645	244.262.605	214.551.269
Long-term Liabilities	8.831.311	8.321.039	1.772.158
Shareholder's Equity	100.058.599	87.392.510	47.201.325
TOTAL LIABILITIES	374.341.555	339.982.152	263.484.752

CONTINUING OPERATIONS	01.01.2014/30.06.2014	01.01.2013/31.12.2013	01.01.2012/31.12.2012
Revenues	433.352.360	681.123.194	491.961.309
Gross Profit/Loss	23.928.687	47.339.628	33.372.108
Operational Profit/Loss	11.515.072	28.824.924	12.261.629
Pre-Tax Profit/Loss of Continued Operations	11.728.794	9.858.129	5.509.306
Profit/Loss for the Period from Continuing Operations	9.355.673	7.274.470	4.133.133
Period Profit/Loss	9.355.673	7.274.470	4.133.133
Other Comprehensive Income (After Tax)	-	-	639.932
Total Comprehensive Income	9.355.673	7.274.470	4.773.065
Earnings per Share	0,1559	0,1939	13,5900

MAJOR RATIOS	01.01.2014/30.06.2014	01.01.2013/31.12.2013	01.01.2012/31.12.2012
Gross Profit Margin	5,52%	6,95%	6,78%
Net Profit Margin	2,16%	1,07%	0,97%
CURRENT RATIO (Current Assets/Short-term Liabilities)	1,22	1,18	1,13
LIQUIDITY RATIO (Cur. Assets-Stocks/Inventories/S.T. Liabilities.)	1,06	0,75	0,49
CAPITAL STRUCTURE (Total Debts/Liabilities/Equity)	2,74	2,89	4,58
ASSET STRUCTURE (Current Assets/Total Assets)	0,86	0,85	0,92

MAJOR FINANCIAL DATA

Ulusoy Un A.Ş. / Comparative Income Statements for the First Six Months

CONTINUING OPERATIONS	01.01.2014/30.06.2014	01.01.2013/30.06.2013
Revenues	433.352.360	269.293.513
Gross Profit/Loss	23.928.681	20.342.646
Real Operating Profit/Loss	11.515.012	12.562.064
Pre-Tax Profit/Loss from Continuing Operations	11.328.394	4.125.810
Profit/Loss for the Period from Continuing Operations	9.355.613	2.868.186
Period Profit/Loss	9.355.613	2.868.186
Other Comprehensive Income (After Tax)	-	
Total Comprehensive Income	9.355.613	2.868.186
Earnings per Share	0,1559	0,0765
Gross Profit Margin	5,52%	7,55%
Net profit margin	2,16%	1,07%

SHARE STRUCTURE

DISTRIBUTION OF SHARES BY SHARE GROUPS AS OF 30.06.2014

Shareholder's Name – Surname	Share in Capital (TL)	Share percentage
Fahrettin ULUSOY	34.313.882	52,88 %
Nevin ULUSOY	1.180.156	11,91 %
Onur Erhan ULUSOY	10.023.684	15,42 %
Eren Günhan ULUSOY	12.699.315	19,54 %
Kamil ADEM	26.941	0,04 %
Mithat DENİZCİGİL	95.362	0,15 %
TOTAL	65.000.000	100,00 %

CURRENT SHARE DISTRIBUTION

Shareholder's Name – Surname	Group	Number of Shares	Ratio	Amount TL
Fahrettin Ulusoy	A	4.550.000	1,00	4.550.000
	B	1.950.000	3,00	1.950.000
	C	29.813.882	42,88	29.813.882
		34.313.882	52,88	34.313.882
Nevin Ulusoy	A	650.000	1,00	650.000
	B	1.300.000	2,00	1.300.000
	C	5.830.156	8,91	5.830.156
		1.180.156	11,91	1.180.156
Onur Erhan Ulusoy	A	650.000	1,00	650.000
	B	1.950.000	3,00	1.950.000
	C	1.423.684	11,42	1.423.684
		10.023.684	15,42	10.023.684
Eren Günhan Ulusoy	A	3.900.000	6,00	3.900.000
	B	1.300.000	2,00	1.300.000
	C	1.499.315	11,54	1.499.315
		12.699.315	19,54	12.699.315
Kamil Adem	C	26.941	0,04	26.941
		26.941	0,04	26.941
Mithat Denizcigil	C	95.362	0,15	95.362
		95.362	0,15	95.362
TOTAL		65.000.000	100,00	65.000.000



Dear Shareholders,

I share the pride of presenting you the activity report of the first 6 months of 2014 for Ulusoy Un, an important value for our country with the employment it creates and the export it realizes resulting from the combination of 45 years of experience and know-how with ambition to serve our country with our fellow employees, clients, suppliers along with anyone who showed effort in this long journey.

Completing its 25th years in operation, Ulusoy Un is managed with the experience, know-how and trust which began with the foundation of Ulusoy Gıda in 1969 and accumulated by the past of all our colleagues who joined this family in their past in this industry. These long years have added significant values to us. First and foremost, we learned the importance of our business, food for people and to bear the responsibility of this above anything else. In Ulusoy Gıda Group we neither produce nor sell any product our employees and managers would not consume. This is essential for being a reliable food supplier.

Since the beginning our priority was to produce reliable products with sustained quality. Thus Ulusoy Un products became a preferred brand in a short time, exceeded our region and started serving our country.

With employees open to innovation, working with a team spirit and creating added value and with management that would not compromise from stability, quality and trust principles, Ulusoy Un started growing rapidly. With such an approach 180 tons per day capacity in the beginning, reached 900 tons per day today. As a reward for this work and our clients, Ulusoy Un started taking a place in top 1000 Large Industrial companies list of Istanbul Chamber of Industry after 1996 and managed to take 410th place among top 500 producers of Turkey and 2nd place in our industry in 2014. I extend my gratitude to all who played a part in our company's strong position in its industry stemming from hard work of long years.

Our flour exports to neighboring countries that started in 1995 continues to expand to become a sought after brand with distinguished quality and customer satisfaction in 72 countries we export to. As a reward for this success we contribute significantly to flour exports of Turkey. According to TİM (Turkish Exporters Assembly) data for 2014 we ranked 524th among the top 1000 exporters of Turkey and 5th in our industry.

Unfortunately each year global warming and droughts cause fluctuations in global agriculture. Agricultural products do not increase as much as the world population and consumption of baked products per capita increases with the wealth of developing countries. This in turn causes the food equilibrium to be more imbalanced in the world each passing year.

Furthermore, during the current harvest period of 2014-2015, agricultural drought Turkey has gone through has caused a deficit of wheat production. While producing the flour, that is the raw material of the bread which keeps our people fed, we preserve the consciousness for food security and produce non-stop to supply our people with flour 365 days a year and always keep our stocks at suitable levels.

Our goal is to carry the operation of our company to global level without compromising from our values, principles and goals with the strength stemming from team work with experienced colleagues. In line with these goals I wish for a profitable second half after a productive first 6 months and thank all partners, employees, clients and suppliers who contributed to the success of our company and who are or will be a part of Ulusoy Un family.

Fahrettin Ulusoy -Chairman of the Board



FAHRETTİN ULUSOY
Tekkeköy/SAMSUN - 1949
Chairman of the Board

Fahrettin Ulusoy, the founder of our company, has completed his primary and secondary education in Samsun. He has taken a break in education and started to work in 1969 , founding Ulusoy Gıda. Founding Ulusoy A.Ş. in 1989, he started to work as the Chairman of the Board. He has worked in both Ulusoy Gıda and Ulusoy Un until 1998, where he left his post at Ulusoy Gıda and continued on with Chairman of the Board position in Ulusoy Un. The company has achieved great success under the direction of Fahrettin Ulusoy in this period and has been awarded numerous times especially in export, tax and production. Also a shining star in social life, Fahrettin Ulusoy has taken posts in many political, professional and social institutions including political party leadership, businessmen association leadership, sports club deputy chairmanship, chamber of commerce speakership. He's still a member of TOBB (Turkish Union of Chambers and Commodity Exchanges) Food Council. Fahrettin Ulusoy is the founder and permanent Chairman of the Board of our company. Married with two children, Ulusoy likes reading, cinema and travelling.



NEVİN ULUSOY
Tekkeköy/SAMSUN - 1950
ULUSOY UN SANAYİ ve TİC. A.Ş.
Uice Chairwoman

One of the founding shareholders of our company, Nevin Ulusoy has completed her primary education in Tekkeköy Primary School, and secondary and high school education in Namık Kemal Secondary School and 19 Mayıs High School in Samsun, respectively. She graduated from 19 Mayıs University, Education Faculty, Department of Social Sciences Teaching in 1977 and began to work as a Geography Teacher in Gazi Elementary School in the same year. She has served Turkish National Education in various schools for 27 years and has worked in educating generations that will shape the future of Turkey. She has also been an active participant in social solidarity activities of schools. Retiring from her post in 2004, she started to work as the Total Quality Manager in Ulusoy Un Sanayi. She follows and inspects fair organizations of the company abroad. She has supported her husband in foundation and development of the company by taking over the responsibilities of the family. She's performing her duties as the member of the board of directors since 06.12.2011. Nevin Ulusoy has worked for many social associations. She's still a member of Make-a-wish foundation. She's married with two children. She likes reading, social activities and following space sciences and technology.



KAMİL ADEM
Gümüşhacıköy/AMASYA- 1965
ULUSOY UN SANAYİ ve TİC. A.Ş.
Board of Directors Executive Member

Kamil Adem has graduated from 19 Mayıs University, Amasya Vocational High School, Economics and Accounting Associate Degree Program in 1984. Starting work in Hasanusta Gıda San.A.Ş. in 1987 as the Accounting Manager, Kamil Adem has later started to work in flour industry. Starting to run finance operations of the same company along with accounting in 1990, Adem has been appointed to the head of accounting-finance and sales department of Ulusoy Un Sanayi after 1993. Acting as the general manager until July 2004, he has worked as the domestic and foreign marketing manager of Birsan Birlik A.Ş. operating in flour industry between the end of 2004 and the beginning of 2006. Activating export division of the company and launching sales channels in various domestic regions, Adem has started to work as the Factory Manager for another flour company Bafra Eriş Un Yem Gıda A.Ş. in February 2006. Starting as the general manager in Ulusoy Un San. A.Ş. in October 2010, Adem has continued as Uice Chairman after 06.12.2011 . Being one of the respected and professional managers of flour industry, Kamil Adem is known as one of the wise men of the industry. He's married with two children. His hobbies include hiking and cinema.



MİTHAT DENİZCİGİL
SAMSUN – 1951
ULUSOY UN SANAYİ ve TİC. A.Ş.
Member of Board of Directors

After graduating from Samsun Ondokuz Mayıs High School in 1970, Mithat Denizcigil has continued his education at Ankara University and graduated from Human and Economic Geography Department of Faculty of Language, History and Geography of Ankara University in 1975. Participating seminar studies on urban development of Samsun during his studies, Denizcigil has prepared his dissertation on Samsun Port, its hinterland and its under-capacity operation. Serving in the military as reserve officer between 1976-1977, Denizcigil has worked as a geography teacher and administrator in Tekkeköy High School, Anatolian Vocational High School and Trade Vocational High Schools in Samsun. After serving Turkish National Education for 24 years, he retired in August, 2001. Acting as a Board of Director Member in Ulusoy Un Sanayii A.Ş. and Erhan Ulusoy Un Sanayii A.Ş. between 2002 and 2006, Denizcigil also acted as a consultant for Ulusoy Çay Sanayi A.Ş. in fresh tea processing and processed tea packaging facilities. Married with one child, Denizcigil likes hiking and reading.



ÖMER FARUK EKİNCİ
Tekkeköy/SAMSUN – 1949
ULUSOY UN SANAYİ ve TİC. A.Ş.
Member of Board of Directors

Completing his primary and secondary education in Samsun, Ömer Faruk Ekinci has graduated from Ankara State Engineering and Architecture Academy, Ankara Engineering and Architecture College as a mechanical engineer in 1974. He completed his military service in the Navy as an officer designate for 12 months and as a lieutenant for the last 2 months in 1976. He started working as the machinery maintenance engineer in Sulphuric Acid Manufacturing Factory in Samsun Fertilizer Factories, known then as A20T Sanayi in December 1976. He's been appointed to protective maintenance chief engineer in 1987. He was appointed as maintenance manager in Samsun Gübre Sanayi Machinery Maintenance Directorate in 1988. Appointed as chief expert in 1991 in Ankara TÜGSAŞ (Türkiye Gübre Sanayi A.Ş.) General Directorate, Ekinci worked in this position in Ankara for 9 years. He returned to Samsun Gübre Sanayi as a consultant in 2000. He's been appointed to Samsun 19 Mayıs University General Directorate of Construction in 2004 when Samsun Gübre Sanayi was privatized. He retired in 2005 after he completed his service. Married with two children Ekinci likes fishing and hunting.



PROF. DR. UEDAT CEYHAN
Akyazı/SAKARYA – 1968
ULUSOY UN SANAYİ ve TİC. A.Ş.
Non-Executive Director

Completing his primary and secondary education in Sakarya, Uedat Ceyhan has continued his university education in Ankara University. Graduating from Agricultural Economics department in 1989, Ceyhan started his academic career in Ondokuz Mayıs University in 1993 as a research assistant in Agricultural Economics Department. He completed his graduate degree and Ph.D. in Ankara University, Agricultural Economics Department in 1994 and 1998, respectively. Becoming an Assistant Professor in 1999, Ceyhan became an Associate Professor in 2005. Participating many domestic and foreign projects and publishing articles in many domestic and global magazines, Ceyhan became a Professor in 2010. He's still the Head of Agricultural Economics Department in Samsun Ondokuz Mayıs University.

Apart from his countless achievements in academic life, Ceyhan, who stands out with his administrative skills, is the Head of Samsun Vocational School since 2008 and also the Director of Remote Education Center since 2009. Ceyhan is renowned as one of the opinion leaders in agricultural economics in both academic and business circles. Married with two children, Ceyhan likes reading and playing football and volleyball.



KEMAL KİTAPLI
 Alaçam/SAMSUN – 1963
 ULUSOY UN SANAYİ ve TİC. A.Ş.
 Non-Executive Director

Kemal Kitaplı completed his primary, secondary and high school education in Alaçam, Samsun. Graduating from İstanbul University Faculty of Law in 1985, Kitaplı started to work as a self-employed lawyer in Samsun after his military service and 1 year internship. He still practices law in Samsun. Apart from his practice he has been in business with many partnerships. He's also the dealer of some international textile brands in Samsun. He's one of the leading names of the industries he operates. He actively participates various social, economic and cultural associations and clubs. He's a member of Samsunspor, Samsun Rotary Club and Samsun Sailing Clubs. Kemal Kitaplı married Mrs. Fulya Kitaplı in 1997 and is father of two children.



SALİH ZEKİ MURZIOĞLU
 SAMSUN – 1959
 ULUSOY UN SANAYİ ve TİC. A.Ş.
 Non-Executive Director

After his primary and secondary education Salih Zeki Murzioğlu graduated from Samsun Trade High School. Leaving college, Murzioğlu started business in his father's sector, copper processing. Being known with his integrity and hard working personality in business and industry life, Murzioğlu was elected as the Board of Directors Chairman of Samsun Chamber of Industry and Commerce in 2009 after working many years as member of board of directors and assembly member. Finely representing business life in Samsun in any platform and matching the tasks of leading commerce, Murzioğlu was awarded Board of Directors Membership of TOBB in General Assembly Elections in 2013. Operating in many industries as a businessman, Salih Zeki Murzioğlu also acts as Samsun Central OIZ Board of Directors Chairman, Samsun Kavak OIZ Uice President of the Executive Board, Samsun Gıda OIZ Board of Directors Chairman, Samsun TEKMER Advisory Board Member, SABEK A.Ş. Board of Directors Member and Büyük Anadolu Lojistik Organizasyonlar A.Ş. Board of Directors Member and TOBB Board of Directors member. Salih Zeki Murzioğlu is married with two children.



Dear Shareholders,

Archeologists found that the world's first known settlement was founded 12,000 years ago in Göbeklitepe, 15 km north of Şanlıurfa. The reason Göbeklitepe was the first known collective settlement is the reason that makes our industry the largest exporter in the world: wheat! Beginning of first agricultural activities with wheat in Göbeklitepe caused settled life, thus forming societies, which in turn initiated cultural and economic development. Humanity thus entered a process of rapid development. And in the homeland of the wheat, the raw material of holy bread, an industrial enterprise that expands to the world; Ulusoy Un was born. With this strong history, potential and people of our country, Ulusoy Un has managed to gain an important seat in its industry both at home and abroad in the last 25 years.

In two factories that amount to daily capacity of 900 tons, our company has managed to realize 4.5% of the Turkey's flour export in the first six months of 2014. According to TIM data published in 2014 we're 524th in top exporting 1000 companies of Turkey and 5th in our industry. According to 2014 data from Istanbul Chamber of Industry, we are 410th in largest 500 producers of turkey and 2nd in our industry with our total production sales.

With these sales we perform both at home and abroad in line with customer demands, without compromise from quality and food security and under unconditional customer satisfaction principle, our company has increased its revenues from 61.1 million TL in 2006 to 681.1 million TL in 2013, which corresponds to 11.1 times increase in revenues and an annual average revenue growth of 41% in 7 years.

Our revenues have reached 433.3 million TL in the first 6 month of 2014, corresponding to a 60% increase compared to the first 6 months of the previous year, establishing a significant performance. Thus, despite being a seasonally slow period, we managed to realize in the first six months of 48% of our goal of increasing revenues by 32% to 900 million TL by the end of the year. We are marching towards our year end goal with sound steps.

Upon its operations in the first six months of 2014, our company has obtained 23.9 million TL gross profits and 11.5 million TL real operating profit from production and commercial activities. Our registered capital, which was TL 50,000,000 at the end of 2013 was raised to TL 65,000,000 during the first quarter, its financial structure has been reinforced and resources created to finance rapidly growing operations were included into the capital and left to the company's disposal. Our shareholder's equity as of the end of the 6th month of 2014 has been raised to 100 million TL from 87.3 million TL from the previous year's end.

In the first 6 months of 2014, our company has revised production diagram of 2nd unit of its Samsun factory which is mainly used for export. With this modernization investment products demanded by our customers in the African market were produced more efficiently and stable. In the first 6 months of 2014 we are managed to export 11% more to Africa compared to the same period of last year. With this investment we aim to further increase our market share in Africa.

I thank our customers and employees who carried us to the top in our industry and always lend a hand and wish the second half of 2014 to bring revenues and joy for our company. With its experience exceeding 45 years, Ulusoy Un will continue creating value for its partners, employees and customers...

Günhan Ulusoy – CEO



GÜNHAN ULUSOY
Samsun – 1981
ULUSOY UN SANAYİ ve TİC. A.Ş.
Chief Executive Officer

Graduating from Samsun Anatolian High School in 1999, Günhan Ulusoy completed his higher education in Boğaziçi University, Faculty of Economics and Administrative Sciences, Business Administration Department in 2003. He started working in export department of Ulusoy Un Sanayi in July 2003. Appointed as General Manager in July 2004, Ulusoy continued working at this position until October 2010. He's the CEO of the company since October 2010. He's also Board of Directors Member of Samsun Serbest Bölge İşletici A.Ş.- Sasbaş since 2008. A member of many social and professional associations, Günhan Ulusoy is Board of Directors Chairman of Black Sea Region Flour Industrialists Association, Board of Directors Member of Turkish Flour Industrialists Federation, Vice-Chairman of the Board of Directors of Black Sea Cereal, Pulse and Oil Seeds Exporters Union and Vice-Chairman of the Board of Directors of Samsun Commodity Exchange. Günhan Ulusoy, who speaks English likes basketball, cinema and traveling.



KAMİL ADEM
Gümüşhacıköy/AMASYA- 1965
ULUSOY UN SANAYİ ve TİC. A.Ş.
General Manager and Executive Board Vice-Chairman

Kamil Adem has graduated from 19 Mayıs University, Amasya Vocational High School, Economics and Accounting Associate Degree Program in 1984. Starting work in Hasanusta Gıda San.A.Ş. in 1987 as the Accounting Manager, Kamil Adem has later started to work in flour industry. Starting to run finance operations of the same company along with accounting in 1990, Adem has been appointed to the head of accounting-finance and sales department of Ulusoy Un Sanayi after 1993. Acting as the general manager until July 2004, he has worked as the domestic and foreign marketing manager of Birsan Birlik A.Ş. operating in flour industry between the end of 2004 and the beginning of 2006. Activating export division of the company and launching sales channels in various domestic regions, Adem has started to work as the Factory Manager for another flour company Bafra Eriş Un Yem Gıda A.Ş. in February 2006. Starting as the general manager in Ulusoy Un San. A.Ş. in October 2010, Adem has continued as Vice Chairman after 06.12.2011. Being one of the respected and professional managers of flour industry, Kamil Adem is known as one of the wise men of the industry. He's married with two children. His hobbies include hiking and cinema.



SEZGİN KARAÇAM
Alucra/Giresun – 1973
ULUSOY UN SANAYİ ve TİC. A.Ş.
Deputy General Manager and Executive Board Vice-Chairman

He graduated from Samsun Commercial High School Accounting Department in 1989. He worked as an accounting personnel in Mehmet Demirci – Independent Accountant and Financial Advisor office between 1989-1997. He started working in accounting department of Ulusoy Un in 1997. He was appointed as accounting manager in 1999. He worked as the Sales Manager in Sales and Marketing Department between 2003-2007. He was brought back to accounting manager position between 2007-2011. Since 2012, he's the Deputy General Manager and Executive Board Vice-Chairman of the company. He's married with three children.

OUR STRATEGIES

Being closest to the market with diverse production locations and delivering our products to the customers with the lowest logistics costs,
Directing purchases from raw material production locations with the right costs to the logistically most suitable production facility,
Achieving a product range that can cover all demands of the customers with product diversification,
Creating new products through R&D and becoming a brand.

OUR GOALS

Lowering costs by reducing distribution costs,
Increasing total capacity by increasing our production locations,
Addressing the whole market,
Increasing market share in more efficient segments of the industrial and consumer market.

CONSEQUENTLY

Becoming the company with the largest market share.



FLOUR INDUSTRY
AND ECONOMIC
DEVELOPMENTS
IN THE WORLD
AND IN TURKEY



FLOUR INDUSTRY AND ECONOMIC DEVELOPMENTS IN THE WORLD AND IN TURKEY

In its meeting that ended in December 18th, US Federal Reserve (Fed) decided to reduce its asset purchase program worth 85 billion USD per month continued more than 1 year by 10 billion USD as of January 2014. In his statement following the meeting Fed Chairman Ben Bernanke said the US economy was ready to step back in asset purchase program yet pointed that the recovery in US economy was far from complete. Therefore expressing that bond purchases will be reduced at a "reasonable" rate for the rest of the year in case employment increase in US continues as expected, Bernanke stated that these purchases could not be terminated before the end of 2014.

Due to volatility of international capital flows brought by the change of the monetary policy of Fed, the trend in local currencies to lose value continues in developing countries. This causes contractionary monetary policies by the central banks of some of these countries. Within this framework, Indian Central bank raised its policy interest by 25 base points to 8% in January and South Africa Central Bank increased it by 50 base points from 5%. Similarly TRCB increase one-week repo auction interest rate to 10% and stated that financial markets will be funded through one one-week repo auctions.

After Russia resorts to landing troops and following the turmoil in Crimea Autonomous Region, Ukrainian problem has become international and the political tension between European Union (EU), USA and Russia, stemming from Ukraine had remarkable impact on the global markets. Crimean Autonomous Republic Parliament has decided to hold a referendum on February 23th, to decide which country Crimea would join to. The referendum held on March 16th, resulted in a decision to join Russia and Russia accepted this decision. Upon these developments USA and EU countries decided to enforce sanctions on Russia.

In the Economic Overview Report issued in early May, OECD stated that global economy would gain strength led by developed countries in the next two years, yet reduced its global growth estimate for 2014 from 3.6% to 3.4% due to loss of momentum in developing countries and mainly China. Forecasting that US economy would also continue recovery in this period OECD estimated Euro Zone economy to grow 1.2% in 2014.

The comments of new steps towards monetary expansion by the Central Bank against the risk of deflation in Euro Zone increased with the inflation data for April (annual CPI increase 0.7%). Eventually, ECB Chairman Mario Draghi stated that low inflation and strong Euro is a cause of concern for the region economy and ECB is ready to act in June to support economy if necessary.

Holding an extraordinary meeting on January 28th, TRCB has made a significant change in its policy mix to limit the negative reflections of increasing risk perception towards Turkey on inflation and macroeconomic stability deciding stronger monetary tightening and simplification of monetary policy. In line with this TRCB has increased one week repo rate from 4.5% to 10% and stated that Central Bank funding will be done through one



International credit rating institution Standard and Poor's declared that it has downgraded Turkey credit rating to "negative" from "stable" on February 7th. S&P did not change the credit note of non-investment grade of BB+. Stating that predictability of political environment has declined, S&P pointed to the risk of hard fall in economy, revising growth estimate for 2014 from 3.4% to 2.2%.

Turkish flour industry has cumulatively 1,248 million tons exports in the first six months of 2014, increasing the amount by 200 thousand tons according to January-July period of 2013. The point here is the increase of political and economic uncertainties in the region of exportation. Despite the troubles with both Middle East countries and African and South East Asian countries Turkish flour exporter has achieved a success. While exports to 7 African, 4 Middle Eastern and 3 Southeast Asian countries amounted to 89% of total export in January-July 2013; exports to 8 African, 4 Middle Eastern, 3 Southeast Asian and 1 Latin American countries in 2014 amounted to 92% of total exports. The difference in this year stemmed from leaps to our neighboring strong markets Iraq, Syria and Israel and a momentum in exports to Cuba and Cameroon. Despite some decreases in some African countries, Angola and Sudan continue to be essential markets. Despite a decrease in Thailand market in Southeast Asia, a leap has been experienced in Indonesia against its current quota application.

HUMAN RESOURCES





HUMAN RESOURCES POLICY

We move forward with sound steps deriving our strength from innovative and creative human resource.

Our vision is to perform the most perfect human resources practices with the contribution of all our employees in all fields we operate.

Our mission is to train leaders with global vision, to increase commitment to the company by training and empowering employees and to become a global company by performing the best.

Ulusoy Un always motivates its employees with mottos "quality is our responsibility", "customer is always right" and "we don't sell what we won't eat".

The company invests in human resources and monitors their development with practices that aim continuous development, in line with its strategy and goals. Encourages starting solution and result oriented approaches and innovative practices, establishing systems and monitoring these. It aims to evaluate, structure as a process management, report and continuously develop all processes regarding employees as a whole. Adopts the principle of establishing a transparent and reliable communication environment where teamwork is supported, participation and corporate awareness are ensured.

In order to further improve the loyalty and motivation of our employees, our company conducts employee satisfaction surveys and focuses on reinforcing loyalty relation between the employees and the company through development programs in line with the results of these surveys. Survey results are analyzed and plans are made for improvable matters.

ULUSOY UN HAS ORGANIZED NUMEROUS ACTIVITIES TO INCREASE THE MOTIVATION OF ITS EMPLOYEES

- Conducted free medical screening to employees in 2014.
- All special days, such as religious days and New Year, are celebrated with the employees. Small presents are given.
- Our company has provided internship to 4 students in winter season in 2014.
- Special days and ceremonies of the employees are attended by top management for support.
- Motivating slogans are placed in company board.
- A study called "innovation in our company" has been held, the results are shared with top management and value attached to the ideas of the employees is demonstrated.
- In house and external trainings are organized for our employees.
- With Individual Pension Contracts prepared in cooperation of a private bank, company pays an additional participation fee for each person with a Contract.
- As done in previous years, in 2014 each person has been covered by a personal accident insurance.

TRAININGS PROVIDED TO EMPLOYEES IN THE FIRST SIX MONTHS OF 2014

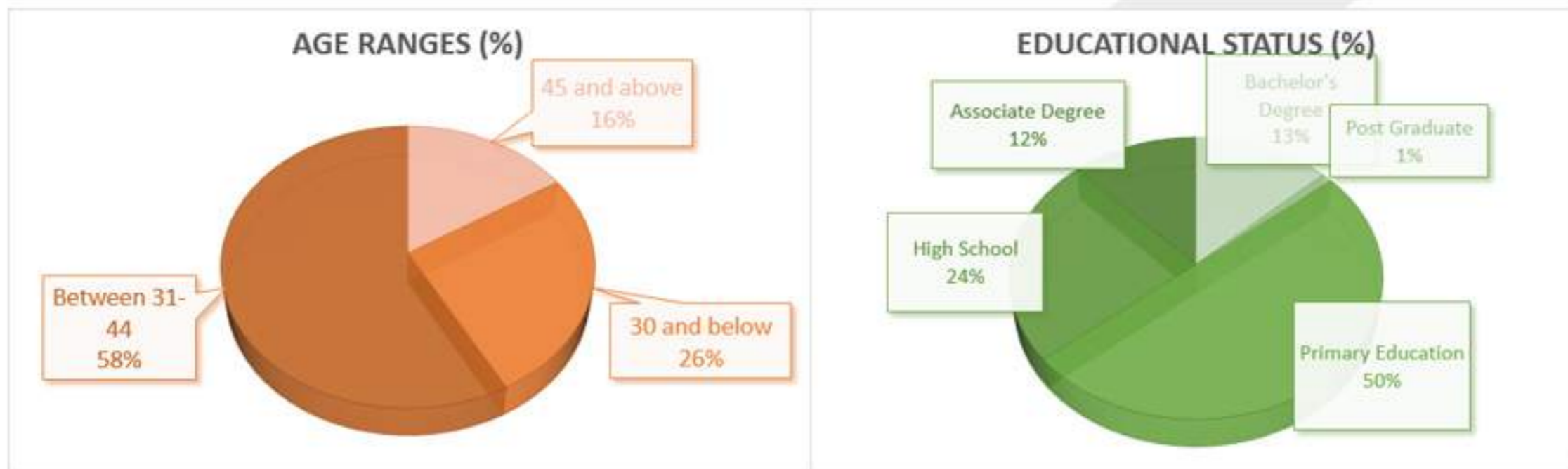
- Quality Systems Training (ISO 9001-2008 ISO 22000 ISO 14000 – Halal Product Certificate)
- Occupational Health and Safety Trainings (OHSAS 18001-2003)
- Foreign Language courses (English)
- Fire Training
- First Aid Training
- CAF (Modified Atmospheric Conditions Fumigation Techniques Training)
- FESTO (Engineering and Production Systems Training)

PERFORMANCE MANAGEMENT SYSTEM

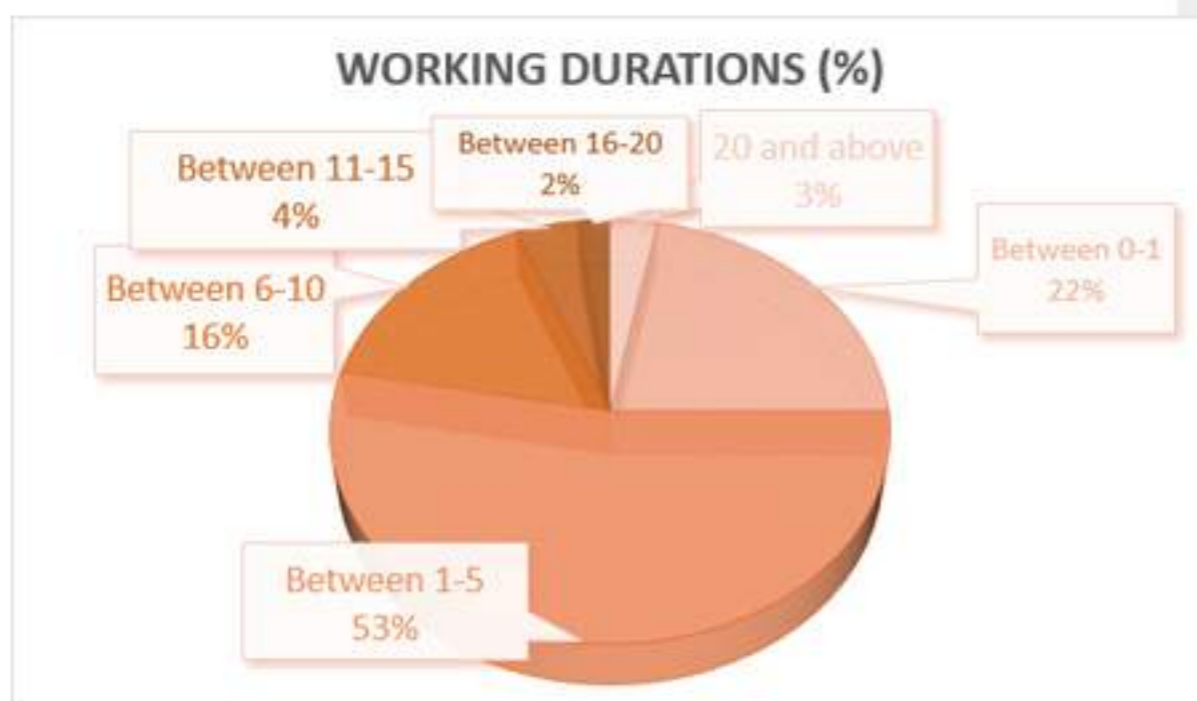
Organization, human resources, systems and processes are continuously reviewed and restructured as necessary in order to maintain the sustainability of the success of the community.

Performance management system is used to reward the success and potential of the employees of Ulusoy Un and to determine their development areas. The company evaluates the contribution of each employee to the company vision and provides future career opportunities to the employees. The most successful employee in performance evaluation forms is awarded.

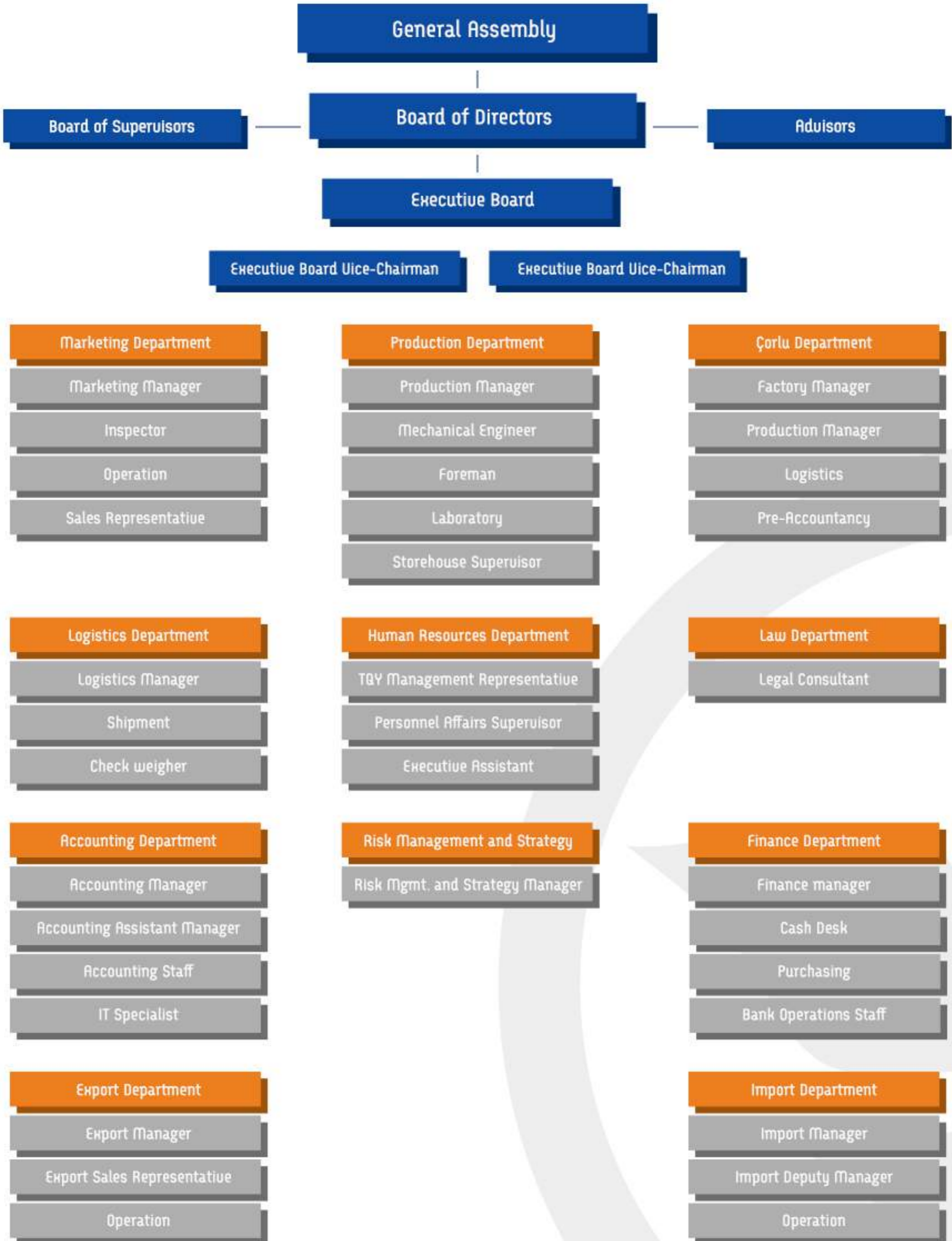
The employees are enabled to attend fairs at home and abroad (Dubai, Paris, Germany, Indonesia, Angola, Philippines) to increase their contributions to the company efficiency by increasing their knowledge and visuality, experiencing innovations and developments.



In Ulusoy Un, our greatest capital is our human resources and with this respect we act under the principle of "Human Oriented Approach" in every stage of production and management and aim to grow with our employees, customers and stakeholders. Our company commits prioritizing quality at all times, ensuring to sustain the same quality in the future and developing its human resources under the guidance of this principle since 1989.



ORGANIZATIONAL STRUCTURE



QUALITY AND R&D WORKS





QUALITY AND R&D WORKS

Our R&D policy;

Aware of the seriousness of the responsibility for social health, Ulusoy Un attaches special importance to R&D within the scope of its mission to supply healthy, high quality and natural products.

Within this framework, Ulusoy Un R&D department seeks support from leading expert staff at home and abroad along with its highly trained expert staff in house. Following and adapting technological advances around the world, Ulusoy Un works hard to supply innovative products that add value in line with the safe food consumption and changing needs of consumers. Believing that modern life will be adorned with our traditions, Ulusoy Un supplies these innovative products to Turkish and world cuisine.

Our R&D and quality works;

Operating in Turkish domestic market and international markets, Ulusoy Un has adopted below principles in its R&D and quality works:

- Food Security principle is established as the utmost priority and we aim to continue and further these production and R&D works stemming from these principles, in a reliable manner and cleared of error and without compromise from total quality principle.
- To preserve and shelter food safety and quality for its production and products in all processes starting from the wheat until it become a product and reaches the consumers.
- To prioritize consumer rights, consumer demands and expectations.
- To practice quality management system and food safety management system requirements with participation of all employees and to improve their efficiency in order to provide high quality products in compliance with food safety principles.
- To observe human and environmental health and to undertake efforts to make this company principle a continuous principle.
- To create maximum benefit available to the client expectations through customer oriented works.
- To observe public welfare by adhering to laws and legislations.
- To optimize food safety, quality, pricing and product diversity in its products.
- To see suppliers as an indispensable part of the system and business partner and to ensure suppliers prioritize product safety and quality with food safety and human health principles and to conduct R&D activities in these areas.

Ulusoy Un continues product development and market studies in 2014 with its expert and experienced staff. In line with this it plans and realizes structural reinforcement in marketing and sales staff in order to hasten product diversity and branding efforts in especially industrial and retail markets. It plans major revisions in marketing corporate processes in order to support the increase success in these efforts and implements these plans in the period.

Plans are prepared and implemented in order to increase penetration of marketing and sales staff, to increase revenues and production, to increase profitability, to maximize risk and collections management quality, to maximize brand recognition, to fully implement customer satisfaction and total quality management.

Product and market research for products outside current product range continues, while data is gathered for product ranges and markets in order to enable R&D studies and external works are planned for these markets.

While continuing branding and product range development works with currently 13 products, Ulusoy Un has added three products to be produced in its factory in Tekirdağ Çorlu in the period bringing the total to 16. Flour for biscuits and cakes planned in 2013 and started production in 2014 thanks to R&D studies has been successfully marketed, appreciated and thus has gained a momentum in 2014 sales.

Samsun and Çorlu/Tekirdağ factories of the company produces

BREAD WHEAT FLOUR GROUP:



ANADOLU ATA

ANADOLU ATA brand is produced with its quality, specific taste and aromatic features using special production processes as stipulated by laws and in accordance with "Communiqué of Turkish Food Codex Wheat Flour" and in line with the production process of producers using so called black ovens and stone ovens and marketed in 50 kg PP packaging for manufacturers.



PLUSMAX

PLUSMAX brand is produced with its quality, specific taste and features as stipulated by laws and in accordance with "Communiqué of Turkish Food Codex Wheat Flour" and in line with the production process of producers using so called black ovens and stone ovens and marketed in 50 kg PP packaging for manufacturers.



PLUS 2

PLUS 2 brand is produced with its quality, specific taste and features as stipulated by laws and in accordance with "Communiqué of Turkish Food Codex Wheat Flour" and in line with the production process of producers using so called black ovens and stone ovens along with other machine type for mass production and marketed in 50 kg PP packaging for manufacturers.



ULUSOY FLOUR

ULUSOY FLOUR brand is produced with its quality, specific taste and features as stipulated by laws and in accordance with "Communiqué of Turkish Food Codex Wheat Flour" and in line with the production process of producers using so called black ovens and stone ovens and marketed in 50 kg PP packaging for manufacturers.



UNNU

UNNU brand is produced with its quality, specific taste and features as stipulated by laws and in accordance with "Communiqué of Turkish Food Codex Wheat Flour" and in line with the production process of producers using tunnel, matador or rotating type ovens and marketed in 50 kg PP packaging for manufacturers.

SPECIAL PURPOSE WHEAT FLOUR GROUP:

**PIZZAMIX**

PIZZAMIX brand is produced using special production processes in accordance with "Communiqué of Turkish Food Codex Wheat Flour" and in accordance with production of fast food pizza producers to be used in pizza base dough of pizza producing domestic or foreign fast food pizza producers delivered in 50 kg PP packaging or in bulk trailers.

**EKAMAKS**

EKAMAKS brand is produced in accordance with "Communiqué of Turkish Food Codex Wheat Flour" for packed Toast bread, hamburger, sandwich bread production as well as packed product for domestic or foreign fast food chains and for direct consumer use and delivered in 50 kg PP packaging or in bulk trailers.

**PLUS 61**

PLUS 61 brand is produced with its specific taste and features using special production processes in accordance with "Communiqué of Turkish Food Codex Wheat Flour" in line with the production process of sourdough bread and marketed in 50 kg PP packaging for manufacturers.

**PLUS 1**

PLUS 1 brand is produced using special production processes in accordance with "Communiqué of Turkish Food Codex Wheat Flour" for the packed or retail production of bakery products, various bread types, hamburger, sandwich, toast breads, buns, pastries and such products and delivered in 25 and 50 kg PP packaging or in bulk trailers for manufacturers.

**SIMIMIX**

SIMIMIX brand is produced in accordance with "Communiqué of Turkish Food Codex Wheat Flour" and the production processes of bagels producers and etc. and marketed in 50 kg PP packaging for manufacturers.

**HASATTAN TAM BUĞDAY UNU**

HASATTAN TAM BUĞDAY UNU brand is produced with its specially prepared formula, specific taste and aroma in accordance with "Communiqué of Turkish Food Codex Wheat Flour" and according to production processes of whole wheat bread producers and marketed in 25 kg PP packaging for manufacturers.

**PLUS PİDE**

PLUS PİDE brand is produced with its specific taste, ingredients and aroma in accordance with "Communiqué of Turkish Food Codex Wheat Flour" and according to production process of pita and thin bread producers and marketed in 50 kg PP packaging for manufacturers.



PLUSLİM

PLUSLİM brand is produced with its specific taste and ingredients in accordance with "Communiqué of Turkish Food Codex Wheat Flour" and according to production processes of industrial phyllo producers and marketed in 50 kg PP packaging for manufacturers.



UNBAK

UNBAK brand is produced in accordance with "Communiqué of Turkish Food Codex Wheat Flour" according to production process of the industrial facilities of domestic or global biscuit and cake producers and delivered in 50 kg PP packaging and in bulk trailers.

CONSUMER PRODUCTS HOME TYPE SPECIAL PURPOSE WHEAT FLOUR GROUP:



ANADOLU ATA

ANADOLU ATA brand is produced in accordance with "Communiqué of Turkish Food Codex Wheat Flour" to be used by housewives in cake, pastry, buns and cookies and marketed in 1, 2, 5 or 10 kg packaging for the end user.



MAUI LÜKS

MAUI LÜKS brand is produced in accordance with "Communiqué of Turkish Food Codex Wheat Flour" to be used by housewives in homemade bread, cake, pastry, buns and cookies and marketed in 25 and 50 kg packaging for the end user.

For the sixteen products described above, R&D works have been completed, production in accordance with newly revised with legal legislation "Communiqué of Turkish Food Codex Wheat Flour" and final production of bakery products; their launch has been completed and they have been marketed.

Continuing R&D on the works on other product groups stipulated in legislation and recommended by public authorities in 2014 to diversify consumer behavior and to market these as alternative nourishments, Ulusoy Un continues working on;

1. the production of WHEAT GERM to be used in production phase of bread
2. RYE MIX to be used in rye bread production
3. OAT MIX to be used in oat bread production
4. BROWN VILLAGE BREAD FLOUR to be used in the production of Traditional Village Bread

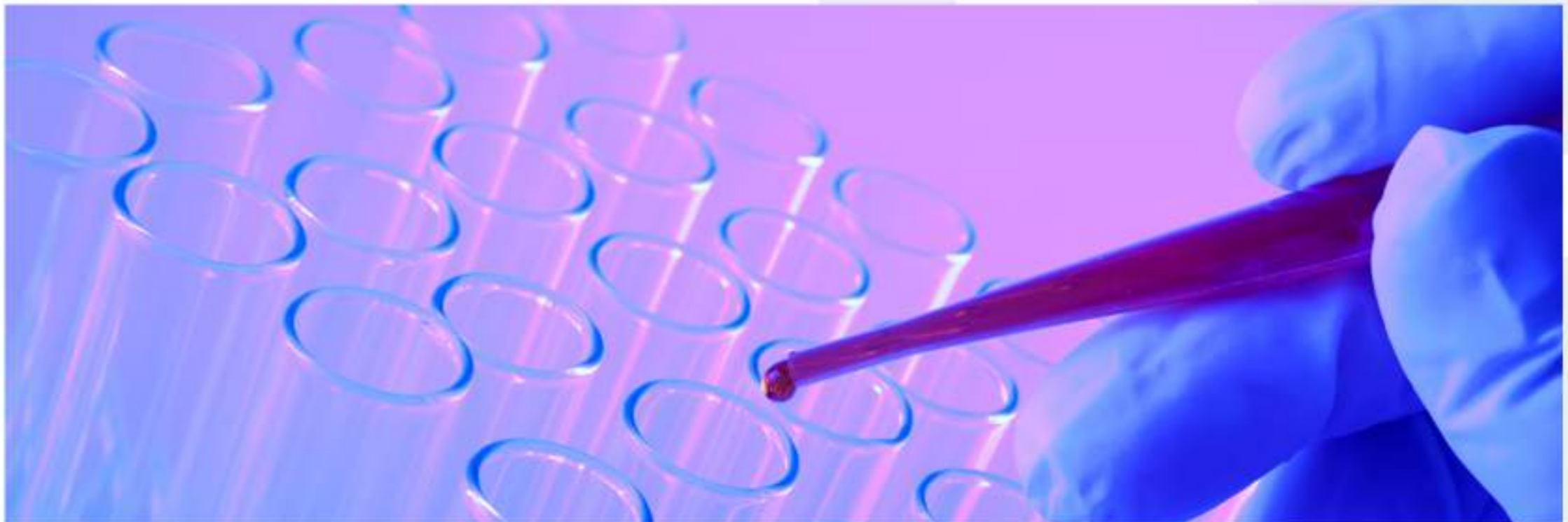
Furthermore R&D and investment planning continues on the products below demanded in industrial markets:

1. DESICCATED FLOUR with moisture rate reduced to 7% to 5% for special products.
2. ANGEL HAIR FLOUR to be used in packed, ready-made angel hair dessert production.

Production process works continue to realize production.

Production and sale of Bran and Red Dog products that have commercial value in by-product market used as raw material in feed plants under ULUSOY KEPEK and ULUSOY BOKKALITE brands continue. These products are marketed from both Samsun and Tekirdağ/Çorlu plants in packages (30 kg, 35 kg and 40 kg PP packages) or in bulk. For BRAN a bran pelletizing system has been installed and commissioned in Samsun and Çorlu factories. With the addition of this technology, the produced bran can be pelletized in thicknesses of 6 mm, 8 mm or 10 mm and production is done according to customer demand. The most important advantages brought by this system are elongated shelf life of the product, saving in storage space and ease of storage.

Our company has made Fixed Asset investment of TL 889,673.45 in its activities for efficiency increase, quality and R&D works in the first six month of 2014.





ULUSOY UN QUALITY STANDARDIZATION WORKS

Ulusoy Un continued the principles of production and service that are standard, reliable, free from errors and without compromise from total quality principle in 2014. For continued quality standards in 2014 input analyses from the raw material purchase and quality analyses in every phase of production are done and recorded. Thus the products are standardized. Process controls, critical control point analyses, hygiene and quality controls defined to ensure quality standard are performed. Corrective and preventive actions are efficiently used. Our test results are compared with accredited laboratories to verify the accuracy of our laboratories.

Relevant departments of Ulusoy Un determine raw materials and other input to be supplied. Raw materials and other input items are tested for compliance with specifications and purchasing is performed according to analysis results with relevant unit request and board of directors' approval. After the purchase the items are dispatched to the Company storage to be stored. Separate cards are kept for each supplier to prepare supplier performance evaluation report at the end of the year for the review of the management.

Ulusoy Un provides hygiene, quality management system, occupational health and safety, environment education, food safety management system trainings to all its employees throughout the year, in order to perform production in accordance with standards and health.

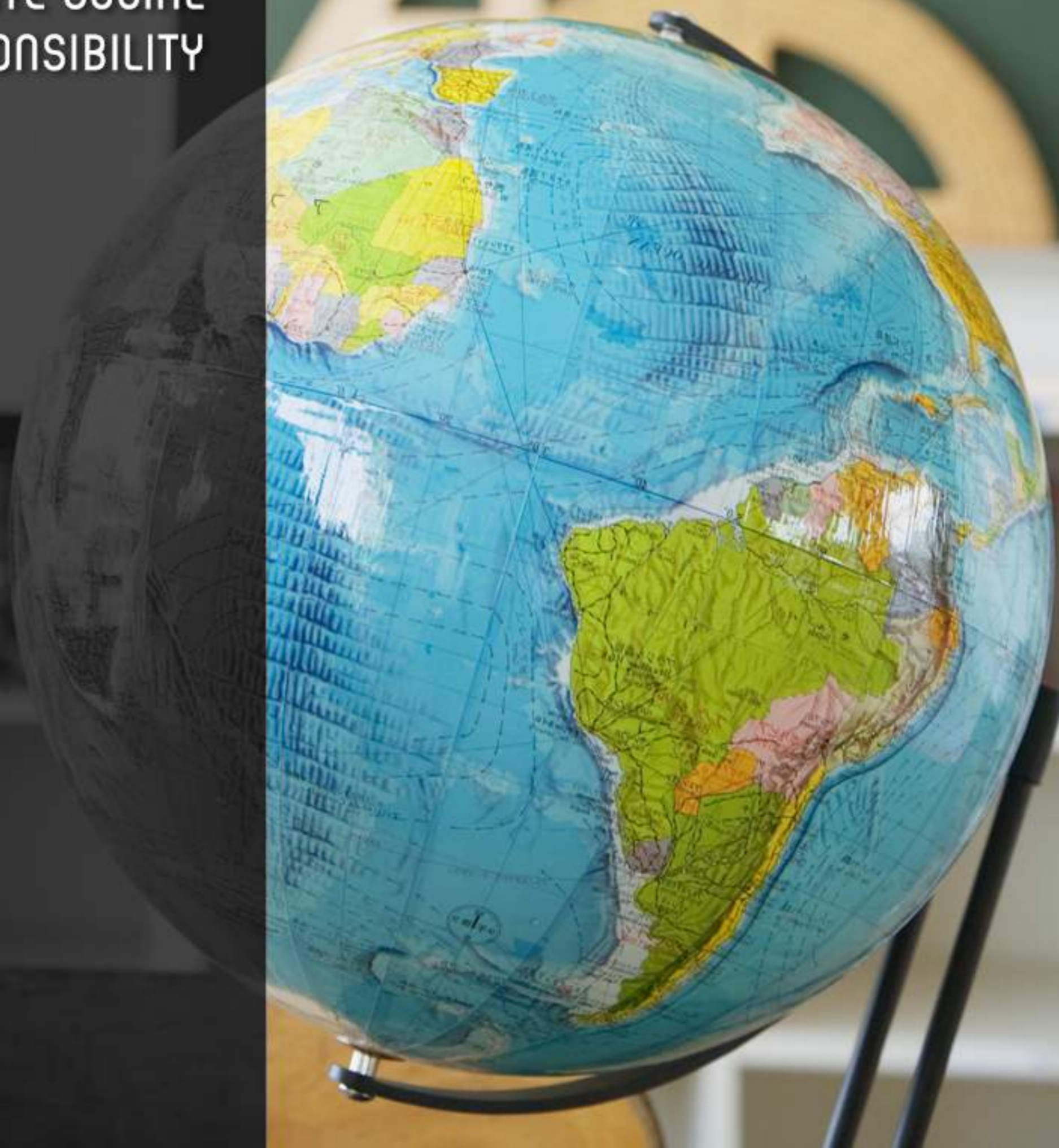
Ulusoy Un conducts customer satisfaction surveys, meticulously evaluates all feedback and continuously works to perpetuate customer satisfaction.

To preserve Food Safety and Quality for its production and products in all processes starting from the wheat until it become a product and reaches the consumers, is the most important principle of Ulusoy Un.

In order to ensure these processes go through total quality concept and system, Ulusoy Un continues producing "Healthy and Reliable" products with certificates such as:

ISO 9001:2008 Quality Management System
ISO 22000:2005 Food Safety Management System
ISO14001: 2004 Environment Management System
E&H EURASIA HALAL SERVICE CENTER Halal Food System
SNI Indonesian National Standard
TSE 4500 Certificate

CORPORATE SOCIAL
RESPONSIBILITY





CORPORATE SOCIAL RESPONSIBILITY

Our company tries to carry out its responsibility to the society with projects in education, culture and arts since its foundation. And it will continue to do so in the future with the same willingness. We believe the difference is created by humans.

Our people oriented works under the slogan "Better People means Better World" continue. Within this scope our project goals for the year 2014 are:

- Making the wishes of a sick child for Make A Wish Foundation
- Holding Islamic memorial service ceremony and giving Fast Breaking Meal during Ramadan.
- Sponsoring the gymnasium of Fahrettin Ulusoy Primary School.
- Going to see a theatre with all employees and top management.

An overview of the activities in the first 6 months of 2014:

Carpet Field Football games were held among Ulusoy Un employees. These are organized into a tournament. Games are generally played in weekends and Saturday nights. It is highly important for employee motivation. These are continued with excitement and enthusiasm and are seen to have positive influence on the employees.



Our Board of Directors Chairman Fahrettin Ulusoy has attended the year's end ceremony in Fahrettin Ulusoy Primary School built in Atakum, Samsun in 2009. Building the primary school in Atakum to contribute the needs of our country in education, Ulusoy Un cares to attend special days and festivals such as year's end ceremonies to motivate students. This also ensures sustainability of the project.

As a joint art activity with our employees we went to see "West Side Story" musical performed by Samsun Opera and Ballet in Atatürk Culture Center. We observed that some our employees had visited an opera house and seen a musical for the first time in their lives. Even this is an important social gain for us.



In Ulusoy Un Family, we have proven that our goal is not to keep our gains only to ourselves with numerous social responsibility projects we have completed in the past. The works we'll do by putting our projects into practice will continue to add more meaning to our company in social responsibility sense.

RISK MANAGEMENT





RISK MANAGEMENT

The role of risk management in organizations has changed drastically in recent years and has become significant. Successful organizations of today prefer to gain opportunities from risks instead of avoiding uncertainty. Consequently traditional risk management fails to satisfy in current conditions. From this perspective Ulusoy Un started to see different risk types like operational and strategic risks and manage these actively.

In Ulusoy Un, we follow two completely separate methods in managing our risks. First of all we take all current risks individually and manage these and secondly we see all risks as a part of the system and manage these within the scope of the risk management program.

In order for organizations to gain the benefits expected from corporate risk management, they should have a fully operational risk management structure and an efficient corporate risk management applications. In this context, we improve and develop required processes each passing day to generate an effective corporate risk management structure.

In line with our fast and stable growth, we monitor our raw material, currency and interests risks instantly with our risk modeling methods and take necessary actions in accordance with our strategy.

We balance risks that may arise from raw materials inventory with hedging in foreign stock markets (CBOT) against raw material price volatility in the recent years.

Short foreign exchange position of the company is efficiently managed against any fluctuation risk with Domestic Derivatives Exchange positions and with forward transactions to be turned into foreseeable financial results.

When 2014 first half is evaluated in two periods, in 2014 first quarter, financial market volatility from 2013 continued and Central Bank's tightening moves balanced economy and ended in more stable market conditions with the normalization following the elections in 2014 second quarter.

The uncertainty between Russia and Ukraine, two of the major producers in wheat market of Black Sea Region caused a short-term volatility in prices. Negative impact of the developments in the region carries the probability that price risk may continue in the second half of 2014.



1. Corporate Governance Principles Compliance Declaration

Our company complies with and practices Corporate Governance Principles issued by Capital Markets Board.

EQUALITY

Our company bases on acting equal and fair to all beneficiaries and to protect rights of all shareholders of the company. Furthermore it agrees that there will be no prejudice on the grounds of sex, behavior, world views and ethnic grounds, and will not discriminate in any condition.

TRANSPARENCY

Our company gives all information that is not a trade secret and not disclosed to the public, which is related to the public or the shareholders accurately, fully and in an easily accessible manner.

ACCOUNTABILITY

The company acts on the basis that it has to prove the shareholders the accuracy of its decision and to bear the responsibilities.

LIABILITY

Our company does not only aim to increase shareholder value in its operations but also acts according to social values and laws and operates the current facilities in this understanding.

We have taken steps to practice the principles we have stated above. Our company will maintain the care to further the current process.

2. Shareholders Relation Unit

In order to manage and reinforce the relations with shareholders Investment Relations Group has been founded in 2012. This unit consists of 1 person. He can be contacted via phone on (0362)266 90 90, via fax on 0(362)266 90 94 or via e-mail at ilker.kucuk@ulusoyun.com.tr

Head of the department to contact shareholders: İlker Küçük

The main duties of the department are:

- To reply information demands from the shareholders,
- To ensure General Meeting is held in accordance with the legislation in force, articles of association and other company regulations,
- To establish the communication between the Board of Directors and the shareholders, to answers questions from the shareholders and to report their views regularly to the Board of Directors,
- To work on improving Corporate Governance and Social Responsibility practices of the Company
- To observe and monitor all issues regarding Public Information,
- To update investor relations page on company website
- To notify shareholders of the documents related to financial tables and reports including annual activity report, profit distribution proposal, general assembly agenda articles of the company.

Investment Relations Group is responsible for presenting the performance of the company to the current and potential investors transparently and without a mistake. Investment Relations Group is responsible for presenting the performance of the company to the current and potential investors transparently and without a mistake.



COMPANY CONTACT LIST

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