



ULUSOYUN

01.01.2015-31.03.2015 ACTIVITY REPORT



ULUSOY UN SANAYİ VE TİCARET A.Ş. 01.01.2015 – 31.03.2015
BOARD OF DIRECTORS REPORT ISSUED AS PER COMMUNIQUÉ SERIAL NUMBERED II-14.1



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ULUSOY UN

- In 1989, Ulusoy Un Sanayi ve Ticaret Anonim Şirketi was established to produce, trade, import and export all kinds of foodstuffs such as flour, semolina, pasta and biscuits produced with grains and legumes. The primary business activity of Ulusoy Un is domestic and foreign trading of various grains; particularly wheat, as well as production, domestic and foreign sales of wheat flour, bran and other feed raw materials.
- Ulusoy Un has two factories (208.000 tons / year flour production); one in Samsun with 500 tons / day wheat processing capacity and one in Çorlu with 400 tons/day wheat processing capacity, 900 tons / day in total (208 thousand tons / year flour production) and silo, warehouses, free zone warehouses with total grain stocking capacity over 100.000 tons.
- In 1995, Ulusoy Un started exportation operations and it has exported products to 80 countries so far. In 2013, it accounted for 5 % of the sector's exportation operations in Turkey. According to data announced in 2014 by the Turkish Exporters Assembly, our company is the 524th company on the top 1000 exporter companies of Turkey and 5th on its sector. According to data announced in 2014 by Istanbul Chamber of Industry, it is the 410th company on the list of top industrial manufacturers of Turkey and 2nd on its sector in terms of sales out of total production.
- Ulusoy Un took over 17 % of Sasbaş Samsun Serbest Bölgesi Kurucusu ve İşleticisi A.Ş. on March 28, 2013. This investment allowed Ulusoy Un to have effective role in the management of Samsun Free Zone, one of the most strategic locations by the Black Sea Region, which offers storage and logistics infrastructure required for improvement of transit foreign trade operations.
- Ulusoy Un went public on 20.11.2014 and its shares are being traded at Istanbul Stock Exchange.
- Uludağ Tarım Ürünleri Lisanslı Depoculuk Anonim Şirketi, a 100 % subsidiary of our company established on 27.02.2015, is the first step of investing in Licensed Warehousing system which is considered to be the future of agricultural sector.



1969

First Business of Fahrettin Ulusoy
He opened his store of provisions and laid the base of Ulusoy Un Foodstuff Group.



1970

Development of Flour Trade
There were few flour mills in the Black Sea Region and it started to sell flour to the local wholesalers by supplying flour from producers in other regions. Hence, it reinforced its position in the region's flour trade.

1980

Transformation to the greatest caterer company of the Black Sea
The company became the most influential distribution and marketing company along the Black Sea shores in food and provisions sector.

1986

Entering the Sector with Hasan Usta Un Partnership
As a result of Ulusoy Gıda's distribution power and 2-year successful partnership activities, Ulusoy Un was established with 60 % shares owned by Fahrettin Ulusoy.



 **1989**

Incorporating Ulusoy Un
Samsun Flour Factory was commissioned on January 8, 1991 with 180 tons / day capacity.

1995

Starting Importation and Exportation Operations
The Company started trading operations with the new countries emerged following disintegration of the Soviet Union.

1996

Samsun Factory's capacity increased up to 240 tons
The increase of capacity was to meet extra capacity requirements resulted from expansion of exportation markets.



2000

All Shares transferred to Ulusoy Family
Shares owned by Demirer Family were taken over and Ulusoy Family owns 100 % of Ulusoy Un shares.

Established Çorlu Factory having a capacity of 400 tons / day
 Factory established in Çorlu / Tekirdağ started production activities in October for improving competitive edge of Ulusoy Un on the western markets on Turkey

2003

Entering Overseas Exportation Markets
 During the same year, the Company started exporting to markets which are accessible with containers via Istanbul Ambarlı Port.



2007

Commencement of National Raw Material Trade

Commercial wheat sale started by increasing importation volume for the purpose of stock management focusing on production and selecting the quality wheat to be used for production activities.



2008

Samsun Factory's capacity increased up to 500 tons / day

Capacity had to be increased due to increased demand from domestic and foreign market; a second unit with 260 tons / day capacity was built on the factory site.

2009

Establishing Samsun Warehouse with 34-thousand ton capacity

Raw material storage areas had to be increased in parallel to the increased production volume; a warehouse located 2.5 kilometers away from Samsun factory and 1.8 kilometers away from the port was established.

2011

Commencement of International Transit Trade

Thanks to the favorable freights created by reverse container traffic of Far East exportation markets, transit wheat trade started to boom in parallel to flour exportation.



2013

Taking over 17 % shares of SASBAŞ

As a result of booming transit trade volume and increased need of unbounded warehousing, the company acquired 17 % of SASBAŞ having 76.750 tons of grain storage capacity in order to have a say in its management.

2014

Ulusoy Un Traded at the Istanbul Exchange

Istanbul Exchange has been trading company shares since November 20, 2014.

MAJOR FINANCIAL DETAILS

Ulusoy Un A.Ş. / Major Financial Details and Ratios

	31.03.2015	31.12.2014
ASSETS		
Current Assets	466.670.644	440.546.330
Fixed Assets	55.746.194	53.336.233
TOTAL ASSETS	522.416.838	493.882.563
RESOURCES	31.03.2015	31.12.2014
Short Term Liabilities	349.664.417	319.988.236
Long Term Liabilities	13.430.403	11.005.694
Equities	159.322.018	162.888.633
TOTAL RESOURCES	522.416.838	493.882.563

Comparative Profit / Loss Statement for the First Quarters

	01.01.2015/31.03.2015	01.01.2014/31.03.2014
CONTINUING OPERATIONS		
Revenue	189.132.588	179.770.241
Gross Profit / Loss	16.527.505	11.242.959
Real Operating Profit / Loss	10.059.573	4.794.374
Continuing Operations Profit / Loss Before Tax	-917.618	4.720.276
Continuing Operations Period Profit / Loss	-3.380.703	3.971.666
Period Profit / Loss	-3.380.703	3.971.666
Other Comprehensive Income (After Tax)		
Total Comprehensive Income	-3.566.615	3.930.199
Earnings per Share	-	0,06
PRIMARY RATIOS		
Gross Profit Margin	%8,74	%6,25
Net Profit Margin	-	%2,21
	31.03.2015	31.12.2014
CURRENT RATIO (Current Assets / Short Term Liabilities)	1,33	1,38
LIQUIDITY RATIO (Cur. Assets - Inventory / Short Term Liabilities)	0,84	0,83
CAPITAL STRUCTURE (Total liabilities / equity)	2,28	2,03
ASSET STRUCTURE (Current Assets / Total Assets)	0,89	0,89

SHAREHOLDING STRUCTURE

Current Shareholding Structure as of 31.03.2015

LINE NO	NAME, SURNAME, TITLE OF SHAREHOLDER	GROUP	REGISTERED BEARER SHARES	PRIVILEGES Yes / No	TOTAL NUMBER	NOMINAL AMOUNT OF SHARE GROUPS (TRY)	TOTAL NOMINAL AMOUNT (TRY)	SHARE RATIO	
1	Fahrettin Ulusoy	A	Registered	Yes	4.550.000	4.550.000,00	30.373.882,00	5,38%	35,94 %
		B	Registered	Yes	1.950.000	1.950.000,00		2,31%	
		C	Registered	No	23.873.882	23.873.882,00		28,25%	
2	Nevin Ulusoy	A	Registered	Yes	650.000	650.000,00	7.780.756,00	0,77%	9,21 %
		B	Registered	Yes	1.300.000	1.300.000,00		1,54%	
		C	Registered	No	5.830.756	5.830.756,00		6,90%	
3	Eren Günhan Ulusoy	A	Registered	Yes	3.900.000	3.900.000,00	12.699.375,00	4,62%	15,04 %
		B	Registered	Yes	1.300.000	1.300.000,00		1,54%	
		C	Registered	No	7.499.375	7.499.375,00		8,88%	
4	Onur Erhan Ulusoy	A	Registered	Yes	650.000	650.000,00	10.023.684,00	0,77%	11,86 %
		B	Registered	Yes	1.950.000	1.950.000,00		2,31%	
		C	Registered	No	7.423.684	7.423.684,00		8,78%	
5	Kamil Adem	C	Registered	No	26.941	26.941,00	26.941,00	0,03%	0,03 %
6	Mithat Denizcigil	C	Registered	No	95.362	95.362,00	95.362,00	0,11%	0,11 %
7	Publicly Held	C	Bearer	No	23.500.00	23.500.00,00	23.500.00,00	27,81%	27,81 %
TOTAL					84.500.00	84.500.00,00	84.500.00,00	100,00%	100,00 %



The real operating profit of Ulusoy Un was 4.7 million Turkish Liras on the same period of the previous year but the company managed to increase it up to 10.0 million Turkish Liras.

Ulusoy Un family will be working hard to achieve 2015 year-end goals.

Dear Shareholders,

Ulusoy Un, a 25-year old company started out in 1969 as Ulusoy Gıda Company, is managed by experience, knowledge and trust resulting from business background of our family and all colleagues joining this family. These long years offered us great values. First of all, we learned the importance of our sector, namely food, for people and to prioritize this responsibility above all. The most important rule embraced by staff and executives of Ulusoy Gıda Group is not to produce and sell any product that we will not consume personally; our priority is to become a reliable food supplier.

Ulusoy Un started to grow rapidly thanks to its innovative staff working with team spirit and adding value to the company as well as management approach that does not compromise on quality and trust. Today, this approach allows the company to have 900 tons / day capacity which was initially 180 tons / day. These efforts and its buyers has been placing Ulusoy Un on Top 1000 Companies List of the Istanbul Chamber of Industry since 1996 and according to 2014 records, we are the 410th company on the Top 500 Industrial Manufacturers List of Turkey and 2nd company of our sector. In November 2014, Ulusoy Un became the first company of its sector and Samsun City to trade its shares on Istanbul Stock Exchange. I would like to take this opportunity to thank everyone who has contributed this long-time journey.

In the first quarter of 2015, our company's sales revenue was in parallel to the targeted figures. The real operating profit was 4.7 million Turkish Liras on the same period of the previous year and we managed to increase it up to 10.0 million Turkish Liras. Exchange rates fluctuate due to the economic outlook in our country and global economic problems and we survived an era when USA Dollars was the appreciated exchange rate. This increased our company's financing expenses but we do not expect it to happen on the other quarters.

Our goal is to become a global company that is powered by teamwork of experience staff which does not compromise on our principles, values and goals. Ulusoy Un family will be working hard to achieve 2015 year-end goals. I would like to take this opportunity to thank all our partners, employees, customers and suppliers who are and will be a part of Ulusoy Un family.



Günhan Ulusoy
Board of Directors Chairman



In the first quarter of 2015, our sales revenue figure increased by 5 %, in comparison of the same period of previous year, and marked 189.1 million Turkish Liras. Our 2015 year-end goal is to mark 1 billion Turkish Liras.

Dear Shareholders,

Ulusoy Un was established on this land which is the origin of wheat; the raw material of blessed bread. Ulusoy Un, a 25-year old company powered by rich history, people and potential of our country, managed to secure a leading position in the national and international sector. Now, we are proud to share this asset with over 2700 shareholders joining our company after primary equity offering.

In 2014, Ulusoy Un singlehandedly performed 5 % of Turkey's flour exportation thanks to production capacity reaching up to total 900 tons daily at two factories and became the top 5th of its sector. According to data announced in 2014 by Istanbul Chamber of Industry, it is the 410th company on the list of top 500 industrial manufacturers of Turkey and 2nd on its sector in terms of sales out of total production.

Our sales operations that do not compromise on quality and food safety are structured based on customer demands in both domestic and foreign markets as well as unconditional customer satisfaction. Consequently, our company marked a turnover amount of 921.5 million Turkish Liras in 2014 although the turnover in 2006 was only 61 million Turkish Liras; our turnover figures increased by 15 times in 8-year period and we achieved an annual average of 40 % in terms of revenue growth. In the first quarter of 2015, our sales revenue figure increased by 5 %, in comparison of the same period of previous year, and marked 189.1 million Turkish Liras. Our 2015 year-end goal is to mark 1 billion Turkish Liras.

As a result of our operations in the first quarter of 2015, we earned gross profit amounting 16.5 million Turkish Liras and real operating profit amounting to 10.0 million Turkish Liras from production and trading activities. This successful performance allowed us to increase gross profit by 47 % and real operating profit by 109 % in comparison to the previous period. The financing expenses resulting from the rapidly increasing foreign exchange rates prevented our company to have net profit in this period. Thanks to the efforts of Early Risk Detection Committee, risks arising from exchange rates are restricted properly for our operations. We expect to see lower financing expenses on the upcoming quarters. We are still working very hard to achieve our 2015 year-end goal of marking net profit of 16.8 million Turkish Liras.

I would like to take this opportunity to thank our customers and staff that made us a leading figure of the sector by always supporting us and our dear investors who invested in us after the public offering. I hope 2015 will be a year of winnings and joy for our Company. Ulusoy Un, supported by over 45-year experience, will continue to enrich our partners, staff and customers.



Kamil Adem
CEO



GÜNHAN ULUSOY

Board of Directors Chairman

Born in 1981 in Samsun. Günhan Ulusoy graduated from Samsun Anatolian High School in 1999 and then graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2003 and completed his Master's Degree in 2014 at 19 Mayıs University, Department of Agricultural Economics. In July 2003, he started working exportation department of Ulusoy Un. In July 2004, he was appointed as the General Manager and he officiated as the General Manager until October 2010. He became the company's CEO in October 2010 and the company went public at the end of 2014. The General Meeting of Shareholders, held in March 2015, appointed him as the Board of Directors Chairman of Ulusoy and authorized him to officiate for three years. He was appointed as a Board of Directors Member of Samsun Serbest Bölgesi İşletici A.Ş. (SASBAŞ) in 2008. Günhan Ulusoy is a member of several social and professional societies and he is the Chairman of Black Sea Region's Flour Industrialists Association, Board Member of Turkish Flour Industrialists' Federation, Vice Chairman of Grain, Legume and Oilseed Exporters' Association of Black Sea and Vice Chairman of Samsun Commodity Exchange.



KAMİL ADEM

Yönetim Kurulu Başkan Yrd. ve İcra Kurulu Başkanı

Born in 1965 in Amasya. He graduated from 19 Mayıs University's Vocational School, Associate Degree Department of Accounting in 1984. In 1987, he started his career as the Accounting Manager of Hasanusta Gıda San. ve Tic. A.Ş. In 1993, he was appointed as the head of Accounting – Finance and Sales Departments of Ulusoy Un A.Ş. In 1998, he became the company's General Manager and he held his position until June 2004. He worked for Birsan Birlik A.Ş., a company in flour sector, as National and International Marketing Manager for a period between the end of 2004 and beginning of 2006. In 2006, he started working for another company of flour sector, namely Bafra Eriş Un Yem Gıda A.Ş., as the Factory Manager. In 2010, he was appointed as the General Manager of Ulusoy Un A.Ş. He has been officiating as the CEO and Vice Chairman of the Board of Directors since March 2015.



SALİH ZEKİ MURZIOĞLU

Board of Directors Member

Born in 1959 in Samsun. He graduated from Samsun Business College after primary and secondary schools. After holding positions such as Committee Member and Board Member at Samsun Chamber of Industry and Commerce, he was selected as the Chairman of Samsun Chamber of Industry and Commerce in 2009 and he is still the Chairman of this institution. Mr. Murzioğlu duly represents business life in Samsun on all platforms and successfully acts as the leader of this business segment; his achievements were awarded by Turkish Union of Chambers and Commodity Exchanges in 2013 when he was elected as a Board Member of the Union.

Salih Zeki Murzioğlu is also the Chairman of Samsun Merkez Organized Industrial Zone, Vice Chairman of Samsun Kavak Organized Industrial Zone, Advisory Committee Member of Samsun TEKMER, Board Member of SABEK A.Ş., Board Member of Büyük Anadolu Lojistik Organizasyonlar A.Ş. and Board Member of Ulusoy Un A.Ş.


PROF. DR. VEDAT CEYHAN

*Independent Board of
Directors Member*

Born in 1968 in Sakarya. After attending to primary and secondary schools in Sakarya, Vedat Ceyhan attended to Ankara University. He graduated from Department of Agricultural Economics in 1989 and he started working at 19 Mayıs University, Department of Agricultural Economics in 1993 as research fellow. In 1994, he completed his Master's Degree at Ankara University, Department of Agricultural Economics and his Doctorate Degree in 1998. Mr. Ceyhan earned the title of Assistant Professor in 1999 and Associate Professor Doctor in 2005. Mr. Ceyhan participated to several national and international projects as well as publishing his articles on national and international publications. He became a Professor in 2010. He is currently the Head of Agricultural Management Department at Samsun 19 Mayıs University.

He has been an Independent Board Members of Ulusoy Un A.Ş. since 2013.


KEMAL KİTAPLI

*Independent Board of
Directors Member*

Born in 1963, in Samsun – Alaçam. He completed his primary, secondary and high school education in Alaçam town of Samsun. He graduated from Istanbul University, Faculty of Law in 1985 and he started working as a self-employed lawyer in Samsun. Besides working as a lawyer, he has investments in the textile sector.

Currently, he is working as a self-employed lawyer and acting as the Independent Board Members of Ulusoy Un A.Ş. since 2013.



KAMİL ADEM

Vice Chairman of the Board of Directors and CEO

Born in 1965 in Amasya. He graduated from 19 Mayıs University's Vocational School, Associate Degree Department of Accounting in 1984. In 1987, he started his career as the Accounting Manager of Hasanusta Gıda San. ve Tic. A.Ş. In 1993, he was appointed as the head of Accounting – Finance and Sales Departments of Ulusoy Un A.Ş. In 1998, he became the company's General Manager and he held his position until June 2004. He worked for Birsan Birlik A.Ş., a company in flour sector, as National and International Marketing Manager for a period between the end of 2004 and beginning of 2006. In 2006, he started working for another company of flour sector, namely Bafra Eriş Un Yem Gıda A.Ş., as the Factory Manager. In 2010, he was appointed as the General Manager of Ulusoy Un A.Ş. He has been officiating as the CEO and Vice Chairman of the Board of Directors since March 2015.



ONUR DEMİRKAN

Deputy CEO

Born in 1983 in Samsun. Onur Demirkan graduated from Samsun Trade Vocational High School in 2000 and started his career in 2001 at the Accounting Department of Ulusoy Un San. Tic. A.Ş. As a successful employee, he was promoted as the Accounting Manager in 2003. While he was still attending to Anadolu University, Faculty of Business Administration, he left Ulusoy Un San. ve Tic. A.Ş. in 2007 and went to Ukraine for language studies. Mr. Demirkan returned to Turkey in 2009 and worked as accounting, finance supervisor at several companies. In 2013, he rejoined Ulusoy Un as the "Special Projects Supervisor" and he has been the Deputy CEO since 2015.



SEZGİN KARAÇAM

Deputy CEO

Born in 1973 in Giresun. He graduated from Accounting Department of Samsun Business College in 1989. He graduated from Accounting Department of Samsun Business College in 1989. He worked as an accountant in Mehmet Demirci Public Accountant Office between the years of 1989 and 1997. In 1997, he started working at accounting department of Ulusoy Un San. ve Tic. A.Ş. He was promoted to Accounting Manager in 1999 and he was the Sales Manager of Sales and Marketing Department between the years of 2003 and 2007. He acted once again as the Accounting Manager between the years of 2007 and 2011. Since 2012, he has been the Deputy CEO.

STRATEGY AND GOALS



Our Strategies

- Using different production locations to be present at locations nearest to the market; offering products to customers with the lowest logistic costs,
- Directing purchases from raw material production regions to the optimum production facility in terms of proper costs and logistic options
- Enriching product range and achieve a product range that will meet all consumer demands
- Launching new products as a result of R&D studies and becoming a brand

Our Goals

- Minimizing costs by lowering distribution costs,
- Increasing production locations and total capacity
- Serving the entire market
- Increasing market share in more productive segments of industrial and consumer markets.

In Short:

Becoming the company that has the highest market share in our sector

RISK MANAGEMENT

Recently, organizations have been going through great changes in terms of role of risk management and risk management has become an important element.

Today, organizations focus on turning risks into opportunities rather than trying to avoid atmosphere of uncertainty. Consequently, risk management practiced based on the traditional approach proves to be insufficient. Based on this fact, Ulusoy Un started taking into consideration different types of risks as well as operational and strategic risks and manages them actively.

As Ulusoy Un, we follow two paths that are entirely different from each other when we manage current risks. The first one is to address and manage current risks one by one and the second one is to see all risks as parts of the system and to manage them as a whole within a risk management program.

Well-functioning corporate risk management structure and effective corporate risk management applications allow achieving the advantages expected from corporate risk management. Accordingly, we always improve and develop processes required for creating an effective corporate risk management structure.

Risk modeling methods created monitors our raw material, exchange rate and interest risk in parallel to our fast and steady growth and we take actions based on our strategies.

Turkish Grain Board is in charge of wheat prices in Turkey. It uses different intervention methods on the market for protecting the producer in case of reduced prices and consumers in case of price increases. In 2014, wheat production was approximately 5 million tons lower than the previous year and wheat importation tenders were used to balance any possible price increases.

RAW MATERIAL PRICE CHANGES

During the first quarter of 2015, currencies of wheat exporter countries rapidly lost value against US Dollars and thus wheat prices based on US Dollars started to decrease. TRY also lost value during the same period and wheat prices in the domestic market had a slight tendency to go down.

The correlation between domestic wheat prices and foreign prices is weak. Depending on the actual wheat quantity kept in our stock, we do partial hedging transactions on CBOT (Chicago Board of Trade) and Matif Exchanges when the spreads between domestic wheat prices and foreign stock exchange prices is wide.

Foreign exchange gap of our company is being effectively managed against fluctuation risk through Futures Exchange transactions and forward transactions at banks and we are able to foresee financial outcomes.

EXCHANGE RISK

During the first 3 months of 2015, the Federal Reserve's (FED) concerns regarding the interest increase process started to govern market prices and US Dollars increased in value against other currencies whereas Turkish Liras lost 13 % value during the first quarter.

We sustained our low foreign exchange gap positions by keeping it at 20-million US dollar level during the first quarter of 2015, just like we did in 2014.

Hedging transactions are managed through positions taken on VOIB through 4 national and 2 foreign banks. The average term of forward and future contracts received is approximately 9 months.

We believe that market volatility will be high during the rest of 2015 and thus we are planning to keep foreign exchange gap position at manageable levels as per our main strategy.



HUMAN RESOURCES

The purpose of Human Resources Department is not to impose methods of working a lot but methods of working effectively and also to create a company employees want to work and are proud to be working at.

Human Resources management is one of the primary functions that offer crucial support to the organization. The primary goal of human resources management is to make sure that right people are hire at the right time and for the right positions in parallel to company goals. Human resources planning process has the most important role in this process. Human resources planning can be briefly defined as the heart of human resources management.

Human Resources planning process is to implement practices that will allow duly hiring, positioning and training sufficient number of qualified human resources in order to meet ever-changing environmental conditions, social and commercial environment. The main goal is to increase productivity, improve work life quality and also to meet needs of every employee.

- *Ulusoy Un always keeps up with innovations and developments and thus evaluates qualifications and needs of employees and supports employee development through internal and external trainings in order to create a team that cares about recruitment and promotion processes as well as exciting employees and creating opportunities to enable its employees to discover their potentials and skills.*
- *Our company implements a performance measurement and assessment system every 6 months and performance measurement results are shared with all executives and colleagues. These evaluations lead our road map.*

We organize a number of sports events and social activities to motivate our employees, reduce work stress, improve communication between employees and to create sense of belonging.

These activities allow our employees to spend time outside work environment, meet with colleagues working at different departments and thus improve relationships between company employees.



Ulusoy Un intends to improve its employees, goals and all assets owned and to create a positive change in parallel to the strategies embraced based on ever-changing global conditions. The company offers activities that try to make improvements in terms of areas such as corporate culture, common goals, general strategic approach and corporate talent development since these are elements of assuring corporate development on employee level.

Ulusoy Un's biggest capital is human resources. Accordingly, we adopt a "People Oriented Approach" principle at each stage of production and management; our goal is to expand with our employees, buyers and stakeholders. Since 1989, our company has been committed to assure same sustainability in the future by prioritizing quality and to structure human resources management based on this principle.



ORGANIZATIONAL STRUCTURE



CORPORATE SOCIAL RESPONSIBILITY

Today, corporate social responsibility is the crucial tool of assuring corporate success and continuity. Non-governmental organizations offer the best knowledge for launching the optimum corporate social responsibility activities. Companies partnering with non-governmental organizations for corporate social responsibility projects are able to use their knowledge and create more successful projects. Each step of our projects should be integrated in our work processes and these projects should be considered as fit for purpose by our employees, buyer and stakeholders who should act accordingly.



Ulusoy Un sponsored Indoor Archery Championship of Turkey. 171 archers from 60 sports clubs in 26 cities attended to the Championship organized at Tekkeköy Yaşar Doğu Sports Hall between the dates of January 29 and February 1, 2015 and the winners will be on the national archery team to compete on the European Championship and 2016 Rio Olympics.

Our Board Chairman Eren Günhan Ulusoy is a member of several social and professional societies. He is the Chairman of Black Sea Region's Flour Industrialists Association, Board Member of Turkish Flour Industrialists' Federation, Vice Chairman of Grain, Legume and Oilseed Exporters' Association of Black Sea and Vice Chairman of Samsun Commodity Exchange.

His Excellency Vika M. Khumalo, the Ambassador of the Republic of South Africa, visited our company on March 20, 2015. We value such visits for the purpose of reinforcing international friendship and cooperation activities. These visits and negotiations might be helpful to launch social responsibility projects there, if needed.



Mr. Fahrettin Ulusoy, founder and executive of Ulusoy Un San. ve Tic. A.Ş., attended to a seminar at 19 Mayıs University on March 19, 2015. The event theme was "How to Become a Successful Businessperson" and the purpose was to guide young generations through future and to encourage them for pursuing their dreams.

Such highly appreciated and exciting seminars are to continue.

QUALITY ACTIVITIES

Ulusoy Un plans and implements structural improvements on marketing and sales personnel in order to encourage product diversity and branding activities on industrial and retail markets.

QUALITY POLICY

Ulusoy Un acknowledges that public health comes with great responsibility and thus it prioritizes marketing healthy, premium quality and popular products and carries on activities focusing on this goal.

Accordingly, Ulusoy Un is not only supported by qualified staff but also by national and international experts to keep up with technological developments and to improve its technology in all aspects. Ulusoy Un works very hard to produce and market enriched, innovative products which make sure that consumers buy safe Foods in parallel to changing needs.

Ulusoy Un believes that modern life will be enriched with our traditions and it will continue to market these innovative products used for Turkish and world cuisine.

QUALITY ACTIVITIES

Ulusoy Un, a company present in the Turkish domestic market and international markets, follows the following principles in its Quality Activities:

- To continue and improve production and quality activities based on Total Quality Principle that is reliable and faultless since the company's priority is Food Safety principle.
- To protect and sustain Food Safety and Quality during all production and product process from wheat to finished product and delivery to consumers.
- To consider consumer demands and expectations as priorities and to protect consumer rights.

- To practice requirements of Quality Management System with all personnel in order to market quality products complying with Food Safety Principles and to continuously improve its effectiveness.
- To protect human and environmental health and to carry out activities for sustaining this principle.
- To do product diversity studies, to do analysis and tests about such studies to serve buyers and consumers.
- To do customer oriented works in order to meet customer demands at maximum level.
- To comply with regulations and legislations and thus to protect public welfare.
- To optimize quality and price of products.
- To maximize quality and product safety process through risk analysis, corrective and preventive precautions.

Ulusoy Un is always in the pursuit of quality, product development and market studies thanks to its expert and experienced staff. Accordingly, the company plans and implements structural improvements on marketing and sales personnel in order to encourage product diversity and branding activities on industrial and retail markets. The Company plans important revisions in its work process in order to improve success potential of these efforts and starts implementing these plans in due time.

For Domestic Market Activities:

1-The company plans and positions marketing and sales staff for easing access to certain locations based on corporate structure, to improve market penetration, to increase turnover and tonnage, to assure increased profitability, to maximize risk and collection management quality, to maximize levels of recognition and to offer customer satisfaction and total quality management.

According to these plans, the staff in charge of marketing & sales activities was reinforced with additional employees at the first quarter of 2015 and the company took initial steps in the path of achieving tonnage and sales targets.

2-The company plans and tries to improve current domestic market activities, current customer risk management, collection processes and all domestic buyer trade processes within the corporate structure.

3-Besides the existing product range, the company continues product and market researches and collects data for R&D and Quality studies related to product groups and markets of different segments.



OUR QUALITY WORKS

In 2015, the company continued to market and sale products manufactured in Samsun and Tekirdağ/Çorlu facilities of the company and market development activities continue in coordination with business development plans. The company portfolio includes 7 (seven) product types and in total 21 (twenty one) products developed and revised at Samsun and Çorlu / Tekirdağ Factories in the first quarter of 2015.

The products developed by Ulusoy Un to be produced at Samsun and Çorlu Facilities and also marketed after revising are as follows.

BREAD WHEAT FLOUR GROUP:

		
<p>EKAMAKS</p> <p>Ekamaks is revised and designed in a manner suitable for baking cakes, pastries, buns; the flour having a unique taste and quality is produced according to the Wheat Flour Communiqué of Turkish Food Codex and it is available in PP packages of 50 kg or in bulk trailers.</p>	<p>EKAMİKS</p> <p>Ekamiks is specifically designed to be used for national and international fast food producers; the flour, produced according to the Wheat Flour Communiqué of Turkish Food Codex, is available in PP packages of 50 kg or in bulk trailers.</p>	<p>MASTERPLUS</p> <p>Masterplus is specifically designed to be used by sandwich loaf producers; the flour, produced according to the Wheat Flour Communiqué of Turkish Food Codex, is available in PP packages of 50 kg or in bulk trailers.</p>
	<p>PLUS 1</p> <p>Plus 1 is revised to be specifically used for baking bakery products, breads, flatbreads and pitta bread; the flour, produced according to the Wheat Flour Communiqué of Turkish Food Codex, is available in PP packages of 25 kg and 50 kg.</p>	
	<p>UNBAK MAVİLİM</p> <p>Unbak Mavilim is designed for production processes implemented by national and international companies manufacturing wafers, shredded wheat dessert and crackers; the flour, produced according to the Wheat Flour Communiqué of Turkish Food Codex, is available in PP packages of 50 kg or in bulk trailers.</p>	



SPECIAL PURPOSE WHEAT FLOUR GROUP:



UNBAK YEŞİLİM

Unbak Yeşilim is designed for production processes implemented by national and international companies manufacturing biscuits and cookies; the flour, produced according to the Wheat Flour Communiqué of Turkish Food Codex, is available in PP packages of 50 kg or in bulk trailers.



UNBAK KIRMIZIM

Unbak Kırmızım is designed for production processes implemented by national and international companies baking cakes; the flour, produced according to the Wheat Flour Communiqué of Turkish Food Codex, is available in PP packages of 50 kg or in bulk trailers.

7 (seven) types of products described above are produced according to Wheat Flour Communiqué of Turkish Food Codex and the launching process is completed.

In 2015, Ulusoy Flour continues R&D activities focusing on different products for enriching consumer habits and delivering different products. The company carries on production processes for producing the following types of flours:

1. Dried flour, humidity rate reduced down to 7 % - 4 %, to be used for baking special products
2. Dumpling flour to be used for producing dumplings
3. Pişmaniye flour to be used for producing Turkish dessert Pişmaniye (Turkish fairy floss)
4. Puff dough flour to be used for producing puff dough
5. Croissant flour to be used for producing croissant

Bran and Red Dog products that are have commercial value in the secondary product market and used as raw materials at feed factories are produced and sold under Ulusoy Kepek and Ulusoy Bonkalite brands. The products produced at Samsun and Tekirdağ / Çorlu Factories are available in bulk and packages (PP packages of 30 kg, 35 kg and 40 kg). There is a bran pelletizing system available in Samsun and Çorlu factories for Bran products. This technology allows us to pellet bran at thicknesses of 6 mm, 8 mm and 10 mm; production might be customized based on customer demands. Extended shelf life, saving on storage area and ease of storage are the greatest advantages offered by this system.

ULUSOY FLOUR'S QUALITY STANDARDIZATION ACTIVITIES

In 2015, Ulusoy Flour will continue to implement production and service principles without compromising on total quality principle that offers standardized, reliable and defect free products. In order to sustain quality standards also in 2015, the company performs input analysis starting from raw material procurement; performs and documents quality analysis at each stage of production. This allows standardization of products.





Process controls, critical control point analysis, hygiene and quality controls are performed for assuring quality standardization. Corrective and preventive measures are used effectively. Test results are compared to accredited laboratories to verify accuracy of company laboratories.

Related departments of Ulusoy Un determine raw material and other inputs to be supplied. Conformity of raw materials and other input items to be supplied shall be checked against specifications and the procurement shall be made upon request of the related department and approval of the board of directors following the analysis results. The procured items are shipped to company warehouses to be stored. Separate cards are kept for suppliers and a supplier performance evaluation report is issued and submitted to the management at the end of year.

Ulusoy Un offers hygiene, quality management system training, occupational health training, and environmental training and food safety management system trainings to the entire personnel for the purpose of assuring standardized and healthy production activities at all production stages.

Feedbacks from Customer satisfaction surveys are carefully evaluated to assure continued customer satisfaction.

Ulusoy Flour carefully continues production and processes products according to food safety principles throughout all stages starting from wheat to finished product and to delivery to consumers.

Ulusoy Flour has the following certificates that verify total quality approach related to these processes:

- ISO 9001:2008 Quality Management System
- ISO 22000: 2005 Food Safety Management System
- ISO 14001: 2004 Environmental Management System
- E&H EURASIA HALAL SERVICE CENTER Halal Food System
- SNI Indonesian National Standard
- TSE 4500 Certificate, and the company continues to produce "Healthy and Reliable" products within these management systems. The Company tries to revise systems and assure continuity for the purpose of implementing and improving systems. Currently, the company restlessly works to improve its quality management system policy and to be awarded with globally recognized certificates.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Our sole goal in conducting business activities is not to add value to shareholders but also to comply with social values and laws and to operate our facilities on the basis of this approach.

Ulusoy Flour agrees to comply with and implement Capital Market's Corporate Governance Principles issued by the Capital Market Board and embraces this commitment as a management principle. Main principles of Corporate Governance Principles issued by the Capital Market Board, namely equality, transparency, accountability and responsibility, are also principles of our Company and it takes necessary actions for implementing these principles. Our company continues to work hard for improving the status quo.

Equality

Our company is committed to act fairly and equally towards to stakeholders for protecting rights of company shareholders. Besides, it is unconditionally agreed that our stakeholders shall be prejudged and discriminated based on gender, behavior, ideas and ethnicity.

Transparency

Company information that is not considered as confidential and trade secret but also not disclosed to the public should be available fully, accurately and easily provided that they are about the public and shareholders and / or they might have impact on investment decisions.

Accountability

Our Company is committed to the principles of proving accuracy of decisions made and assuming responsibility towards shareholders.

Responsibility

The sole goal of our operations is not to add value to our shareholders. We also want to enrich social values and operate our facilities accordingly.

SECTION I. SHAREHOLDERS

I.1. SHAREHOLDERS' RELATIONS DEPT.

The Investment Relations Group is responsible for presenting our company's performance clearly and accurately to current and potential investors.

Investor Relations Group was established in 2012 for the purpose of managing and improving relationships with shareholders. The Group is obliged to present transparent and accurate information to the current and potential investors about company performance.

Primary duties of the department are:

- Informing and responding to shareholders
- Holding General Assembly meeting according to the legislation in force, articles of association and other internal policies
- Functioning as a bridge between the Board of Directors and shareholders, responding to shareholders and regularly reporting feedback to the Board of Directors
- Improving corporate governance and social responsibility policies of the company
- Monitoring and implementing all kinds of particulars related to informing the public
- Keeping safe and updated records regarding shareholders
- Taking measures to assurance attendance of shareholders at the General Assembly
- Duly informing shareholders about all financial statements and reports, including activity reports, dividend distribution policy and offers, agenda items on the general assembly and related documents

Investor Relations Unit:

Telephone: 0 (362) 266 90 90

Fax: 0 (362) 266 90 94

E-mail: ilker.kucuk@ulusoyun.com.tr

E-mail: yatirimci@ulusoyun.com.tr

Head of Unit: İlker Küçük



I.2. USE OF SHAREHOLDERS' RIGHTS TO OBTAIN INFORMATION

Information requested from Investor Relations Department and questions asked shall be immediately provided and answered over the phone and, if necessary, in writing by consulting the top authorized person in that field provided that such information is not confidential and trade secret.

I.3. General Assembly

2014 Ordinary General Assembly Meeting of Ulusoy Un Sanayi ve Ticaret Anonim Şirketi convened on 31.03.2015 Tuesday at 14:00 o'clock at Hampton by Hilton Samsun Hotel Kerimbey Mah. Işık Sok. No: 2 Tekkeköy / Samsun / Turkey under the supervision of Ministry Representative Mustafa Kocaman who was assigned by the Republic of Turkey, Governorship of Samsun, Provincial Directorate of Commerce by virtue of the letter dated 26.03.2014 and numbered 39028009/431.03.

The call for meeting was published on the Turkish Trade Registry Gazette dated March 10, 2015 and numbered 8775 on pages 126-127 with the agenda items, as required under the law and the company's articles of association; the call was also announced on the company website (www.ulusoyun.com.tr), Public Disclosure Platform (KAP), e-company application of Central Registry Agency and on Electronic General Meeting System (EGKS). The call was announced minimum 21 days before the general meeting.

Ordinary General Meeting Minutes and List of Attendees issued for the General Meeting are available on www.ulusoyun.com.tr

I.4 Voting Rights

Our company abstains from practices that make exercising voting rights difficult. Group (A) shareholders attending to ordinary and extraordinary general meetings or their proxies shall have 15 (fifteen) votes per share; Group (B) shareholders or their proxies shall have 10 (ten) votes per share and Group (C) shareholders or their proxies shall have 1 (one) vote per share.

I.5. Dividend Policy

Amounts to be retained and paid by the company, such as general company expenses and amortization, as well as taxes to be paid by the legal entity shall be deducted from the revenues calculated at the end of company's accounting period; the remaining amount described as period profit on the annual balance sheet shall be distributed as explained below after deducting previous year losses, if any:

General Legal Reserves:

a) 5 % shall be set aside as legal reserves.

First Dividend:

b) First dividend shall be retained from the remaining amount – over the amount to be calculated by adding donations to be made throughout the year, if any - as per the Turkish Commercial code and Capital Market Legislation.

c) After retaining the amounts mentioned above, the General Assembly is entitled to decide on dividend to be paid to the board of directors members, officers, servants and workers as well as associations and natural, legal entities with similar qualities.

Second Dividend:

d) Amounts written on paragraphs (a), (b) and (c) shall be retained from the net period profit and the General Assembly shall be entitled to partially or entirely pay the amount as second dividend or to retain the amount as optional legal reserves described under Article 521 of the Turkish Commercial Code.

General Legal Reserves:

e) 5 % shall be retained from the amount to be paid to the shareholders and parties entitled to receive a dividend and one tenth of the amount calculated shall be added to the general legal reserves as per Turkish Commercial Code, Article 519, paragraph 2.

Other reserves shall not be retained, profit shall not be transferred to the next year and dividend shall not be paid to the board of directors members, officers, servants, works and associations, natural & legal entities having similar qualities unless reserves to be retained are retained duly and dividend granted to the shareholders under the articles of association is paid in cash and/or as shares. Dividend shall be distributed equally to all shares existing on the date of distribution, regardless of the dates of issuing and acquiring these shares.

The General Assembly shall decide on the manner and time of distributing dividends upon proposal made by the board of directors.

A decision made by the general assembly for distributing dividends as per the articles of association shall not be withdrawn.

The Dividend distribution policy of our company is based on Capital Market Legislation and provisions on the Articles of Association by taking into consideration financial performance and market developments. Accordingly, 20 % of "consolidated net profit of the period" that is calculated based on periodical financial statements issued as per the Capital Market Legislation and International Financial Reporting Standards (IFRS) shall be distributed following a decision to be made by the Company's General Assembly either in cash or by adding the amount to company capital as bonus shares.

This policy shall be revised by the Board of Directors each year by taking into consideration national and global economic conditions, investment projects and company's financial resources and sustainability of the plan is one of the primary goals.

2014 Dividend Distribution Table

Ordinary General Assembly Meeting dated 31.03.2014 discussed and approved the matter of distributing 40 % of the company's distributable profit for year 2014.

1.	Paid up / issued capital		84,500,000.00		
2.	Total Legal Reserves (based on legal records)		1,400,369.27		
	Information about privileges related to dividend distribution as per the articles of association		There are no privileges related to profit distribution.		
			According to Capital Markets Board	According to Legal Records	
3.	Period Profit		17,547,029.00	15,170,333.73	
4.	Taxes Payable (-)		3,357,640.00	3,192,191.16	
5.	Net Period Profit (=)		14,189,389.00	11,978,142.57	
6.	Previous Year Losses (-)		0.00	0.00	
7.	First Legal Reserves (-)		598,907.13	598,907.13	
8.	NET DISTRIBUTABLE PERIOD PROFIT (=)		13,590,481.87	11,379,235.44	
9.	Donations made throughout the year (+)		0.00	0.00	
10.	Net distributable period profit including donations for calculating first dividend		13,590,481.87	11,379,235.44	
11.	First Dividend to shareholders				
	- Cash		5,436,192.75	5,436,192.75	
	- Bonus Shares		0.00	0.00	
	- Total		5,436,192.75	5,436,192.75	
12.	Dividend paid to Preferred stock holders		0.00	0.00	
13.	Dividend to Board of Directors Members, Employees		0.00	0.00	
14.	Dividend payable to Dividend Shareholders		0.00	0.00	
15.	Second Dividend to Shareholders		0.00	0.00	
16.	Second Legal Reserves		121,119.27	121,119.27	
17.	Statutory Reserves		0.00	0.00	
18.	Special Reserves		0.00	0.00	
19.	EXTRAORDINARY RESERVES		8,033,169.85	5,821,923.42	
20.	Other Resources to be Distributed				
	- Previous Year Profit		0.00	0.00	
	- Extraordinary Reserves		0.00	0.00	
	- Other Reserves to be distributed under law and articles of association		0.00	0.00	
	Group	Total amount of dividend paid	Total dividend distributed / net distributable period profit		Divided paid for TRY 1 Nominal Value Share
		Cash (TRY)	Bonus Share (TRY)	Ratio (%)	Amount (TRY) Ratio (%)
NET	A	533,165.06	-	%3.92	0.054684 %5.47
	B	355,443.37	-	%2.62	0.054684 %5.47
	C	3,732,155.41	-	%27.46	0.054684 %5.47
	TOTAL	4,620,763.84		%34.00	

I.6 SHARE TRANSFER

A, B and C Group Shares can be freely transferred under the provisions of related legislation. The share transfer process should comply with Turkish Commercial Code, Capital Market Law, Capital Markets Board Regulations, and other legal arrangements about Capital Market regulation, Central Registry System rules and other legal arrangements about dematerialization of shares.

SECTION II. PUBLIC DISCLOSURE AND TRANSPARENCY

II.1. INFORMATION POLICY

II.1.1 Purpose and Scope

As a company with shares traded at Istanbul Stock Exchange (BIST), Ulusoy Un Sanayi ve Ticaret A.Ş. follows an effective and transparent "Information Policy" that complies with the laws and legislations.

The Information Policy covers all kinds of information, documents, electronic records and data that can be legally disclosed, excluding information classified as "Internal Info" and "Trade Secret" that are known by the Board of Directors Members and senior management as well as employees.

The purpose of our information policy is to fully, fairly, accurately, timely and clearly inform shareholders, current and potential investors, public, related competent authorities and establishments as well as capital market experts about past performance of the company and expectations from the future, as required under the Capital Markets Legislations, Capital Markets Board and Turkish Commercial Code, BIST regulations, and to establish continuous and transparent relationship with them.

II.1.2. Authority and Responsibility

The Board of Directors is in charge of issuing and enforcing the Information Policy. The Board of Directors is entitled to amend this policy from time to time based on related legal arrangements.

The Investor Relations Unit is in charge of supervising and monitoring the Information Policy. The parties to be informed as per the Company's information policy are:

- Current investors
- Potential investors
- Stakeholders
- Regulatory Bodies
- Public

The persons and departments in charge of announcements to be made:

- Board of Directors
- Supervisory Board
- Corporate Governance Committee
- General Manager
- Financial Affairs Manager
- Investor Relations Manager

II.1.3. Information Methods and Tools

The methods and tools used by our Company within the framework of our information policy are:

- Financial tables and independent auditor reports periodically announced
- Annual and interim period reports
- Company website (www.ulusoyun.com.tr)
- Special announcements
- Teleconference, telephone, e-mail, fax and such other communication channels

Issued covered by Information Policy

The information policy covered the following particulars:

- Annual activity report, financial tables and footnotes, independent audit report and dividend policy shall be duly and accurately announced to investors, public, stakeholders, regulatory institutions through the website and other communication channels.
- Informational meetings and analyst meetings shall be organized for investors, analysts and shareholders. Board of Directors members, General Manager, Financial Affairs Manager, Investor Relations Unit and auditors can attend to these meetings.

Such meetings shall be convened minimum once or twice a year after announcement of financial statements.

- All kinds of information about the general assembly meeting shall be available to the public at the company headquarters and announced on the website minimum 3 weeks before the general assembly meeting.
- Financial statements shall be announced to the public on internet every 3-month period and the independent audit reports shall be available on internet every 6 to 12-month period.
- Dividend Policy issued by the company's Board of Directors shall be announced to the public. This policy shall be submitted to the shareholders at the General Assembly Meeting and included in the activity report.

II.1.4. Determining Parties with administrative responsibility and creating a list of people having access to internal information

List of people having access to internal information covers managerial and auditing body members of the company and people who are not members of such bodies but who directly or indirectly have regular access to internal Company information as well as having authority to impact future company development and business goals (people with administrative responsibility) as well as people closely associated with such parties and people who act in the name of and on behalf of the partnership as well as having direct or indirect, regular or on demand access to internal information. This list is issued at the Central Registry Agency and regularly updated using Central Registry System.

II.1.5. – Postponing Public Disclosure of Internal Information

As per Article 6 of the Special Cases Communiqué issued by the Capital Markets Board, Ulusoy Un San ve Tic. A.Ş. might postpone public disclosure of internal information in order to protect its legal interests provided that the company shall have sole responsibility and it shall not mislead the public and such information shall be kept confidential.

There will be effective arrangements that will prevent access to such information by people who are not on the list of people having access to such internal information and the goal is to protect confidentiality of such information and control access to such information during that postponement. The company shall make sure that the people having access to internal information accepts the law and regulations governing the internal information and that they are informed about the sanctions related to use or disclosure of such information.

II.1.6. Communicating with Shareholders and Parties Authorized to Make Public Disclosures

All kinds of information requests received by Ulusoy Un San. Tic. A.Ş. shall be answered in writing or verbally by

- Board of Directors Chairman and members
- Supervisory Committee Chairman and members
- General Manager
- Investor Relations Management

provided that such requests are assessed to confirm whether or not they are classified as trade secrets and covered by "Special Cases Communiqué" and whether or not they have impact on value of investment decisions and capital market tools.

Employees who are not listed above are not entitled to answer such questions. Employees of Ulusoy Un San ve Tic. A.Ş. shall direct any questions received to the Investor Relations Management Department.

II.1-7. Principles Governing Announcement of Evaluations Regarding Future

The company's future plans and estimations, which are considered as internal information, and related assessments can be disclosed to be public by the personnel authorized to make disclosures provided that the principles of capital market regulations are respected. These assessments shall be based on reasonable assumptions and estimations. Evaluations regarding the future might be amended based on unforeseeable risks and courses of event. There might be differences between evaluations about

future and actual outcomes based on risks, uncertainties and other factors. In that case, the deviations shall be disclosed to the investors within due time.

Evaluations regarding the future can be disclosed via press-media, press meetings and / or press releases, national and international conferences or meetings or other means of communication as well as announcements to be made as per the principles of capital market regulations.

II.1.8. Company Website and Contents

Our company website is www.ulusoyun.com.tr. Our website, available in Turkish and English, is designed based on Corporate Governance Principles, Public Disclosure Principles of the Capital Markets Board and other related legal arrangements. Our website is updated shortly after any changes on the regulations or company info. Our website also has an Investor Relations Section which can be effectively and easily reviewed by our shareholders and potential investors and all other stakeholders. This section includes all financial statements, independent audit reports, activity reports, general meeting information, and real estate appraisal reports.

II.1.9 Activity Report

Our Company shall issue an activity report in a manner to fully and accurately inform the public about the company. Our Activity Report shall be approved by the Board of Directors and then announced to the public. The Report is available on our website www.ulusoyun.com.tr

SECTION III. STAKEHOLDERS

III.1 INFORMING STAKEHOLDERS

Ulusoy Un informs all its stakeholders about company through accurate, easily accessible, transparent, clear announcements that comply with the legislations.

III.2 PARTICIPATION OF STAKEHOLDERS IN MANAGEMENT

Requests and suggestions made by the buyers and employees are monitored, examined and taken into consideration.

Any feedback received by buyers, employees and other stakeholders are taken into consideration to create more effective and productive company management.

III.3 HUMAN RESOURCES

As Ulusoy Un Sanayi ve Tic A.Ş., we are aware that we should keep up with changing trading and market environment as well as integrating advanced technology, global competition and new opportunities into our work. Without a doubt, one of the key elements of achieving this goal would be implementing a human resources policy that is open to change and development. Our motto is "Human resource is the key to improvement" and accordingly, we prepare our human resources for the future as well as making big investments in technology.

HUMAN RESOURCES POLICY

Essential Human Resources Policy of Ulusoy Un Sanayi ve Ticaret A.Ş. can be defined as follows; creating an employee profile that will contribute to sustainable increase of intellectual capital for protecting our competitive edge on developing and improving market environment as well as being experts of the sector, having advanced social skills, highly motivated for team work and enriching the company; creating a selection process based on modern criteria and equal opportunities and implementing an effective performance measurement system to plan professional life; sustaining long term cooperation; properly managing, directing and developing human resources.

Primary principles of our human resources policy can be summarized as follows:

- Personnel planning in terms of qualifications and head count; hiring the candidate for a job
- Maximizing personnel productivity and efficiency
- Preparing an effective training plan, program and offering personal development opportunities to the entire personnel

- Protecting and improving pecuniary and non-pecuniary rights of personnel.
- Creating a work environment where the staff is encouraged to cooperate with their superiors; creating an environment of open communication.
- Offering equal opportunities to everyone in terms of career planning; supporting professional, personal and social developments of employees.

III.4. RELATIONS BETWEEN CLIENTS AND SUPPLIERS

Ulusoy Un San. ve Tic. A.Ş. takes all kinds of precautions to assure customer satisfaction in terms of marketing and sales activities.

Goods and services comply with quality standards and these standards are followed strictly.

Information related to clients and suppliers are kept confidential as trade secrets.

Goods and service demands received by clients are met immediately and the clients are informed about possible delays without waiting for the expiry of due time.

SECTION III. STAKEHOLDERS

IV.1. STRUCTURE OF BOARD OF DIRECTORS AND INDEP. MEMBERS

The Company shall be managed and represented by a Board of Directors having minimum five (5) and maximum eleven (11) members to be elected by the General Assembly as per the provisions of Turkish Commercial Code and Capital Markets Board legislation.

If the Board of Directors have five members, then two members shall be elected among candidates to be nominated by majority of Group (A) shareholders and this principle applies to three members out of six or seven members; four members out of eight or nine members; five members out of ten or eleven members.

Minimum 2 independent members should be elected to the Board of Directors.

Number of independent members shall not be less than 1/3 of the total members on the Board of Directors. Fractional numbers shall be rounded up to the next whole number. Number and qualifications of the independent members to be appointed to the Board of Directors shall be determined based on the corporate governance principles of the Capital Markets Board.

Without prejudice to the corporate governance principles of the Capital Markets Board governing independent members, the Board of Directors, election of members, terms of office shall be determined by the General Assembly Meeting according to the Turkish Commercial Code and related regulations.

The Board of Directors shall appoint a chairman and minimum one vice chairman or chairmen among its members every year.

If there are any vacancies due to resignation, death or any other reason, the Board of Directors shall appoint a temporary Board of Directors Members who should be approved by the first General Assembly Meeting. The member appointed to the Board of Directors in this manner shall officiate until the first General Assembly Meeting and, if approved by the General Assembly, the member shall continue to officiate to complete the term of office of the replaced member. If the independent members cease to be independent, if they resign or they are incapable of fulfilling their duties; the corporate governance principles of the Capital Markets Board shall be applied.

The Board of Directors members shall be elected for maximum three (3) periods and until they are replaced by their successors. A Board Member can be reelected after the expiry of one's term of office.

Without prejudice to the corporate governance principles of the Capital Markets Board that apply to the independent members, the General Assembly is entitled to replace Board of Directors members at any time deemed necessary.

IV.2. BOARD OF DIRECTORS MEMBERS

Board of Directors Chairman: Eren Günhan ULUSOY

Board of Directors Vice Chairman: Kamil ADEM

Board of Directors Member: Salih Zeki MURZIOĞLU

Board of Directors Independent Member: Vedat CEYHAN

Board of Directors Independent Member: Kemal KİTAPLI

IV.3. ACTIVITY PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors Members shall be elected by the General Assembly and the qualifications of members are determined based on Capital Markets Board principles and related communiqués. Our Board of Directors conducts activities in a transparent, accountable, fair and responsible manner.

The Board of Directors has a leading role in the process of establishing effective communication between the company and shareholders, resolving and settling any disputes; it cooperates with the Corporate Governance Committee and Investor Relations Unit in order to achieve this goal.

The Board of Directors shall convene at time required for effectively fulfilling its duties; the activities should be performed in a transparent, accountable, fair and responsible manner which always takes into consideration strategic goals of Ulusoy Un San. ve Tic. A.Ş.bulundurur.

IV.4- NUMBER, STRUCTURE AND INDEPENDENCY OF COMMITTEES SUBJECT TO THE BOARD OF DIRECTORS

Our Company has established committees for the purpose of enabling the Board of Directors to fulfill its duties and responsibilities. The committees in question function according to predetermined rules. The decisions made by the committees as a result of independent activities are submitted to the Board of Directors as proposals and the Board of Directors makes the final decision.

Supervisory Board

The Company's Supervisory Board was established as per the Board of Directors Resolution dated 02.04.2015 and numbered 09 and according to related communiqués of the Capital Markets Board and Corporate Governance Principles as well as Article 11 of the company's articles of association.

Name - Surname	Title in Partnership	Position
Kemal Kitaplı	Indep. Board of Directors Member	Supervisory Board Chairman
Vedat Ceyhan	Indep. Board of Directors Member	Supervisory Board Member

Corporate Governance Committee

The Company's Corporate Governance Committee was established as per the Board of Directors Resolution dated 02.04.2015 and numbered 09 and according to related Corporate Governance Principles communiqués of the Capital Markets Board as well as Article 11 of the company's articles of association.

According to the Capital Markets Board Communiqué serial numbered II-17.1, the personnel in charge of communication between the Company and investors should be on this committee.

Name - Surname	Title in Partnership	Position
Vedat Ceyhan	Independent Board of Directors Member	Corporate Governance Committee Chairman
Kemal Kitaplı	Independent Board of Directors Member	Corporate Governance Committee Member
İlker Küçük	Risk Management, Capital Markets and Investor Relations Group Manager	Corporate Governance Committee Member

The committee shall have minimum two members and the committee shall be structured in a manner to make sure that it will never have less than two members. If the committee has 2 members and both members have more than two people, the majority of members should be board of directors members who do not have executive committee duties and the committee chairman should be elected among independent board of directors' members. Besides, CEO / General Manager shall not be on the committee.

Early Detection of Risk Committee

The Company's "Early Detection of Risk Committee" was established as per the Board of Directors Resolution dated 02.04.2015 and numbered 09 and according to related Corporate Governance Principles communiqués of the Capital Markets Board as well as Article 11 of the company's articles of association.

Name - Surname	Title in Partnership	Position
Kemal Kitaplı	Independent Board of Directors Member	Early Detection of Risk Committee Chairman
Salih Zeki Murzioğlu	Board of Directors Member	Early Detection of Risk Committee Member

IV.5. FINANCIAL RIGHTS

Salary principles of Board of Directors Members and managers having administrative responsibilities are documented and the principles are disclosed to the shareholders at the General Meeting.

Salaries offered to the Board of Directors Members and managers having administrative responsibilities as well as all other benefits are announced to the public on the annual activity report. This disclosure covers the board of directors and senior management rather than being on individual basis.

The General Assembly decided that each Independent Board of Directors Member shall receive TRY 2000; Board of Directors Chairman shall receive TRY 6000; Board of Directors Vice Chairman shall receive TRY 5000 and Board of Directors Members shall receive TRY 3000 as gross monthly salaries throughout their terms of office.

The Company has not granted a loan or credit to a Board of Directors Member or executives having administrative responsibilities.



ECONOMIC DEVELOPMENTS AROUND THE WORLD

The Economic Outlook Report issued by the OECD at the beginning of May argues that developed countries will lead global economy in the next two years.

In addition to the positive economic performance of the USA, expanded monetary policies applied in Japan and Europe support the US Dollars tendency to be more valuable against other currencies. The rise of US dollars might continue in the upcoming periods. Euro / dollar parity was 1.126 at the end of January but reduced down to 1.089 at the end of March. It is clear that US dollars rapidly become more valuable than other mainstream currencies.

Oil prices continued to decrease on the first month of 2015. Oil prices slightly increased at the end of February when oil companies announced investment expense cuts in 2015 and due to supply concerns emerging from strike at USA oil refineries. However, record-breaking levels of oil production in the USA limited the price increases. Barrel price of Brent crude oil was 51 dollars at the end of January 2015 but it increased up to 63 dollars on February 27, followed by a decrease down to 55 Dollars on March 31.

ECONOMIC DEVELOPMENTS IN TURKEY

Reduced oil prices of January significantly decreased energy bill of Turkey and also clearly had positive impact on the foreign trade numbers.

2015 continues to be a difficult year for currencies of developing countries. US Dollars significantly increased in value during the first quarter of this year. It seems like dollar will continue to increase its value against other currencies. Turkish Lira is one of the currencies that lost value most in comparison to dollar.

The loss in value has been over 10% since the first day of this year. Without a doubt, there are several reasons underlying the value of dollar against currencies of developing countries. However, the most important reason would be the possible interest rate hike of FED.

Reduced oil prices of January significantly decreased energy bill of Turkey and also clearly had positive impact on the foreign trade numbers. It is argued that sustaining the current level of oil prices will have positive impact in the future on currency deficit.

Although annual inflation rates were brought down in the past two months, it increased once again in February due to base effect and marked 7.55%. According to figures in March 2015, Consumer Price Index, which was 7.55% in the last month, increased up to 7.61%.

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