

ULUSOY UN
SANAYİ VE TİCARET A.Ş.



ULUSOYUN

01.01.2014 – 31.12.2014

BOARD OF DIRECTORS ACTIVITY REPORT ISSUED BASED ON
COMMUNIQUÉ SERIAL II- NUMBER 14.1

INDEPENDENT AUDIT REPORT ON THE ANNUAL ACTIVITY REPORT OF THE BOARD OF DIRECTORS

Report Date : 25.02.2015
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DMR[®]
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INDEPENDENT AUDIT REPORT ON THE ANNUAL ACTIVITY REPORT OF THE BOARD OF DIRECTORS

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

We have audited the annual activity report of Ulusoy Un Sanayi ve Ticaret A.Ş. (“Company”) concerning the fiscal period that ended on 31 December 2014.

Responsibility of the Board of Directors in relation to the Annual Activity Report

According to article 514 of the Turkish Commercial Code (“TCC”) numbered 6102 and “the Communique on the “Principles of Financial Reporting in Capital Market” (“Communique”) numbered Serial 11-14.1 issued by the Capital Markets Board (CMB), company management is responsible for preparing the annual activity report accurately and in conformance with the financial statements and for making the internal controls required for the preparation of such an activity report.

Responsibility of the Independent Auditing Firm

Our responsibility is to issue an opinion, based on the independent audit we performed on company’s activity report within the framework of article 397 of the TCC, as to whether the financial information in this activity report is in conformance with the Company’s financial statements and reflects the truth.

We have conducted our independent audit in accordance with the Independent Audit Standards (“IAS”) which is included in the Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority (“KGGK”). These standards stipulate that ethical requirements are complied with and that independent audit is performed in a planned manner in order to obtain reasonable proof of whether the financial information in the activity report is coherent with the financial statements and reflects the real situation. Independent audit includes the implementation of audit procedures in order to obtain audit evidence about the historical financial information. Selection of these procedures depends on the independent auditor’s professional judgement.

We believe that the independent audit evidence we obtained during the independent audit constitutes a proper and sufficient base for our opinion.

Opinion

In our opinion, the financial information included in the annual activity report of the board of directors is coherent in every significant aspect with the audited financial statements and reflects the truth.

DMR DMR Bağımsız Denetim ve Danışmanlık A.Ş.

Other Obligations arising from Legislation

According to paragraph three in article 402 of the TCC, there was no evidence to prove that the company may not continue its operations in the foreseeable future within the framework of “Continuity”, BDS 570.

İstanbul, 25.02.2015

DMR BAĞIMSIZ DENETİM VE DANIŞMANLIK ANONİM ŞİRKETİ

A member firm of Kudos International Network



Ömer LALİK

Responsible Partner Chief Auditor

*For the love
of Wheat*



for 45 years

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INDEPENDENTLY AUDITED(*) FINANCIAL DATA

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

ASSETS	30.06.2013	31.12.2012	31.12.2011
Current Assets	192.292.596	242.383.566	184.864.136
Fixed Assets	51.599.336	21.101.186	19.213.781
TOTAL ASSETS	223.891.932	263.484.752	204.077.917
LIABILITIES	30.06.2013	31.12.2012	31.12.2011
Short Term Liabilities	140004399	214.551.269	160.355.398
Long Term Liabilities	6.608.494	1.772.158	2.748.259
Shareholders' Equity	77.279.061	47.201.325	40.574.260
TOTAL LIABILITIES	223.891.932	263.484.752	204.077.917

CONTINUING OPERATIONS	01.01.2013/30.06.2013	01.01.2012/31.12.2012	01.01.2011/31.12.2011
Revenues	269.293.593	491.961.909	461.976.577
Gross Profit/Loss	20.342.646	33.392.108	43.967.002
Real Operating Profit/Loss	12.562.064	12.261.629	23.139.142
Pre-Tax Profit/Loss from Continuing Operations	4.125.890	5.509.306	2.826.908
Profit/Loss for the Period from Continuing Operations	2.868.186	4.133.133	1.472.912
Period Profit/Loss	2.868.186	4.133.133	1.472.912
Other Comprehensive Income (After Tax)		639.932	-
TOTAL COMPREHENSIVE INCOME	2.868.186	4.773.065	1.472.912
Earnings Per Share	0,0765	13,59	6,14

MAJOR RATIOS	01.01.2013/30.06.2013	01.01.2012/31.12.2012	01.01.2011/31.12.2011
Gross Profit Margin	7,55%	6,78%	9,52%
Net Profit Margin	1,07%	0,97%	0,32%
CURRENT RATIO (Current Assets/Short Term Liabilities)	1,23	1,13	1,15
LIQUIDITY RATIOS (Current Assets- Stocks/S.T. Liabilities)	0,86	0,49	0,68
CAPITAL STRUCTURE (Total Liabilities / Total Liabilities/Equity)			
ASSET STRUCTURE (Current Assets / Total Assets)			

*Our financial statements of 31.12.2014 were audited by DMR Bağımsız Denetim ve Danışmanlık A.Ş. and positive opinion was expressed in the independent audit report for 2012 and 2013 dated 25.02.2015 and numbered AU/2015/003. Independent Audit Reports for 2013 and 2012 were issued by Aurasya Bağımsız Denetim ve YMM A.Ş. and positive opinion was issued.

SHARE STRUCTURE

CURRENT SHARE DISTRIBUTION AS OF 31.12.2014

Item NO	Shareholder's Name – Surname / Title	Group	Registered share / Bearer share	Preference Yes/No	Total Number of Shares	Share Groups Nominal Amount (TL)	Total Nominal Amount (TL)	Share percentage		
1	Fahrettin Ulusoy	A	Registered share	Yes	4.550.000	4.550.000,00	30.373.882,00	5,38%	35,94 %	
		B	Registered share	Yes	1.950.000	1.950.000,00		2,31%		
		C	Registered share	No	23.873.882	23.873.882,00		28,25%		
2	Nevin Ulusoy	A	Registered share	Yes	650.000	650.000,00	7.780.756,00	0,77%	9,21 %	
		B	Registered share	Yes	1.300.000	1.300.000,00		1,54%		
		C	Registered share	No	5.830.756	5.830.756,00		6,90%		
3	Eren Günhan Ulusoy	A	Registered share	Yes	3.900.000	3.900.000,00	12.699.375,00	4,62%	15,04 %	
		B	Registered share	Yes	1.300.000	1.300.000,00		1,54%		
		C	Registered share	No	7.499.375	7.499.375,00		8,88%		
4	Onur Erhan Ulusoy	A	Registered share	Yes	650.000	650.000,00	10.023.684,00	0,77%	11,86 %	
		B	Registered share	Yes	1.950.000	1.950.000,00		2,31%		
		C	Registered share	No	7.423.684	7.423.684,00		8,78%		
5	Kamil Adem	C	Registered share	No	26.941	26.941,00	26.941,00	0,03%	0,03 %	
6	Mithat Denizcigil	C	Registered share	No	95.362	95.362,00	95.362,00	0,11%	0,11 %	
7	Halka Açık Kısım	C	Bearer share	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 %



Dear Shareholders,

We are presenting you the activity report of 2014, the year of pride and primary public offering 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 primary public offering in November 2014, we are now very happy to share this valuable asset with our valuable investors. We are sharing this happiness 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. As the employees and managers of Ulusoy Gıda Group, our most important principle is not to produce and sell any food that we would not consume ourselves and we have adopted this as the essential principle 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.

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, we left behind a successful year of 2014, in which we successfully realized public offering that is the most important step on the way of institutionalization and globalization and we delivered high turnovers and profitability performance. As Ulusoy Un family, we will pull out all the stops in order to achieve this success also in 2015. I 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
ULUSOY UN SANAYİ ve TİC. A.Ş.
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 provincial 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. 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, Udat 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
 ULUSOYUN 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 1999 and is father of two children.



SALİH ZEKİ MURZIOĞLU
 SAMSUN - 1959
 ULUSOYUN 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,

We left behind the year 2014 in which we made our primary public offering as the most important step our company took towards institutionalization and being a global agricultural industrial company. We are very happy to have successfully completed the primary public offering and to have had a year full of high performance activities in terms of turnover and profitability. Ulusoy Un was born in the homeland of the wheat, the raw material of holy bread. Emerging from 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. Now we are proud of sharing this value with our more than 2300 shareholders who became our partners in our primary public offering.

In two factories that amount to daily capacity of 900 tons, Ulusoy Un has managed to realize 5% of the Turkey's flour export in 2014 and our company is 5th in the industry with these exports. 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. We performed these sales both at home and abroad in line with customer demands, without compromise from quality and food security and under unconditional customer satisfaction principle. And consequently our company has increased its revenues from 61 million TL in 2006 to 921.5 million TL in 2014, which corresponds to 15 times increase in revenues and an annual average revenue growth of 40% in 8 years. Our revenues have reached 921.5 million TL in 2014, corresponding to a 35% increase compared to the 682.1 million TL revenues of the previous year. Our goal for 2015 is to achieve revenues more than 1 billion TL.

Upon its operations in 2014, our company obtained 59.3 million TL gross profits and 34.8 million TL real operating profit from production and commercial activities. As a result of these operations, our company obtained 14.1 million TL net profit and had a significant achievement by increasing its net profit by 36% compared to the previous year of operation.

Paid capital of our company increased from TL 50.000.000 at the end of 2013 to TL 65.000.000 after the capital increase in March and to TL 84.500.000 after the primary public offering performed via partner sales and capital increase in November 2014. Total shareholders' equity of the company which was 89.3 million TL at the end of 2013 increased to 162.8 million TL with the premiums on sale of share certificates and period income. Therefore our company gained a strong equity structure through which, we can finance our rapidly growing operations.

In 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. With this investment we aim to further increase our market share in Africa. We will continue to make investment for capacity increase in Samsun Gıda İhtisas Organized Industrial Zone in 2015 .

I thank our customers and employees who carried us to the top in our industry and always lend a hand and esteemed investors reposing confidence in us as partners after our public offering. I wish the year 2015 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
UN SEKTÖRÜ VE
ECONOMIC DEVELOPMENTS
IN THE WORLD AND
IN TURKEY





WORLD ECONOMY DEVELOPMENTS

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 continued in developing countries. This caused 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 increased 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 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 developments witnessed in Israel and Ukraine in July were closely followed by global markets. Risk appetite in global markets was reduced when first the USA and then the European Union countries made decisions to impose sanctions on Russia and Argentina failed to meet its financial obligations.

In the FOMC meeting ended on July 30, FED reduced the size of its monthly asset purchasing by 10 billion USD, to the level of 25 billion USD, in line with expectations. In the statement made after the meeting, it was emphasised that in spite of the positive developments in labor markets, resources are still not being sufficiently used.

In return for the sanctions imposed by Western countries in the first half of the year because of the Ukraine crisis, Russia banned importation of all agricultural and food products from the EU, the USA, Norway, Canada and Australia for one year on 7th August. While this situation is expected to have adverse effects particularly on the Euro Zone economy via foreign trade channels, the comments that producers may have to reduce the prices because of excess supply further raise the concerns for deflation in the region.

In 2014, global economy exhibited a growth performance below the anticipated levels. This performance was affected by the fragile progress of economic activities in the Euro Zone versus the powerful progress in USA economy as well as the deceleration in Chinese economy and the slowdown in Japanese economy. Global demand had a negative outlook in parallel with these developments and decreases were witnessed in commodity prices, particularly in oil prices. The oil prices decreased because of the developments in demand as well as the recent rapid growth of supply. In spite of this decrease the leading oil producing countries declared their opinion of not making cutoff in oil supply. Within this framework, oil prices fell from the highest annual level of 115 USD/barrel in mid-June to 56 USD/barrel at the end of December. The sharp fall in oil prices causes reshaping of the expectations related to the course of global economy. While the fall in oil prices is expected to positively influence the net energy importing countries such as the Euro Zone, China, Japan and the USA which account for about 60% of the global GNP, it is estimated to make negative reflections on net energy exporting countries such as Saudi Arabia, Russia, Venezuela, Nigeria and Iran.



Concerns over the economy of Russia, on which several sanctions were imposed by the USA and the EU after its problems with Ukraine, have significantly been aggravated by the recent retreatment of oil prices. The rise in USD/Rouble currency rate reached a daily rate of 135%, as compared to the level at the end of June, due to the serious fluctuations in the market on December 16th. In order to prevent the rapid devaluation of Russian Rouble, Russian Central Bank increased the policy interest rate by 650 basis points from 10.5% to 17% on December 16th. However, this attempt by the Russian Central Bank was not enough to prevent the devaluation of the Russian Rouble. USD/Rouble currency rate rose up to the level of 80 on December 16th. In the next days, after policy makers' declared their policy measures, Rouble was observed to gain value slightly. The developments witnessed in Russia also disrupt the risk perceptions for other developing countries' markets.

TURKISH ECONOMY DEVELOPMENTS

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 week repo rate instead of marginal funding rate which was basically raised to 12%.

International credit rating institution Standard and Poor's declared that it has downgraded Turkey credit rating to "negative" from "stable" on February 3th. 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%.

Growing political concerns before the Presidency election in August remained on the agenda because of the uncertainties related to person to be assigned as prime minister. Therefore there were fluctuations in the domestic markets in the first half of August. Uncertainties as to whether the Turkish Republic Central Bank will make changes in the policy interest rate caused a decrease in the risk appetite. Starting from the second half of August there was significant increase in risk appetite when domestic political uncertainty was reduced and monetary policy uncertainties were eliminated. In addition to these developments, concerns over Russia-Ukraine throughout the month of August caused fluctuations in both global and domestic markets.

The exports to Iraq and Russia, which are respectively the second and fourth biggest export markets of Turkey as of 2013, significantly decreased in November as a result of the continuing problems with these countries. In November Turkey's exports to Iraq decreased by 22.3% and to Russia decreased by 23% compared to the same month of the previous year. Between January and November, the decrease in exports to Iraq and Russia compared to the same period of the previous year was 8.8% and 14% respectively. Considering the low possibility of solving the problems in both countries in the short term, it is estimated that it will take time for exports to these countries to reach former levels.

Consumer Price Index, which exhibited a more positive outlook than expectations in December, had an annual increase rate of 8.17%, the lowest level in the last ten months.

DEVELOPMENTS IN THE FLOUR SECTOR

Turkey closed the year 2014 with 2.2 million tons of exports with an increase rate of 3% compared to last year. In the same period total export revenue was 932 million USD. Top 3 countries of exportation were listed as Iraq, Syria and the Philippines and the exports to these countries accounted for 47% of the total export figure.

The unstable outlook particularly in Iraq and Syria, our southern neighbours, increasingly continued in 2014. In spite of this, our exports to these countries increased by more than 130 thousand tons in comparison to the previous year. Our country made exports to 112 countries in a period of increased global imbalance and financial volatility and left behind a successful year.

HUMAN RESOURCES





HUMAN RESOURCES POLICY

Human resources management is one of the primary functions that provide the most important support to the organization. The main purpose of human resources management is to ensure that the right people are assigned in the right places at the right times in line with the company goals. Human resources planning plays the most important role in attaining this goal. In short, human resources planning is at the core of human resources management.

Human resources planning covers the practices aimed at having, placing and developing the correct number of duly qualified manpower in the correct places and at the correct times in order to respond to social and commercial developments resulting from environmental and circumstantial changes. Here the primary goal is to increase efficiency and improve the quality of business life and to meet the needs of each employee.

The main target of human resources department is to make our employees adopt the methods of working efficiently, and not working too hard.

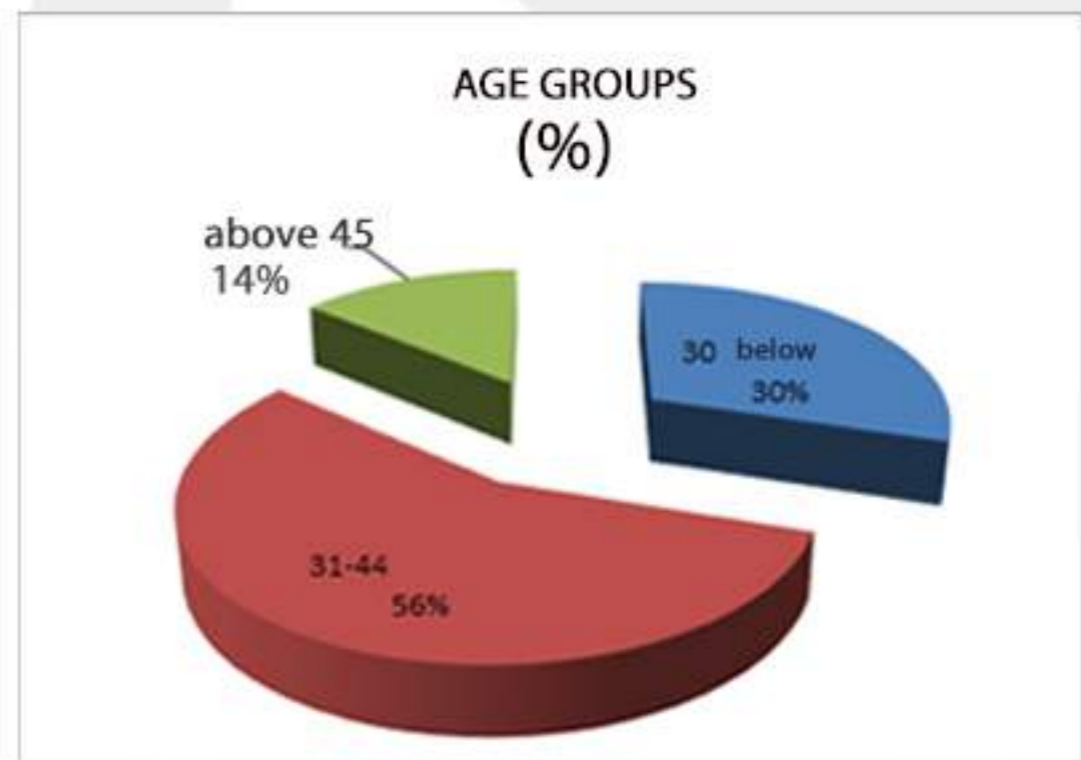
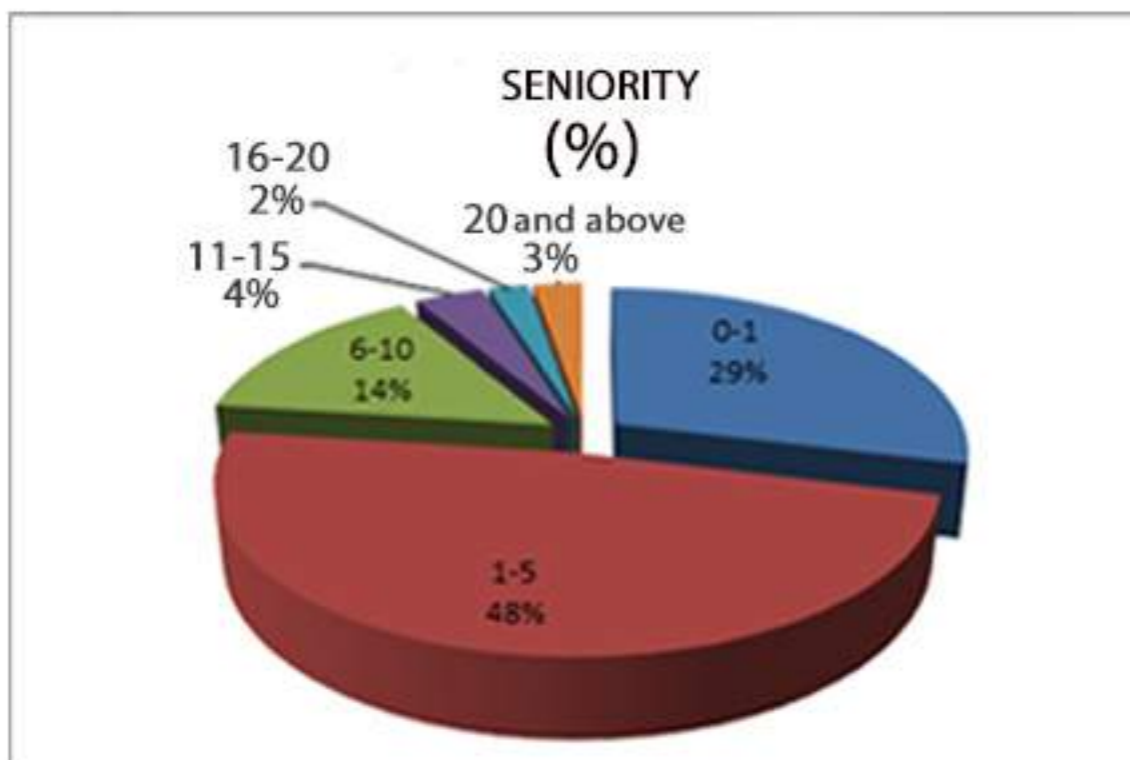
In 2014, as Ulusoy Un;

* We completed the performance measurement and evaluation works which is carried out every 6 months as of the end of the year. Feedback interviews about the performance measurement results have been conducted with all managers and workmates.

* We have had new recruits during the year in line with our human resources planning. Orientation and on-the-job trainings have been completed.

* We have organised sportive social activities to give our employees the opportunity to establish relationships through entertainment.

* No doubt that our workmates are the greatest heroes of 2014, the year of pride in which Ulusoy Un made its primary public offering. This success has been rewarded with several activities. Our employees have been subjected to free checkups.



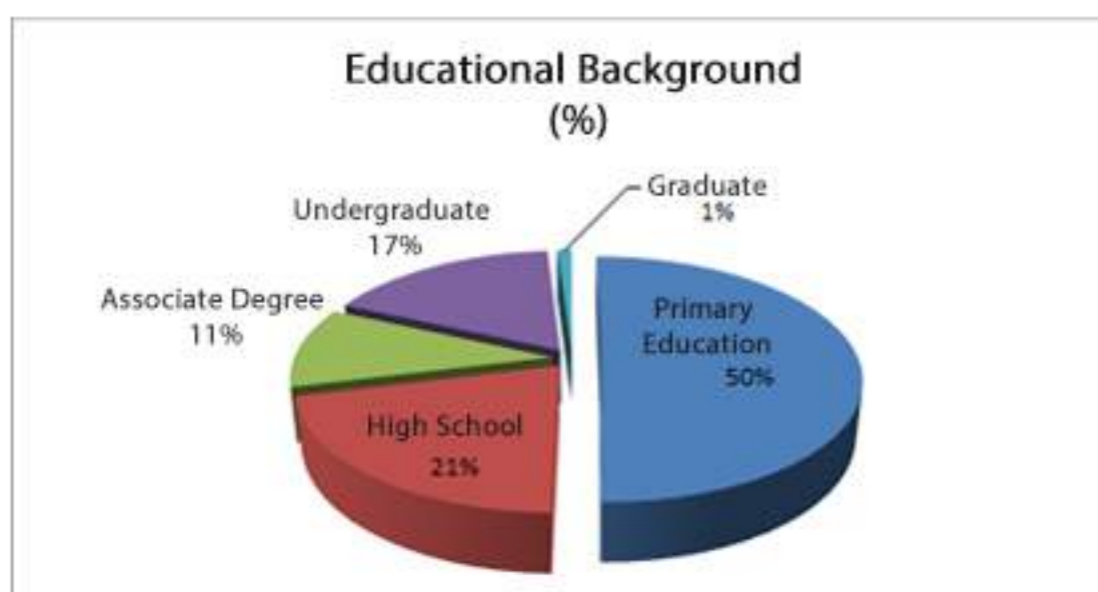
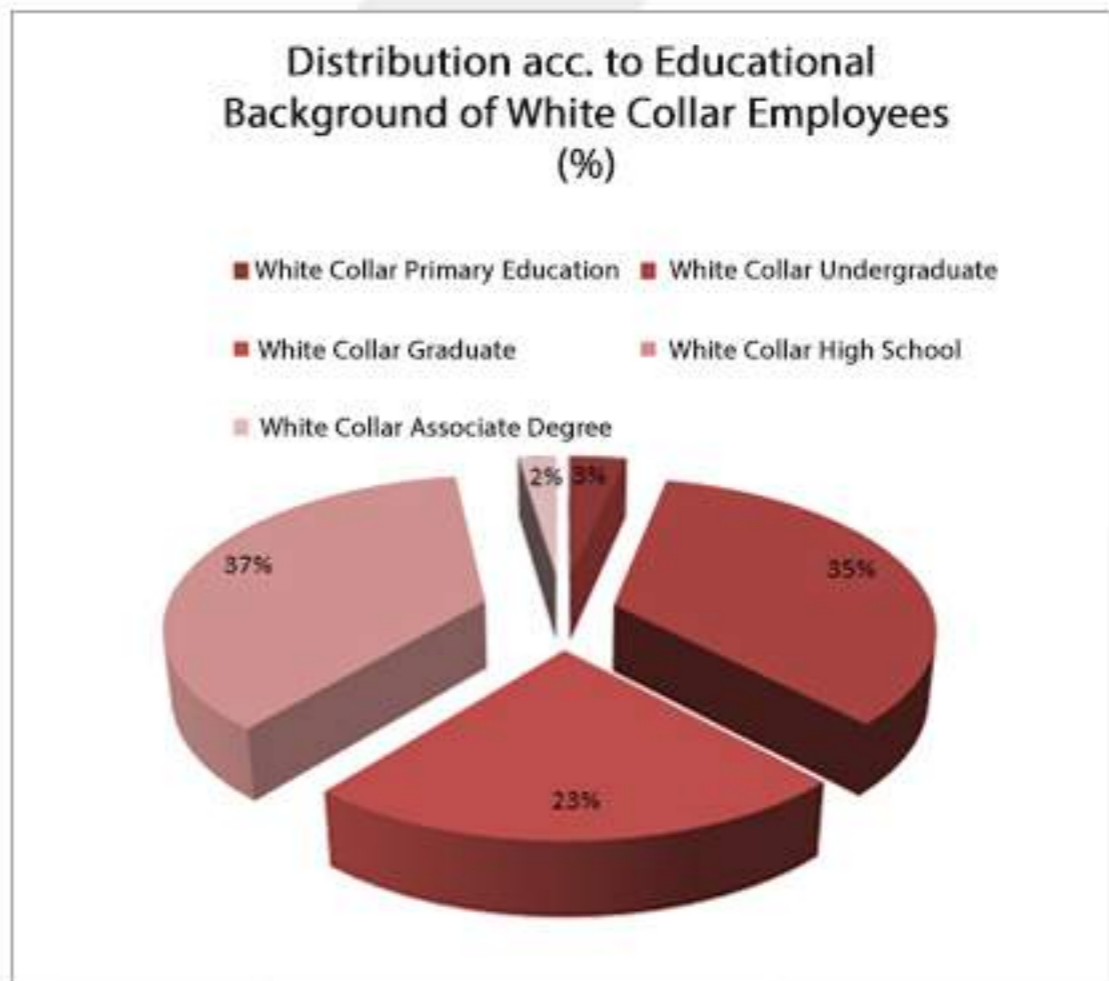
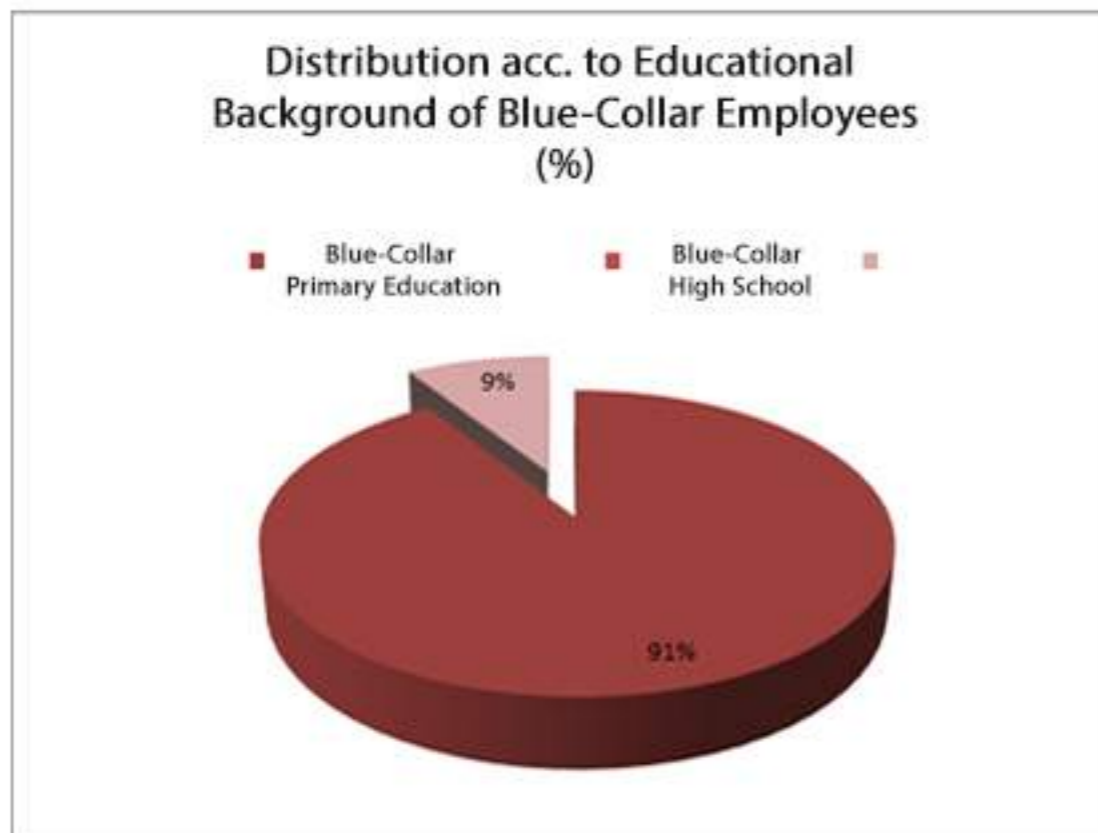
HUMAN RESOURCES

- Our employees have been subjected to free checkups.
- An activity called "innovation in our company" has been organised among employees, the results have been shared with the top management and employees' opinions have been referred to when setting goals for the new year.
- There have been mutual celebrations and gift draws among employees on special days including festivals and the new year's day.
- 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.
- "Employee of the Year Selection" was made with the participation of all employees and rewards were presented by top management.
- The employees are enabled to attend fairs at home and abroad (Dubai, Paris, Germany, Indonesia, Angola, Philippines) to enable their contributions to the company and themselves by experiencing innovations and developments.

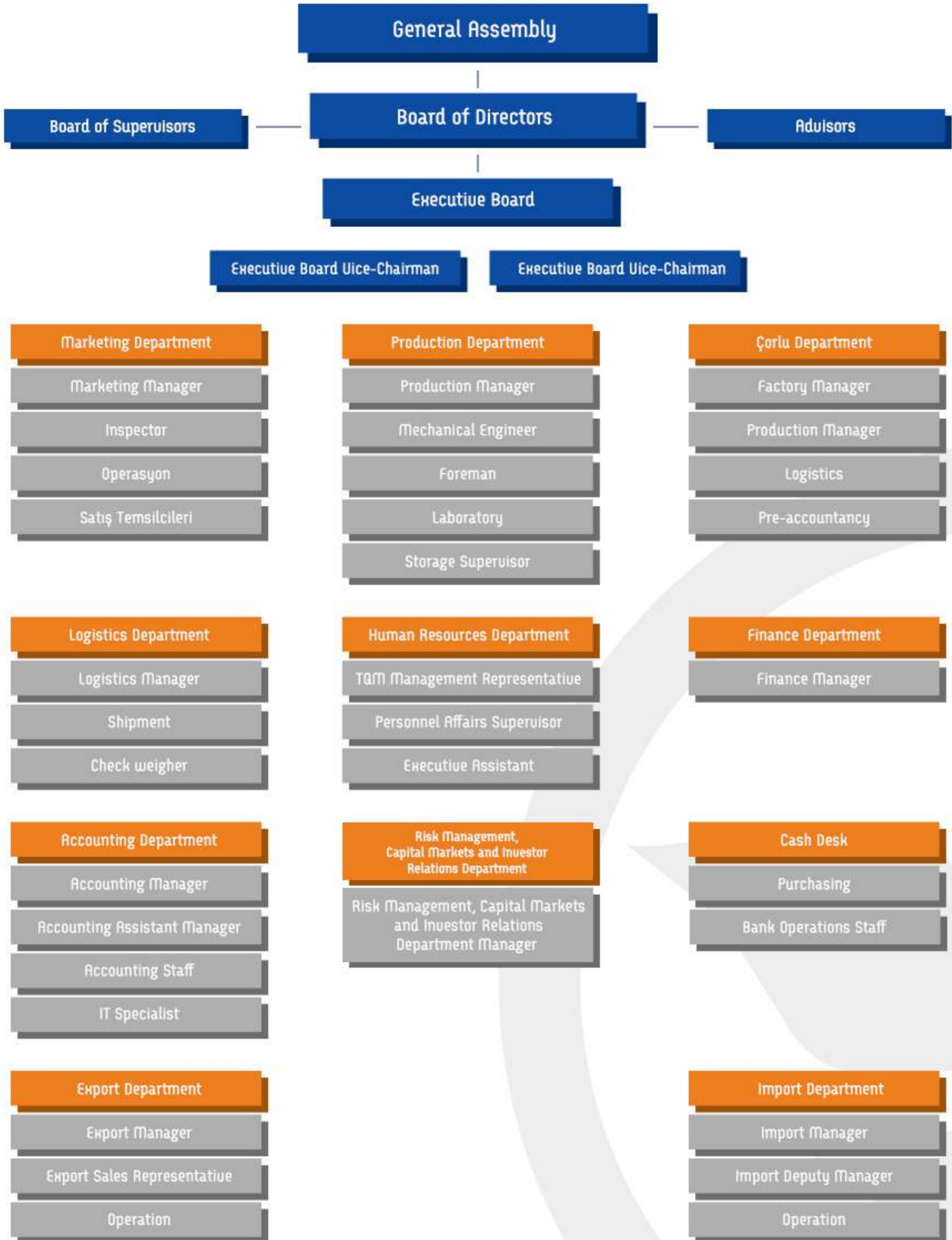
Also our company has organised trainings for its personnel inside and outside the company. These are as follows;

- Quality Systems Training (ISO 9001-2008 ISO 22000 ISO 14000 – Halal Product Certificate)
- Occupational Health and Safety Trainings (OHSAS 18001-2007)
- Foreign Language courses (English)
- Fire Training
- First Aid Training
- Orientation (For newcomers)
- Technical Trainings
- CAF (Modified Atmospheric Conditions Fumigation Techniques)
- FESTO (Engineering and Production Systems)

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. We know that the success is achieved through these concepts and the awareness of employees is enabled within this framework. 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 WORKS





QUALITY WORKS

Our Quality Policy;

Aware of the seriousness of the responsibility for social health, Ulusoy Un attaches special importance to the mission to supply healthy, high quality and admirable products and continues to work towards this goal.

Within this framework, Ulusoy Un seeks support from expert staff at home and abroad along with its highly trained staff in house and closely follows technological developments and improves its technology in every field. Ulusoy Un works hard to produce and 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 will continue to supply these innovative products to Turkish and world cuisine.

Our quality works;

Operating in Turkish domestic market and international markets, Ulusoy Un has adopted below principles in its Quality works:

- Food Security principle is established as the utmost priority and we aim to continue and further these production and quality works stemming from these principles, in a reliable manner and cleared of error and without compromise from Total Quality principle.
- To preserve and make sustainable 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 evaluate consumer demands and expectations as a priority and to protect consumer rights.
- To practice Quality 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 make product diversity researches, to analyze the studies and test them before offering it to customers' and consumers' taste.
- To fulfill client expectations at a maximum level through customer oriented works.
- To observe public welfare by adhering to regulations and legislations.
- To optimize quality and pricing in its products.
- To maximize quality and food safety processes by means of risk analyses and corrective and preventive measures.

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

In domestic marketing;

1. Plans are prepared and implemented in order to strengthen the access of marketing and sales staff to locations in line with corporate structure and to increase penetration, 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.

The staff involved in marketing and sales activities has been reinforced with additional staff starting from the second half of 2014 in line with these plans and important steps have been taken to attain tonnage and sales targets.

2. Plans are prepared and considered to be implemented for reinforcing all domestic activities and the existing customer risk management and collection processes and all commercial processes for domestic customers within a corporate structure.

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

In 2014, marketing and sales activities continued for the products manufactured in Samsun and Tekirdağ/Çorlu plants of the company and market development works is conducted in coordination with business development plans. While continuing branding and product range development works with currently 13 (thirteen) products, Ulusoy Un has added 3 (three) products to be produced in its factory in Tekirdağ Çorlu in the period bringing the total to 16 (sixteen). Flour for biscuits and cakes planned for production and public offering and started production in 2014 thanks to development studies has been successfully marketed, appreciated by the customers 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 specific taste and aromatic features 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 specific taste and aromatic features 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 specific taste and aromatic features 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 specific taste and aromatic features 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 specific taste and aromatic features in accordance with "Communiqué of Turkish Food Codex Wheat Flour" and in line with the production process of producers using tunnel, matador or rotary ovens and marketed in 50 kg PP packaging for manufacturers.

SPECIAL PURPOSE WHEAT FLOUR GROUP:



PIZZAMIX

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



EKAMAKS

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



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" and designed in line with the production process of sourdough bread and marketed in 50 kg PP packaging for manufacturers.



PLUS 1

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



SIMIMIX

10.SIMIMIX brand is produced in accordance with "Communiqué of Turkish Food Codex Wheat Flour", designed bagel production and marketed in 50 kg PP packaging for manufacturers.



HASATTAN TAM BUĞDAY UNU

HASATTAN TAM BUĞDAY UNU brand is produced in accordance with "Communiqué of Turkish Food Codex Wheat Flour", designed for production of whole wheat bread and marketed in 25 kg PP packaging for manufacturers.



PLUS PİDE

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



PLUSLİM

PLUSLİM brand is produced in accordance with "Communiqué of Turkish Food Codex Wheat Flour", designed for 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", designed for domestic or global biscuit and cake producers and delivered in 50 kg PP packaging and in bulk trailers for manufacturers.

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" and designed 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" and designed 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, works have been completed, production in accordance with "Communiqué of Turkish Food Codex Wheat Flour" has been made; their launch has been completed and they have been marketed.

Continuing R&D on the works on different products in 2014 to diversify consumer behavior and to market these, Ulusoy Un continues working on;

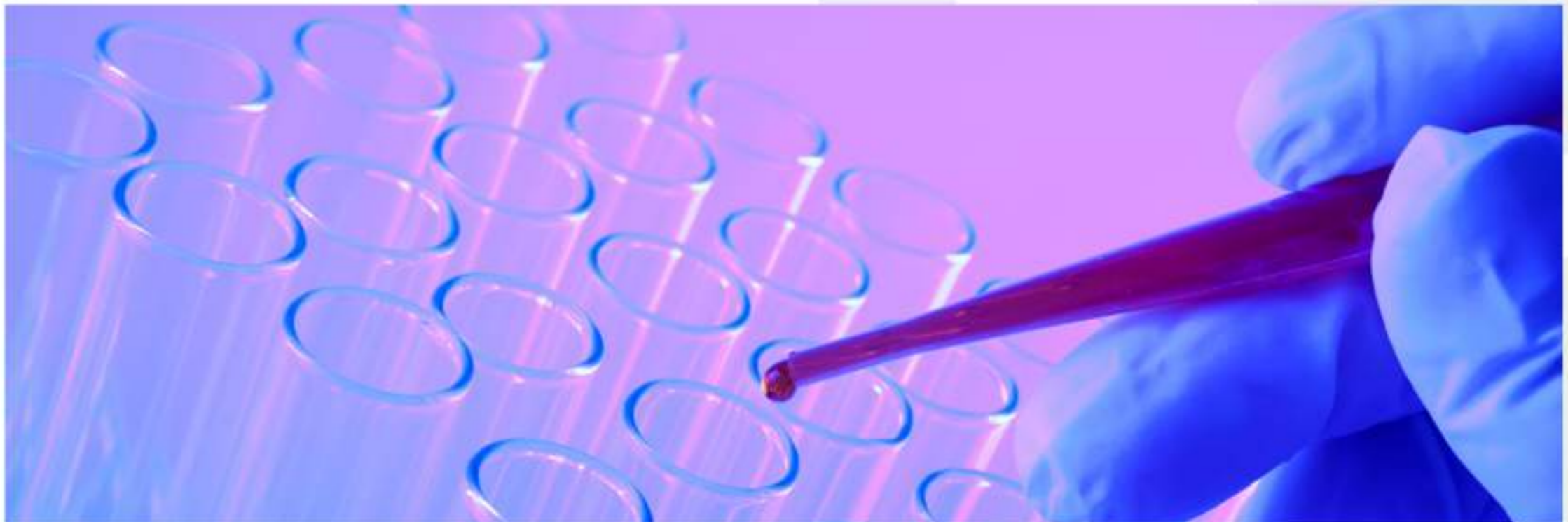
1. the production of WHEAT GERM to be used in production phase of bread
2. BROWN VILLAGE BREAD FLOUR to be used in the production of Traditional Village Bread

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.
3. RAVIOLI FLOUR, for producing Turkish style ravioli
4. FLATBREAD FLOUR, for producing flatbread
5. FAIRY FLOSS FLOUR, for producing Turkish fairy floss
6. MILLE-FEUILLE FLOUR, for producing mille-feuille
7. CROISSANT FLOUR, for producing croissant
8. WAFER FLOUR, for producing wafer

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.





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.

Ulusoy Un pays attention to processing its products and production in all processes starting from the wheat, until it obtains end product and reaches the consumers according to Food Safety.

In order to ensure these processes go through total quality concept, Ulusoy Un has:

- 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

And the company continues producing "Healthy and Reliable" products within these management systems. Work is being done to review the systems and provide their continuity in order to ensure functioning and development of the systems. Currently the company is working continuously to take quality management system policy further and to obtain globally recognized certificates.

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 projects realized 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.
- Making a theatre organization with all employees and top management.



An overview of the activities of 2014:

Carpet Field Football games were held among Ulusoy Un employees. These organizations which are highly important to increase employee motivation continue on a regular basis.

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. Similar organizations which are an important acquisition in terms of social development will continue in 2015 as well.



Our primary goal is to become a company that is aware of its responsibilities for the society it lives in and that makes continuous contributions to the environmental development. Our most important responsibility is people.

Because we know that future's giant institutions will be those that carry out successful "SOCIAL RESPONSIBILITY" implementations.

RISK MANAGEMENT



EURUSD

1 WE	1303
1 MO	1303
2 MO	1303
3 MO	1303
4 MO	1303
5 MO	1303

12 MO	7.5
7.0	6.5
7.1	7.3
8.0	8.5
9.0	9.5

Open	High	Low	Close
101.13	101.13	101.13	101.13
101.52	101.52	101.52	101.52
100.75	100.75	100.75	100.75
101.13	101.13	101.13	101.13

4.530%	4.530%
4.220%	4.220%
4.830%	4.830%
4.280%	4.280%
4.530%	4.530%
4.970%	4.970%
4.560%	4.560%
5.050%	5.050%
4.950%	4.950%
4.530%	4.530%



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.

Currency Risk

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.

2014 was a year in which volatility in markets was increased by some internal and external risk factors. Currency markets gained balance when the rapid devaluation in TL in the first month of the year was returned by the Central Bank's increasing interest rates.

In the second half of the year, when market prices went up again because of the concerns over American Central Bank's (FED) process of interest rate increase and American Dollar started to appreciate against other currencies, TL was also devaluated and TL basket closed the year at the level of 2.58.

Although there were variations during the year, we maintained our short foreign exchange position at the level of 15 million USD and closed the year with a more balanced short position management compared to previous years.

The hedging operations were managed by having positions in Derivatives Exchange through 4 national and 2 foreign banks. The average maturity dates of the forward and future contracts purchased were about 8 months.

In line with our main strategy, we estimate that market volatility will again be high in 2015 and we plan to continue maintaining our short foreign exchange position at manageable levels.

Raw Material Price Change Risk

In our country wheat prices are regulated by the Turkish Grain Board. It intervenes in the market using different methods in order to protect the producers when prices fall and the consumers when prices rise. The upwards price pressure that may occur because of wheat production in 2014 being 5 million tons less than last year was balanced with wheat importation tenders. In that context, prices move within a certain range. Therefore any sharp rises and falls occurring in foreign wheat stock markets have limited impact on our company.

There is weak correlation between domestic and foreign wheat prices. According to the physical wheat position in our stocks, we are doing partial hedging operations in CBOT (Chicago Board of Trade) and MATIF stock markets when there is extreme spread difference between domestic wheat prices and foreign stock market prices.



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.



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