

TAT GIDA SANAYİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2015
(ORIGINALLY ISSUED IN TURKISH)

31 July 2015

This report includes 1 page of independent auditors' report on condensed interim financial statements and 29 pages of convenience translation into English of condensed interim financial statements together with their explanatory notes.



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**

Kavacık Rüzgarlı Bahçe Mah.
Kavak Sok. No: 29
Beykoz 34805 İstanbul

Telephone +90 (216) 681 90 00
Fax +90 (216) 681 90 90
Internet www.kpmg.com.tr

(Convenience Translation into English of Review Report on Condensed Interim Financial
Statements Originally Issued in Turkish)

Independent Auditors' Report on Review of Condensed Interim Financial Statements

To the Board of Directors of Tat Gıda Sanayi Anonim Şirketi

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Tat Gıda Sanayi Anonim Şirketi ("the Company") as at 30 June 2015, and the condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and notes to the condensed interim financial information ("condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Turkish Accounting Standards 34 Interim Financial Reporting ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with TAS 34, 'Interim Financial Reporting'.

Other Matter

The review of condensed interim financial statements of the Company as at 30 June 2014 and audit of financial statements of the Company as at 31 December 2014 were conducted by another auditor. Predecessor auditor concluded on the review report dated 8 August 2014 that nothing has come to their attention that caused them to believe that condensed interim financial statements as at 30 June 2014 were not prepared, in all material respects, in accordance with TAS 34, 'Interim Financial Reporting', issued by the POA and expressed an unmodified opinion on the independent auditors' report dated 20 February 2015 for the financial statements as at 31 December 2014.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative


Murat Afsan, SMMM
Partner
31 July 2015
İstanbul, Turkey

CONTENTS**PAGES**

| | |
|--|-------------|
| CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION | 1-2 |
| CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 3 |
| CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY..... | 4 |
| CONDENSED INTERIM STATEMENT OF CASH FLOWS..... | 5 |
| NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS | 6-29 |
| NOTE 1 - ORGANISATION AND OPERATIONS OF THE COMPANY..... | 6 |
| NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS..... | 6 |
| NOTE 3 - SEGMENT REPORTING | 11 |
| NOTE 4– FINANCIAL BORROWINGS..... | 13 |
| NOTE 5 – TRADE RECEIVABLES AND PAYABLES..... | 15 |
| NOTE 6 - INVENTORIES | 15 |
| NOTE 7 – INVESTMENTS ACCOUNTED BY EQUITY METHOD..... | 16 |
| NOTE 8 – PROPERTY, PLANT AND EQUIPMENT | 16 |
| NOTE 9 – COMMITMENTS AND CONTINGENCIES..... | 16 |
| NOTE 10 – SHAREHOLDER’S EQUITY | 17 |
| NOTE 11– SALES AND COST OF SALES..... | 18 |
| NOTE 12 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS | 18 |
| NOTE 13 – OTHER ASSETS | 19 |
| NOTE 14 – TAX ASSETS AND LIABILITIES | 19 |
| NOTE 15 – RELATED PARTY TRANSACTIONS..... | 20 |
| NOTE 16 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS | 23 |
| NOTE 17 - SUBSEQUENT EVENTS..... | 29 |

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

| ASSETS | Notes | Reviewed | Audited |
|---|--------------|-------------------------|-----------------------------|
| | | 30 June 2015 | 31 December 2014 |
| Current Assets | | 430.684.042 | 501.427.175 |
| Cash and cash equivalents | | 59.274.597 | 95.098.784 |
| Trade receivables | | 207.141.698 | 182.768.954 |
| -Trade receivables from related parties | 15 | 143.224.944 | 124.935.047 |
| -Trade receivables from third parties | 5 | 63.916.754 | 57.833.907 |
| Other receivables | | 4.588.788 | 965.853 |
| -Other receivables from third parties | | 4.588.788 | 965.853 |
| Inventories | 6 | 109.343.004 | 181.598.900 |
| Prepaid expenses | | 23.725.354 | 962.564 |
| Prepaid taxes | | 3.051.980 | 5.640.247 |
| Other current assets | 13 | 23.558.621 | 34.391.873 |
| Non-Current Assets | | 156.698.695 | 162.538.767 |
| Other receivables | | 76.207 | 76.207 |
| -Other receivables from third parties | | 76.207 | 76.207 |
| Financial investments | | 3.327.374 | 3.327.374 |
| Investments accounted by equity method | 7 | - | 9.156.530 |
| Property, plant and equipment | 8 | 131.876.784 | 130.506.378 |
| Intangible assets | | 1.282.483 | 1.352.614 |
| Prepaid expenses | | 2.084.103 | 163.957 |
| Deferred tax assets | | 4.461.744 | 3.050.109 |
| Other non-current assets | 13 | 13.590.000 | 14.905.598 |
| TOTAL ASSETS | | 587.382.737 | 663.965.942 |

The accompanying notes form an integral part of these condensed interim financial statements.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015
(CONTINUED)**

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

| | | Reviewed | Audited |
|---|--------------|--------------------|--------------------|
| | | 30 June | 31 December |
| LIABILITIES | Notes | 2015 | 2014 |
| Short Term Liabilities | | 111.871.774 | 253.169.591 |
| Short-term financial borrowings | 4 | 7.285.032 | 56.182.743 |
| Short-term portion of long-term borrowings | 4 | 8.177.333 | 82.497.326 |
| Trade payables | | 65.210.346 | 86.857.734 |
| - Trade payables to related parties | 15 | 1.955.332 | 9.052.336 |
| - Trade payables to third parties | 5 | 63.255.014 | 77.805.398 |
| Employee benefit obligations | | 2.730.573 | 3.842.937 |
| Other payables | | 2.262.199 | 6.561.573 |
| - Other payables from related parties | 15 | 557.131 | 2.015.370 |
| - Other payables from third parties | | 1.705.068 | 4.546.203 |
| Deferred income | | 1.023.115 | 6.940.554 |
| Short-term provisions | | 25.183.176 | 10.286.724 |
| - Short-term provisions for employment benefits | | 1.800.000 | 1.800.000 |
| - Other short-term provisions | | 23.383.176 | 8.486.724 |
| Long Term Liabilities | | 81.004.753 | 60.833.747 |
| Long-term financial borrowings | 4 | 70.000.000 | 50.000.000 |
| Long-term provisions | | 11.004.753 | 10.833.747 |
| - Long-term provisions for employment benefits | | 11.004.753 | 10.833.747 |
| EQUITY | | 394.506.210 | 349.962.604 |
| Equity attributable to equity holders of the parent company | 10 | 394.506.210 | 349.962.604 |
| Share capital | | 136.000.000 | 136.000.000 |
| Inflation adjustment to share capital | | 21.601.088 | 21.601.088 |
| Share premiums | | 10.107.809 | 10.107.809 |
| Other comprehensive income or expenses that may be reclassified subsequently to profit or loss | | 1.744.091 | 1.744.091 |
| - Financial assets revaluation reserve | | 1.744.091 | 1.744.091 |
| Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss | | (115.049) | (250.666) |
| - Actuarial losses in defined benefit plan | | (115.049) | (250.666) |
| Restricted reserves | | 80.606.222 | 60.404 |
| Prior years' profit | | 100.154.060 | 30.437.759 |
| Profit for the period | | 44.407.989 | 150.262.119 |
| TOTAL LIABILITIES | | 587.382.737 | 663.965.942 |

The accompanying notes form an integral part of these condensed interim financial statements.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

| | Notes | <u>Reviewed</u> <u>1 January-</u> <u>30 June 2015</u> | <u>1 April-</u> <u>30 June 2015</u> | <u>Reviewed</u> <u>1 January -</u> <u>30 June 2014</u> | <u>1 April-</u> <u>30 June 2014</u> |
|---|-------|---|--|--|--|
| Continuing operations | | | | | |
| Sales | 11 | 448.566.019 | 224.102.605 | 387.903.633 | 202.050.738 |
| Cost of sales (-) | 11 | (345.198.497) | (173.829.507) | (303.429.809) | (158.923.751) |
| Gross profit | | 103.367.522 | 50.273.098 | 84.473.824 | 43.126.987 |
| Marketing expenses (-) | | (50.391.057) | (26.264.437) | (46.806.284) | (24.873.850) |
| General administrative expenses (-) | | (16.014.956) | (7.659.974) | (14.420.047) | (7.952.207) |
| Research and development expenses (-) | | (11.557) | (2.649) | (7.229) | (258) |
| Other income from operating activities | | 10.196.784 | 3.767.651 | 9.630.241 | 4.623.959 |
| Other expenses from operating activities (-) | | (4.950.557) | (2.864.990) | (3.129.303) | (386.034) |
| Operating profit | | 42.196.179 | 17.248.699 | 29.741.202 | 14.538.597 |
| Income from investing activities | 7 | 2.919.233 | 2.724.826 | 59.365 | (9.402) |
| Expenses from investing activities (-) | | (162.899) | - | (232.907) | (56.445) |
| Share of loss of investments accounted by the equity method | 7 | (189.863) | (236.593) | (910.912) | (244.239) |
| Operating profit before finance expense | | 44.762.650 | 19.736.932 | 28.656.748 | 14.228.511 |
| Finance income | | 4.851.081 | 2.108.673 | - | - |
| Finance expense (-) | | (7.404.383) | (737.028) | (12.268.154) | (6.178.859) |
| Finance (expense) / income | | (2.553.302) | 1.371.645 | (12.268.154) | (6.178.859) |
| Profit before tax from continuing operations | | 42.209.348 | 21.108.577 | 16.388.594 | 8.049.652 |
| Tax (expense) / income from continuing operations | | 2.198.641 | 6.697.444 | (2.540.879) | (720.890) |
| Current tax expense | 14 | 809.609 | 5.524.670 | (3.168.843) | (1.721.122) |
| Deferred tax income / (expense) | 14 | 1.389.032 | 1.172.774 | 627.964 | 1.000.232 |
| Profit for the period from continuing operations | | 44.407.989 | 27.806.021 | 13.847.715 | 7.328.762 |
| Losses after tax from discontinued operations | 12 | - | - | (9.355.588) | (5.693.771) |
| Profit for the period | | 44.407.989 | 27.806.021 | 4.492.127 | 1.634.991 |
| Allocation of profit / (loss) for the period | | | | | |
| Non-controlling interests | | - | - | (862.939) | (802.334) |
| Owners of the company | | 44.407.989 | 27.806.021 | 5.355.066 | 2.437.325 |
| Net profit for the period | | 44.407.989 | 27.806.021 | 4.492.127 | 1.634.991 |
| Earnings / (loss) per share | | 0,33 | 0,20 | 0,03 | 0,01 |
| Earnings per share from continuing operations | | 0,33 | 0,20 | 0,10 | 0,05 |
| Earnings per share from discontinued operations | | - | - | (0,07) | (0,04) |
| Other comprehensive income: | | | | | |
| Actuarial loss on employee benefits | | 135.617 | 37.671 | (155.340) | (155.340) |
| Total other comprehensive income/loss | | 135.617 | 37.671 | (155.340) | (155.340) |
| Total comprehensive income | | 44.543.606 | 27.843.692 | 4.336.787 | 1.479.651 |
| Total comprehensive income attributable to | | | | | |
| Non-controlling interests | | - | - | (862.939) | (802.334) |
| Owners of the company | | 44.543.606 | 27.843.692 | 5.199.726 | 2.281.985 |
| Total comprehensive income | | 44.543.606 | 27.843.692 | 4.336.787 | 1.479.651 |

The accompanying notes form an integral part of these condensed interim financial statements.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

| | Share capital | Inflation adjustments to share capital | Share premium | Items that may be reclassified subsequently to profit or loss Financial assets revaluation reserve | Items that will not be reclassified subsequently to profit or loss Actuarial gain/losses in defined benefit plans | Restricted reserves | Net profit for the period | Prior year's profit | Equity attributable to equity holders of the parent company | Non-controlling interests | Total equity |
|----------------------------------|--------------------|--|-------------------|---|--|---------------------|---------------------------|---------------------|---|---------------------------|--------------------|
| Balance at 1 January 2014 | 136.000.000 | 21.601.088 | 10.107.809 | 2.981.591 | 533.935 | 60.404 | 2.494.069 | 27.943.690 | 201.722.586 | 20.091.204 | 221.813.790 |
| Transfers | - | - | - | - | - | - | (2.494.069) | 2.494.069 | - | - | - |
| Total comprehensive income | - | - | - | - | (155.340) | - | 5.355.066 | - | 5.199.726 | (862.939) | 4.336.787 |
| Balance at 30 June 2014 | 136.000.000 | 21.601.088 | 10.107.809 | 2.981.591 | 378.595 | 60.404 | 5.355.066 | 30.437.759 | 206.922.312 | 19.228.265 | 226.150.577 |
| Balance at 1 January 2015 | 136.000.000 | 21.601.088 | 10.107.809 | 1.744.091 | (250.666) | 60.404 | 150.262.119 | 30.437.759 | 349.962.604 | - | 349.962.604 |
| Transfers | - | - | - | - | - | 80.545.818 | (150.262.119) | 69.716.301 | - | - | - |
| Total comprehensive income | - | - | - | - | 135.617 | - | 44.407.989 | - | 44.543.606 | - | 44.543.606 |
| Balance at 30 June 2015 | 136.000.000 | 21.601.088 | 10.107.809 | 1.744.091 | (115.049) | 80.606.222 | 44.407.989 | 100.154.060 | 394.506.210 | - | 394.506.210 |

The accompanying notes form an integral part of these condensed interim financial statements.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

| | | Reviewed | Reviewed |
|--|--------------|--------------------------------|--------------------------------|
| | Notes | 1 January- 30 June 2015 | 1 January- 30 June 2014 |
| Profit before tax from continuing operations | | 42.209.348 | 16.388.594 |
| Loss from discontinued operations | 12 | - | (10.193.856) |
| Adjustments to reconcile profit / (loss) for the period: | | | |
| Adjustments related to obsolete inventory | | (741.706) | (790.692) |
| Adjustments related to depreciation and amortization expenses | 3 | 3.955.059 | 4.767.649 |
| Adjustments related to provision for employee termination benefit | | 3.146.632 | 3.388.182 |
| Adjustments related to profit from sale of subsidiary | 7 | (2.919.233) | - |
| Profit / (loss) from sale of property, plant and equipment and intangible assets | | 2.787 | (59.365) |
| Adjustments related to other provisions | | 14.896.452 | 172.673 |
| Share of profit of investments accounted by the equity method | | 189.863 | 910.912 |
| Adjustments related to income accruals | | (352.189) | (2.150.489) |
| Financial liabilities and assets unrealized foreign exchange differences (net) | | 1.118.398 | (109.000) |
| Interest income | | (9.088.551) | (8.928.667) |
| Interest expense | | 7.404.383 | 12.268.154 |
| Changes in working capital | | 59.821.243 | 15.664.095 |
| Changes in trade receivables and other receivables | | (9.353.593) | 11.833.717 |
| Changes in due from related parties | | (18.289.897) | (35.123.308) |
| Changes in inventories | | 72.997.602 | 47.216.870 |
| Changes in prepaid expenses | | (22.421.681) | (628.585) |
| Changes in non-current assets held for sale | | - | 12.745.529 |
| Changes in liabilities directly associated with assets classified as held for sale | | 12.148.850 | (12.917.552) |
| Changes in trade payables | | (14.550.384) | (19.637.714) |
| Changes due to related parties | | (8.555.243) | (2.598.817) |
| Changes in deferred income | | (5.917.439) | 21.211.715 |
| Changes in employee benefit payables | | (1.112.364) | 375.888 |
| Changes in other current liabilities | | (2.841.135) | 6.049.785 |
| Changes in provisions for employee benefit | | - | (1.984.386) |
| Cash flows from operating activities | | 61.925.959 | 42.207.237 |
| Employee termination benefits paid | | (2.862.612) | (2.498.201) |
| Taxes paid | | 3.397.876 | (1.192.853) |
| Net cash flows from operating activities | | 62.461.223 | 38.516.183 |
| Investing activities: | | | |
| Property, plant and equipment and intangible asset acquisitions | | (7.586.985) | (12.269.041) |
| Cash generated from sale of property, plant and equipment and intangible assets | | 67.609 | 66.036 |
| Dividend received | 7 | 11.885.900 | - |
| Equity increase in equity accounted investee | | - | (13.500.000) |
| Interest received | | 9.088.551 | 8.928.667 |
| Net cash used in investing activities | | 13.455.075 | (16.774.338) |
| Financing activities: | | | |
| Cash inflows due to loan received | | 174.235.945 | 108.699.666 |
| Cash outflows due to loan received | | (278.230.428) | (126.476.782) |
| Interest paid | | (7.746.002) | (12.239.650) |
| Net cash generated from/(used in) financing activities | | (111.740.485) | (30.016.766) |
| Net change in cash and cash equivalents | | (35.824.187) | (8.274.921) |
| Cash and cash equivalents at the beginning of the period | | 95.098.784 | 10.330.825 |
| Cash and cash equivalents at the end of the period | | 59.274.597 | 2.055.904 |

The accompanying notes form an integral part of these condensed interim financial statements.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 1 - ORGANISATION AND OPERATIONS OF THE COMPANY

Tat Gıda Sanayi A.Ş. (“Tat Gıda” or “the Company”) was established in 1967 with the name Tat Konserve Sanayii A.Ş., the name change of the Company was decided at the extraordinary assembly meeting on 30 October 2013 and registered on 15 November 2013. The Company is engaged in production, distribution, marketing, domestic and foreign trade and brokerage of semi-finished goods and finished goods of such products; merchandise goods, food, beverage, juice, agricultural and animal products, frozen foods, dried goods, including pulverized goods and raw and primitive form of materials recipient and additives, sweet and sugar free juice and canned goods. The Company is registered in Turkey and is operating in accordance with the Turkish Commercial Code.

The Company had 1.398 employees at 30 June 2015. (31 December 2014: 1.045).

The domestic marketing and sales activities of the Company are performed by Düzey Tüketim Malları Sanayi Pazarlama A.Ş. (“Düzey”), a Koç Group company.

Koç Holding A.Ş. is the main shareholder and the ultimate owner of the Company.

The subsidiary of the Company; Moova Gıda Sanayi ve Ticaret A.Ş. (“Moova”) has operations in milk and diary products till 31 May 2015. Based on the decision taken at the meeting of Board of Directors on 1 July 2014, the Company signed share purchase and sale agreement to acquire the shares of Moova that representing 100% of the capital from Söktaş Tekstil Sanayi ve Ticaret A.Ş., Muharrem Hilmi Kayhan, Eyüp Hilmi Kayhan, Nihat Fadıl Erten ve Mehmet Yılmaz (“Sellers”) with amount of TL 32.271.190 (“Closing Payment”) that subjected to price adoption. The acquisition was completed at 20 August 2014. Company merged with Moova at 31 May 2015 and as a result of merger Moova’s legal entity had ended. Until the date of merger Company accounted Moova with full consolidation method so merger has no effect on financial statements.

The jointly controlled entity of the Company, Tedi İçecek Sanayi A.Ş. (“Tedi”) which had been sold at 29 May 2015, has operations in import and sale of fruit juice.

The shares of the Company are quoted to Istanbul Stock Exchange Market since 1993. The

registered office address of the Company is as follows:

Taşdelen Çamlık Mah. Sırrı Çelik Bulvarı No:7 34788
Çekmeköy / İstanbul / Türkiye

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Statement of Compliance

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation.

The considered financial statements and notes have been represented in accordance with the communique numbered II, 14.1 “Communique on the Principles of Financial Reporting in Capital Markets” (“the Communique”) announced by Capital Market Boards (“CMB”) on 13 June 2013 which is published on official Gazette numbered 28676. In accordance with article 5th of communique, Turkish Accounting Standards/Turkish Financial Reporting standards and interpretations (“TAS/IFRS”) are applied.

Additionally, financial statements and footnotes have prepared in accordance with formats issued by CMB on 7 June 2013.

The financial statements for the financial assets and liabilities measured at fair value, except on the basis of historical cost convention and in Turkish Lira (“TL”) was prepared. Fair value of considerations paid for the assets is considered in determining the historical cost.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.1 Statement of Compliance (continued)

Approval of financial statements:

Interim condensed financial statements are authorized for issue by Board of Directors meeting on 31 July 2015

Reporting and Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and the financial position of the Company is expressed in TL.

Correction of financial statements of hyperinflation periods

With the decision taken on 17 March 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with Turkish accounting standards. Accordingly, TMS 29 is not applied starting from 1 January 2005.

2.2 Financial Statements of Comparative Information and Restatement of Prior Period

In order to allow the determination of the financial position and performance of the Company's financial statements have been prepared comparatively with the prior period. In order to comply with the presentation of the financial statements of the current period necessary, comparative figures are reclassified, and significant differences are explained.

2.3 New and Revised International Financial Reporting Standards:

The following new and revised standards have been applied in the current year and have affected the amounts reported and disclosures in these financial statements. Details of other new and revised standards and interpretations applied in these financial statements that have had no material impact on the financial statements are also set out below.

(a) Standards issued but not yet effective and not early adopted

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

TAS 16 and TAS 38 – Clarification of acceptable methods of depreciation and amortization

The amendments to TAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 New and Revised International Financial Reporting Standards (continued)

(a) Standards issued but not yet effective and not early adopted (continued)

IFRS 11 – Accounting for acquisition of interests in joint operations

The amendments clarify whether IFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard’s definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognized when the assets transferred meet the definition of a “business” under IFRS 3 *Business Combinations*. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Disclosure Initiative (Amendments to IAS 1)

The narrow-focus amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in IAS 1. The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Equity method in separate financial statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Due to difficulties associated with the fair value measurement of bearer plants that are no longer undergoing biological transformation bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 New and Revised International Financial Reporting Standards (continued)

(a) Standards issued but not yet effective and not early adopted (continued)

Investment Entities: Applying the Consolidation Exception (Amendments to TFRS 10, TFRS 12 and TAS 28)

Before the amendment, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the amendment, intermediate investment entities are not permitted to be consolidated. So where an investment entity's internal structure uses intermediates, the financial statements will provide less granular information about investment performance – i.e. less granular fair values of, and cash flows from, the investments making up the underlying investment portfolio. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Improvements to TFRSs

The IASB issued Annual Improvements to IFRSs - 2012–2014 Cycle. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Annual Improvements to TFRSs – 2012–2014 Cycle

TFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

TFRS 7 Financial Instruments: Disclosures

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. TFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to TFRS 7)*.

TAS 19 Employee Benefits

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

TAS 34 Interim Financial Reporting

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed “elsewhere in the interim financial report” – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 New and Revised International Financial Reporting Standards (continued)

(b)The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 - (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. This standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TMS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

TFRS 14 Regulatory Deferral Accounts

IASB has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to IFRS for rate regulated entities. The standard permits first time adopters of TFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

IFRS 15 Revenue from Contracts with customers

The standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Restatement and Errors in the Accounting Policies and Estimates

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. The effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. There is no change in accounting policies of the Company in the current period.

2.5 Summary of Significant Accounting Policies

According to CMB, the entities have option to prepare interim financial statements prepared according to IAS 34 “Interim Financial Statements” as condensed or full set. Therefore, the Company decided to prepare its interim financial statements as of 30 June 2015 as condensed.

Some of the disclosures and notes that are required to be included in IFRS financial statements under the CMB are summarized in accordance with IAS 34 or not included in the financial statements. The accompanying condensed financial statements should be presented with the audited financial statements and accompanying notes prepared as of 31 December 2014. The results of interim financial statements cannot be solely considered as the results of the entire financial period.

Accounting policies and accounting estimates disclosed in the 31 December 2014 financial statements are applied in the current period.

NOTE 3 - SEGMENT REPORTING

Primary Segmental Reporting Method - Industrial Segments

The products of the Company have different risks and returns, then the below segments have been accepted by the Company. The Company have identified relevant operating segments based on internal reports about the components of the Company that are regularly reviewed by the chief operating decision maker of the Company.

- Tomato paste and canned foods
- Milk and dairy products
- Meat and meat products (*)
- Pasta and mealy products

(*) Maret trademark has been sold at 4 August 2014 as explained in Note 12.

The Company also evaluated disclosure of geographical distribution of revenues for the period in addition to industrial segments. However, the Company’s concluded that there is no geographical reporting segments since the big chain groceries and Düzey is the main customer of the Company. The Company Management evaluates financial results and performance based of IFRS financial statements. Therefore, IFRS financial statements are the basis of segmental reporting.

Domestic selling and marketing activities are operated by the Düzey which is a member of Koç Group. Sales amount to the Düzey is 375.765.063 TL (30 June 2014: 366.948.456 TL)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 3 - SEGMENT REPORTING (CONTINUED)

a) Revenue segmental analysis for the period ended 1 January - 30 June 2015 and 2014

| | <u>Continuing Operations</u> | | <u>Discontinued Operations</u> | |
|----------------------------------|--|--|--|--|
| | <u>1 January- 30 June 2015</u> | <u>1 January- 30 June 2014</u> | <u>1 January- 30 June 2015</u> | <u>1 January- 30 June 2014</u> |
| Meat and meat products | - | - | - | 50.306.317 |
| Tomato paste and canned products | 177.799.962 | 145.462.866 | - | 11.993.621 |
| Milk and dairy products | 242.752.694 | 208.821.199 | - | - |
| Pasta and bakery products | 28.013.363 | 33.619.568 | - | - |
| | <u>448.566.019</u> | <u>387.903.633</u> | <u>-</u> | <u>62.299.938</u> |

b) Segment assets

The assets of the entity (group of entities) that are directly employed in the operating activities of the segment can be allocated to the segment on a reasonable basis are defined as segment assets.

Sales network and property, plant and equipment and intangibles in terms of the organizational structure of Tat Gıda Sanayi A.Ş. is described as segment assets.

As of 30 June 2015 and 31 December 2014, the recorded amounts of the segment assets according to industrial segments are as follows:

| | <u>30 June 2015</u> | <u>31 December 2014</u> |
|---|---------------------------|---------------------------|
| Tomato paste and canned products | 46.484.683 | 46.020.549 |
| Milk and dairy products | 79.644.086 | 79.340.479 |
| Pasta and bakery products | 5.120.878 | 4.779.579 |
| Assets that cannot be allocated to segments | 1.909.620 | 1.718.385 |
| | <u>133.159.267</u> | <u>131.858.992</u> |

c) Segment liabilities

Described as liabilities that result from the operating activities of a segment and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

In the general framework of the organizational structure of the Company and its internal financial reporting system, trade and other payables are analyzed in the basis of industrial segments. As a result, reporting of segment liabilities are not required.

d) Depreciation and amortization and capital expenditures

Depreciation and amortization of the industrial segment assets for the periods ended 30 June 2015 and 30 June 2014 are as follows:

| | <u>1 January- 30 June 2015</u> | <u>1 January- 30 June 2014</u> |
|--|------------------------------------|------------------------------------|
| Depreciation and Amortization | | |
| Meat and meat products | - | 2.100.924 |
| Tomato paste and canned products | 785.566 | 1.520.681 |
| Milk and dairy products | 2.731.230 | 238.216 |
| Pasta and bakery products | 240.905 | 758.999 |
| Depreciation and amortization charges that cannot be allocated to segments | 197.358 | 148.829 |
| | <u>3.955.059</u> | <u>4.767.649</u> |

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 3 - SEGMENTAL REPORTING (CONTINUED)

d) Depreciation and amortization and capital expenditures (continued)

For the periods ended 30 June 2015 and 2014, investment expenditures for the industrial segment assets are as follows:

| | 1 January- 30 June 2015 | 1 January- 30 June 2014 |
|--|------------------------------------|------------------------------------|
| Investment Expenditures | | |
| Meat and meat products | - | 882.045 |
| Tomato paste and canned products | 1.203.920 | 10.696.040 |
| Milk and dairy products | 5.848.512 | 328.612 |
| Pasta and bakery products | 148.207 | 333.595 |
| Investment expenditures that cannot be allocated to segments | 386.346 | 28.749 |
| | 7.586.985 | 12.269.041 |

NOTE 4- FINANCIAL BORROWINGS

The financial liabilities at 30 June 2015 and 31 December 2014 are as follows:

| | 30 June 2015 | 31 December 2014 |
|---|-------------------------|-----------------------------|
| Short term borrowings | 7.285.032 | 56.182.743 |
| Short term portion of long term borrowings | 8.177.333 | 32.418.341 |
| Issued bonds | - | 50.078.985 |
| Total short term financial liabilities | 15.462.365 | 138.680.069 |
| Long term borrowings | 20.000.000 | - |
| Issued bonds | 50.000.000 | 50.000.000 |
| Total long term financial liabilities | 70.000.000 | 50.000.000 |
| | 85.462.365 | 188.680.069 |

The company issued bonds on 26 December 2014 amounting to TL 50.000.000, with a maturity of 26 December 2016 and 9,68% interest rate.

There are no pledges and mortgages given related to the Company's financial liabilities (31 December 2014: None).

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 4– FINANCIAL BORROWINGS (CONTINUED)

The company's loans have fixed interest rates. The details of financial borrowings as of 30 June 2015 are as follows:

| | The weighted average interest rate | Original amount | 30 June 2015 Book Value (TL) |
|---|---|----------------------------|---|
| Short term financial borrowings | | | |
| TL borrowings | 6,59% | 7.285.032 | 7.285.032 |
| | | | 7.285.032 |
| Short-term portion of long term borrowings | | | |
| USD borrowings | 4,25% | 3.000.000 | 8.177.333 |
| | | | 8.177.333 |
| Long term financial borrowings | | | |
| TL borrowings | 10,25% | 20.000.000 | 20.000.000 |
| Bonds issued | 9,68% | 50.000.000 | 50.000.000 |
| | | | 70.000.000 |

The details of financial borrowings as of 31 December 2014 are as follows:

| | The weighted average interest rate | Original amount | 31 December 2014 Book Value (TL) |
|---|---|----------------------------|---|
| Short term financial borrowings | | | |
| TL borrowings | 10,08% | 56.182.743 | 56.182.743 |
| | | | 56.182.743 |
| Short term portion of long term borrowings | | | |
| TL borrowings and interest | 7,27% | 16.186.041 | 16.186.041 |
| USD borrowings | 4,25% | 7.000.000 | 16.232.300 |
| Bonds issued | 7,31% | 50.000.000 | 50.000.000 |
| Interest of bonds issued | | 78.985 | 78.985 |
| | | | 82.497.326 |
| Long term financial borrowings | | | |
| Bonds issued | 9,68% | 50.000.000 | 50.000.000 |
| | | | 50.000.000 |

Repayment schedule of the long-term borrowings and bonds issued at 30 June 2015 and 31 December 2014 of are as follows:

| | 30 June 2015 | 31 December 2014 |
|------|-------------------------|-----------------------------|
| 2016 | 50.000.000 | 50.000.000 |
| 2017 | 6.153.846 | - |
| 2018 | 6.153.846 | - |
| 2019 | 6.153.846 | - |
| 2020 | 1.538.462 | - |
| | 70.000.000 | 50.000.000 |

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 5 – TRADE RECEIVABLES AND PAYABLES

Trade Receivables

The analysis of trade receivables and trade payables at 30 June 2015 and 31 December 2014 is as follows:

| | 30 June 2015 | 31 December 2014 |
|-------------------------------------|-------------------------|-----------------------------|
| Due from related parties (note 15) | 143.224.944 | 124.935.047 |
| Notes and cheques receivables | 48.678.789 | 39.081.882 |
| Trade Receivables | 11.286.954 | 15.173.815 |
| Income Accruals | 6.536.344 | 6.184.155 |
| Provisions for doubtful receivables | (2.585.333) | (2.605.945) |
| | 207.141.698 | 182.768.954 |

Movement of allowance for doubtful receivables of the Company for the period ended 30 June 2015 and 30 June 2014 is as follows:

| | 1 January - 30 June 2015 | 1 January - 30 June 2014 |
|-------------------------------|---|---|
| Opening balance | (2.605.945) | (1.921.371) |
| Provisions made during period | - | (140.548) |
| Collections | 20.612 | 181.219 |
| | (2.585.333) | (1.880.700) |

The explanations related to quality and level of risks at trade receivables are explained at note 16.

Trade Payables

As of 30 June 2015 and 31 December 2014, the details of trade payables are as follows:

| | 30 June 2015 | 31 December 2014 |
|----------------------------------|-------------------------|-----------------------------|
| Domestic suppliers | 63.255.014 | 77.805.398 |
| Due to related parties (Note 15) | 1.955.332 | 9.052.336 |
| | 65.210.346 | 86.857.734 |

NOTE 6 - INVENTORIES

As of 30 June 2015 and 31 December 2014, the details of inventories are as follows:

| | 30 June 2015 | 31 December 2014 |
|---|-------------------------|-----------------------------|
| Raw materials | 36.086.756 | 50.931.787 |
| Semi-finished goods | 2.152.429 | 2.453.985 |
| Finished goods | 71.433.711 | 127.886.092 |
| - <i>Tomato paste and canned products</i> | 45.114.241 | 108.515.068 |
| - <i>Milk and dairy products</i> | 22.592.816 | 14.588.162 |
| - <i>Pasta and bakery products</i> | 3.726.654 | 4.782.862 |
| Other inventory | 41.756 | 1.440.390 |
| Provision for obsolete inventory (-) | (371.648) | (1.113.354) |
| | 109.343.004 | 181.598.900 |

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 7 – INVESTMENTS ACCOUNTED BY EQUITY METHOD

As of 30 June 2014 and 31 December 2014, the details of investments accounted by equity pick up method are as follows:

| Associate | Principal Activity | Place of incorporation and operation | 30 June 2015 | 31 December 2014 |
|-----------|-----------------------------|--------------------------------------|--------------|------------------|
| Tedi | Fruit juice import and sale | İstanbul | - | %50 |

The company sold its associate shares of Tedi on 29 May 2015, with an amount of EUR 4.100.000 (TL 11.885.900). After transaction, the company does not have any shares in Tedi anymore. The details of sales movements are as follows:

| | 2015 |
|---|------------------|
| As of 1 January 2015, the Company's shares in associate net assets | 9.156.530 |
| Loss for the current period | (189.863) |
| As of date of sale, the Company's shares in associate net assets | 8.966.667 |
| Price of sale | 11.885.900 |
| As of 30 June, income from sale of associate | 2.919.233 |

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

For the periods ended 30 June 2015 and 30 June 2014, property, plant and equipment movement are as follows:

| | 2015 | 2014 |
|-------------------------------------|--------------------|--------------------|
| Net book value as of 1 January | 130.506.378 | 108.773.384 |
| Additions | 6.266.041 | 9.040.814 |
| Disposals | (70.396) | (6.670) |
| Current period depreciation | (4.825.239) | (2.297.276) |
| Net book value as of 30 June | 131.876.784 | 115.510.252 |

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The detail of the Company's and its subsidiaries' guarantees given or contingent liabilities on the behalf of each other, related parties, parent company or third parties within the context of business operations or other purposes are as follows:

| | 30 June 2015 | 31 December 2014 |
|--|-------------------|-------------------|
| A. On the behalf of legal entity | 53.659.440 | 60.696.351 |
| B. On the behalf of associations that included in full consolidation | - | - |
| C. On the behalf of third parties' liabilities within the context of business operations | - | - |
| -Given on the behalf of parent company | - | - |
| -Given on the behalf of other group companies which are not included in B and C clauses | - | - |
| -Given on the behalf of third parties which are not included in C clause | - | - |
| D. Others | - | - |
| | 53.659.440 | 60.696.351 |

Company has miscellaneous guarantee letters given to tax office (for VAT receivable), T.Ihracat Kredi Bankası A.Ş. and customs amounting to 53.659.440 TL (31 December 2014: 60.696.351 TL).

Total guarantees given by the Company are in TL currency and neither any pledges nor encumbrances are given by the Company. Ratio of commitments and contingencies given by the Company to the Shareholders Equity on 30 June 2015 is 0% (31 December 2014: 0%).

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 10 – SHAREHOLDER’S EQUITY

a) Share Capital

As of 30 June 2015 and 31 December 2014, the shareholders and paid-in capital with the historical values are as follows:

| | 30 June | | 31 December | |
|--|----------------|--------------------|--------------------|--------------------|
| | % | 2015 | % | 2014 |
| Koç Holding A.Ş. | 43,7 | 59.364.947 | 43,7 | 59.364.947 |
| Shares publicly open in stock exchange | 31,4 | 42.676.800 | 31,4 | 42.676.800 |
| Kagome Co. Ltd. | 3,7 | 5.071.168 | 3,7 | 5.071.168 |
| Temel Ticaret ve Yatırım A.Ş. | 3,3 | 4.427.889 | 3,3 | 4.427.889 |
| Sumitomo Corporation | 1,5 | 2.077.983 | 1,5 | 2.077.983 |
| Other | 16,5 | 22.381.213 | 16,5 | 22.381.213 |
| Total Share Capital | 100,0 | 136.000.000 | 100,0 | 136.000.000 |
| Inflation adjustments to share capital | | 21.601.088 | | 21.601.088 |
| Adjusted share capital | | 157.601.088 | | 157.601.088 |

The company’s share capital of year 2015 consists of 13.600.000.000 number of shares and there is no preferred stock (31 December 2014: 13.600.000.000 number of shares)

b) Revaluation Fund

As a result of the adoption of standards recognized in other comprehensive income is comprised of actuarial gains and losses.

c) Restricted Reserves

Details of restricted reserves are as follows:

| | 30 June | 31 December |
|------------------|-------------------|--------------------|
| | 2015 | 2014 |
| Legal Reserves | 10.690.519 | 60.404 |
| Special Reserves | 69.915.703 | - |
| | 80.606.222 | 60.404 |

Legal Reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code, are not distributable to shareholders. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

Special Reserves

The Company has sold Maret assets in 2014 as described in note 12. The income from this sale was subjected to tax with exemptions as described in article 5/1-e of Corporate Tax Law No: 5520. According to the article 5/1-e of Corporate Tax Law No: 5520, 75% of the earnings from the sale of the properties and participation shares that corporations have kept among their assets for at least two full years, and from the sales of founders’ shares, preference shares and preferred rights they have kept for same duration are exempted from corporate tax. This exception shall apply in the term the sale is made, and the part of the proceeds of the sale that have benefited from the exception shall be kept in a special fund account of liabilities, until the end of the fifth year following the sale. However, the sale price must be collected until the end of the second calendar year following the year the sale is made.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 11– SALES AND COST OF SALES

For the periods ended between 30 June 2015 and 30 June 2014, the details of operating income and cost of goods sold are as follows:

| | 1 January - 30 June 2015 | 1 April - 30 June 2015 | 1 January - 30 June 2014 | 1 April - 30 June 2014 |
|--------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Domestic sales | 465.432.116 | 230.531.676 | 403.707.714 | 209.045.144 |
| Foreign sales | 29.438.139 | 16.726.709 | 31.028.263 | 12.589.184 |
| Rebates and sales discounts | (46.304.236) | (23.155.780) | (46.832.344) | (19.583.590) |
| Total operating revenue | 448.566.019 | 224.102.605 | 387.903.633 | 202.050.738 |
| Raw material costs | (252.038.221) | (131.349.415) | (218.870.905) | (103.176.258) |
| Labor costs | (8.628.040) | (4.865.172) | (8.110.247) | (4.391.325) |
| General production overheads | (24.191.639) | (13.328.595) | (22.806.408) | (11.604.595) |
| Depreciation cost | (3.172.215) | (1.737.349) | (3.410.802) | (949.048) |
| Change in inventory | (57.168.382) | (22.548.976) | (50.231.447) | (38.802.525) |
| Cost of sales | (345.198.497) | (173.829.507) | (303.429.809) | (158.923.751) |
| Gross profit | 103.367.522 | 50.273.098 | 84.473.824 | 43.126.987 |

NOTE 12 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

i) Harranova Besi

Sale of shares of The Company’s subsidiary Harranova Besi ve Tarım Ürünleri A.Ş. is completed. Loss for the period ended 30 June 2014 recorded as loss from discontinued operations.

ii) Industrial segment of meat and meat products (“Maret”)

The Company has sold meat and meat production equipments and “Maret” brand. The Company is no longer producing meat and meat products. Loss for the period ended 30 June 2014 recorded as loss from discontinued operations.

Loss from discontinued operations for the period ended 30 June 2014 are as follows:

| | Harranova Besi | Maret | Total |
|---|---------------------------|--------------------|---------------------|
| 1 January -30 June 2014 | | | |
| Revenue | 11.993.621 | 50.306.317 | 62.299.938 |
| Cost of sales | (14.351.248) | (47.524.002) | (61.875.250) |
| Gross profit | (2.357.627) | 2.782.315 | 424.688 |
| Operating expenses | (2.333.652) | (8.284.892) | (10.618.544) |
| Loss before tax from discontinued operations | (4.691.279) | (5.502.577) | (10.193.856) |
| Deferred tax effect | - | 838.268 | 838.268 |
| Loss from discontinued operations | (4.691.279) | (4.664.309) | (9.355.588) |

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 13 – OTHER ASSETS

| | <u>30 June</u> <u>2015</u> | <u>31 December</u> <u>2014</u> |
|--------------------------------------|-------------------------------|-----------------------------------|
| Other current assets: | | |
| Deductible value added tax (“VAT”) | 20.795.292 | 31.420.874 |
| VAT receivables arising from exports | 1.705.513 | 2.850.505 |
| Other | 1.057.816 | 120.494 |
| | <u>23.558.621</u> | <u>34.391.873</u> |
| | <u>30 June</u> <u>2015</u> | <u>31 December</u> <u>2014</u> |
| Other non-current assets: | | |
| Deductible VAT | 13.590.000 | 14.905.598 |
| | <u>13.590.000</u> | <u>14.905.598</u> |

NOTE 14 – TAX ASSETS AND LIABILITIES

| | <u>1 January -</u> <u>30 June</u> <u>2015</u> | <u>1 January -</u> <u>30 June</u> <u>2014</u> |
|------------------------------------|---|---|
| Current period tax income / (loss) | 809.609 | (3.168.843) |
| -Current period tax loss | - | (3.168.843) |
| -Prior period tax loss | 809.609 | - |
| Deferred tax income | 1.389.032 | 627.964 |
| Total tax income / (loss) | <u>2.198.641</u> | <u>(2.540.879)</u> |

Reconciliation of effective tax rate

The Company’s effective tax rate from continuous operations was negative 5 % for the period ended 30 June 2015, while it was 16 % for period ended 30 June 2014. The change is attributable to the usage of tax losses of Moova, the merged subsidiary, at the interim period for which no deferred tax was recognized in the previous year.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 15 – RELATED PARTY TRANSACTIONS

i) As of 30 June 2015 and 31 December 2014, the details of related party balances are as follows:

a) Deposits at Banks:

| | <u>30 June 2015</u> | <u>31 December 2014</u> |
|----------------------------|--------------------------|-----------------------------|
| Yapı ve Kredi Bankası A.Ş. | 44.102.824 | 94.317.636 |
| | <u>44.102.824</u> | <u>94.317.636</u> |

b) Financial liabilities:

| | <u>30 June 2015</u> | <u>31 December 2014</u> |
|----------------------------|-------------------------|-----------------------------|
| Yapı ve Kredi Bankası A.Ş. | 1.061.846 | 747.612 |
| | <u>1.061.846</u> | <u>747.612</u> |

c) Due from related parties:

| | <u>30 June 2015</u> | <u>31 December 2014</u> |
|------------------------------------|---------------------------|-----------------------------|
| Düzey (*) | 139.362.678 | 123.910.142 |
| Sumitomo Corporation | 3.842.821 | 655.143 |
| Tedi İçecek Sanayi ve Ticaret A.Ş. | - | 177.581 |
| Arçelik A.Ş. | - | 160.001 |
| Divan Turizm İşletmeleri A.Ş. | - | 6.711 |
| Others | 19.445 | 25.469 |
| | <u>143.224.944</u> | <u>124.935.047</u> |

(*) The Company's domestic selling and marketing operations are carried out by the Koç Group Company, Düzey.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 15 – RELATED PARTY TRANSACTIONS (CONTINUED)

d) Due to related parties:

| | 30 June 2015 | 31 December 2014 |
|--|-------------------------|-----------------------------|
| Trade Payables | | |
| Temel Ticaret ve Yatırım A.Ş. | 655.186 | 400.017 |
| Zer Merkezi Hizmetler ve Ticaret A.Ş. | 533.734 | 6.864.440 |
| Otokoç Otomotiv Tic.ve San.A.Ş. | 342.257 | 515.552 |
| Koç Sistem A.Ş. | 146.356 | 281.337 |
| Setur Servis Turistik A.Ş. | 106.975 | 173.890 |
| Opet Petrolcülük A.Ş. | 41.276 | 39.548 |
| Ram Sigorta Aracılık Hizmetleri A.Ş. (*) | 24.311 | 18.609 |
| Eltek Elektrik Enerji. İth.İhr.Top.Tic. A.Ş. | - | 662.010 |
| Others | 105.237 | 96.933 |
| | 1.955.332 | 9.052.336 |
| Other Payables | | |
| Koç Holding A.Ş. | 557.131 | 2.015.370 |
| Total Payables | 2.512.463 | 11.067.706 |

(*)In the context of insurance policies signed via acting as insurance agent Ram Insurance Brokerage Services A.Ş. and insurance companies, it includes the amount of premium paid accrued in the period ended June 30, 2015, respectively.

ii) For the periods ended 30 June 2015 and 2014, the details of significant sales to related parties and purchases from related parties are as follows:

a) Sales to related parties:

| | 1 January- 30 June 2015 | 1 January- 30 June 2014 |
|--------------------------------|--|--|
| Düzey (*) | 375.765.063 | 366.948.456 |
| Sumitomo Corporation | 17.295.994 | 13.508.952 |
| Türkiye Petrol Rafineleri A.Ş. | - | 1.080.600 |
| Divan Turizm İşletmeleri A.Ş. | - | 196.621 |
| Others | 2.201 | - |
| | 393.063.258 | 381.734.629 |

(*) The Company's domestic selling and marketing operations are carried out by the Koç Group Company, Düzey. Average maturity date for Düzey is 85 days.

b) Purchase from related parties:

| | 1 January- 30 June 2015 | 1 January- 30 June 2014 |
|--|--|--|
| Zer Merkezi Hizmetler ve Ticaret A.Ş. | 4.992.024 | 4.924.337 |
| Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş. | - | 7.572 |
| Koçtaş Yapı Marketleri Ticaret A.Ş. | - | 12.817 |
| | 4.992.024 | 4.944.726 |

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 15 – RELATED PARTY TRANSACTIONS (CONTINUED)

ii) For the periods ended 30 June 2015 and 2014, the details of significant sales to related parties and purchases from related parties are as follows (continued):

c) Services obtained from related parties:

| | 1 January- 30 June 2015 | 1 January- 30 June 2014 |
|--|--|--|
| Zer Merkezi Hizmetler ve Ticaret A.Ş. | 7.294.338 | 8.843.570 |
| Eltek Elektrik Enerjisi İth. İhr. Toptan Tic. A.Ş. | 3.889.455 | - |
| Aygaz A.Ş. | 2.487.647 | 2.128.921 |
| Temel Ticaret ve Yatırım A.Ş. | 953.055 | 657.505 |
| Koç Holding A.Ş. | 837.022 | 707.511 |
| Koç Sistem A.Ş. | 608.498 | 682.213 |
| Otokoç Otomotiv Tic. ve San. A.Ş. | 526.063 | 440.221 |
| Opet Petrolcülük A.Ş. | 448.230 | 396.598 |
| Setur Servis Turistik A.Ş. | 244.490 | 268.992 |
| Ram Sigorta Aracılık Hizmetleri A.Ş. (*) | 27.390 | 873.448 |
| Others | 495.524 | 258.488 |
| | 17.811.712 | 15.257.467 |

(*)In the context of insurance policies signed via acting as insurance agent Ram Insurance Brokerage Services A.Ş. and insurance companies, it includes the amount of premium paid accrued in the period ended June 30, 2015, respectively.

iii) For the periods ended 30 June 2015 and 2014, the details of financial expenses to related parties are as follows:

a) Interest Expenses:

| | 1 January- 30 June 2015 | 1 January- 30 June 2014 |
|----------------------------|--|--|
| Yapı ve Kredi Bankası A.Ş. | 424.521 | 747.459 |
| | 424.521 | 747.459 |

b) Interest Income:

| | 1 January- 30 June 2015 | 1 January- 30 June 2014 |
|----------------------------|--|--|
| Yapı ve Kredi Bankası A.Ş. | 790.904 | - |
| | 790.904 | - |

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 15 – RELATED PARTY TRANSACTIONS (CONTINUED)

iv) For the periods ended 30 June 2015 and 2014, the details of other income and expenses from / to related parties are as follows:

a) Rent Expenses:

| | <u>1 January- 30 June 2015</u> | <u>1 January- 30 June 2014</u> |
|-------------------------------|--|--|
| Temel Ticaret ve Yatırım A.Ş. | 335.108 | 657.505 |
| | <u>335.108</u> | <u>657.505</u> |

b) Payments to key management:

| | <u>1 January- 30 June 2015</u> | <u>1 January- 30 June 2014</u> |
|-------------------------------------|--|--|
| Wages and other short-term benefits | 1.821.745 | 2.280.266 |
| | <u>1.821.745</u> | <u>2.280.266</u> |

NOTE 16 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Company's financial risk policies and credit risk management practices has not been a significant change compared to previous periods.

a.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits are monitored by the Company according to the customer's credibility is evaluated continuously.

Trade receivables consist of many customers that operate in various industries and locations. Credit risk of the receivables from counterparties are evaluated perpetually.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 16 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (CONTINUED)

a) Financial Risk Factors (continued)

a.1) Foreign Currency Management

| | <u>Receivables</u> | | | | <u>Deposits in bank</u> | <u>Derivative instruments</u> | <u>Other</u> |
|--|--------------------------|------------------------|--------------------------|------------------------|-----------------------------|-----------------------------------|--------------|
| | <u>Trade receivables</u> | | <u>Other receivables</u> | | | | |
| | <u>Related party</u> | <u>Third party</u> | <u>Related party</u> | <u>Third party</u> | | | |
| 30 June 2015 | | | | | | | |
| Maximum net credit risk as of balance sheet date | 143.224.944 | 63.916.754 | - | 4.664.995 | 59.243.497 | - | 110 |
| -The part of maximum risk under guarantee with collateral etc. | - | - | - | - | - | - | - |
| A. Net book value of financial assets that are neither past due nor impaired | 129.902.662 | 62.016.481 | - | 4.664.995 | 59.243.497 | - | 110 |
| B. Carrying value of financial assets that are past due but not impaired | 13.322.282 | 1.900.273 | - | - | - | - | - |
| C. Net book value of impaired assets | - | 2.585.333 | - | - | - | - | - |
| - Past due (gross carrying amount) | - | - | - | - | - | - | - |
| - Impairment | - | (2.585.333) | - | - | - | - | - |
| - The part of net value under guarantee with collateral etc. | - | - | - | - | - | - | - |
| - Not past due (gross carrying amount) | - | - | - | - | - | - | - |
| - The part of net value under guarantee with collateral etc. | - | - | - | - | - | - | - |
| D. Off-balances sheet items with credit risk | - | - | - | - | - | - | - |

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 16 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (CONTINUED)

a) Financial Risk Factors (continued)

a.1) Foreign Currency Management

| <u>31 December 2014</u> | <u>Receivables</u> | | | | <u>Deposits in bank</u> | <u>Derivative instruments</u> | <u>Other</u> |
|--|--------------------------|------------------------|--------------------------|------------------------|-----------------------------|-----------------------------------|--------------|
| | <u>Trade receivables</u> | | <u>Other receivables</u> | | | | |
| | <u>Related party</u> | <u>Third party</u> | <u>Related party</u> | <u>Third party</u> | | | |
| Maximum net credit risk as of balance sheet date | 124.935.047 | 57.833.907 | - | 1.042.060 | 95.098.674 | - | - |
| -The part of maximum risk under guarantee with collateral etc. | - | 8.950.237 | - | - | - | - | - |
| A. Net book value of financial assets that are neither past due nor impaired | 124.935.047 | 55.381.427 | - | 1.042.060 | - | - | - |
| B. Carrying value of financial assets that are past due but not impaired | 8.762.743 | 2.452.480 | - | - | - | - | - |
| C. Net book value of impaired assets | - | 2.605.945 | - | - | - | - | - |
| - Past due (gross carrying amount) | - | - | - | - | - | - | - |
| - Impairment | - | (2.605.945) | - | - | - | - | - |
| - The part of net value under guarantee with collateral etc. | - | - | - | - | - | - | - |
| - Not past due (gross carrying amount) | - | - | - | - | - | - | - |
| - The part of net value under guarantee with collateral etc. | - | - | - | - | - | - | - |
| D. Off-balances sheet items with credit risk | - | - | - | - | - | - | - |

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 16 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (CONTINUED)

a) Financial Risk Factors (continued)

a.2) Foreign Currency Management

Foreign currency transactions lead to Exchange risk for company. Exchange risk is managed with forward foreign exchange purchase/sale contracts based on authorized policies.

The foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

| 30 June 2015 | TL Equivalent | USD | EUR | GBP |
|--|----------------------|------------------|------------------|---------------|
| 1. Trade Receivables | 7.857.060 | 2.047.265 | 790.490 | 22 |
| 2.a Monetary financial assets | 19.464.290 | 3.201.820 | 3.593.400 | 34.914 |
| 2.b Non-monetary financial assets | - | - | - | - |
| 3. Other | - | - | - | - |
| 4. CURRENT ASSETS | 27.321.350 | 5.249.085 | 4.383.890 | 34.936 |
| 5. Trade Receivables | - | - | - | - |
| 6.a Monetary Financial Assets | - | - | - | - |
| 6.b Non-Monetary Financial Assets | - | - | - | - |
| 7. Other | - | - | - | - |
| 8. NON-CURRENT ASSETS | - | - | - | - |
| 9. TOTAL ASSETS | 27.321.350 | 5.249.085 | 4.383.890 | 34.936 |
| 10. Trade Payables | 285.999 | 52.282 | 48.341 | 330 |
| 11. Financial Liabilities | 8.177.333 | 3.044.088 | - | - |
| 12.a Other Monetary Financial Liabilities | 1.063.028 | 395.722 | - | - |
| 12.b Other Non-monetary Financial Liabilities | - | - | - | - |
| 13. CURRENT LIABILITIES | 9.526.360 | 3.492.092 | 48.341 | 330 |
| 14. Trade Payables | - | - | - | - |
| 15. Financial Liabilities | - | - | - | - |
| 16.a Other Monetary Financial Liabilities | - | - | - | - |
| 16.b Other Non-monetary Financial Liabilities | - | - | - | - |
| 17. NON CURRENT LIABILITIES | - | - | - | - |
| 18. TOTAL LIABILITIES | 9.526.360 | 3.492.092 | 48.341 | 330 |
| 19. Net asset /liability position of off-balance sheet derivatives (19a-19b) | - | - | - | - |
| 19.a Off-balance sheet foreign currency derivative assets | - | - | - | - |
| 19.b Off balance sheet foreign currency derivative liabilities | - | - | - | - |
| 20. Net foreign currency asset/liability position | 17.794.990 | 1.756.993 | 4.335.548 | 34.606 |
| 21. Net foreign currency asset/ liability position of non-monetary items (1+2a+6a-10-11-12a-14-15-16a) | 17.794.990 | 1.756.993 | 4.335.548 | 34.606 |
| 22. Fair value of foreign currency hedged financial assets | - | - | - | - |
| 23. Hedged foreign currency assets | - | - | - | - |

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**NOTE 16 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS
(CONTINUED)**

a) Financial Risk Factors (continued)

a.2) Foreign Currency Management

| 31 December 2014 | TL Equivalent | USD | EUR | GBP |
|---|----------------------|---------------------|----------------|------------|
| 1. Trade Receivables | 5.092.228 | 1.892.700 | 249.288 | 22 |
| 2.a Monetary financial assets | 2.008.616 | 853.696 | 9.782 | 386 |
| 2.b Non-monetary financial assets | - | - | - | - |
| 3. Other | - | - | - | - |
| 4. CURRENT ASSETS | 7.100.844 | 2.746.396 | 259.070 | 408 |
| 5. Trade Receivables | - | - | - | - |
| 6.a Monetary Financial Assets | - | - | - | - |
| 6.b Non-Monetary Financial Assets | - | - | - | - |
| 7. Other | - | - | - | - |
| 8. NON-CURRENT ASSETS | - | - | - | - |
| 9. TOTAL ASSETS | 7.100.844 | 2.746.396 | 259.070 | 408 |
| 10. Trade Payables | (2.022.586) | (871.202) | (835) | - |
| 11. Financial Liabilities | (16.248.397) | (7.006.942) | - | - |
| 12.a Other Monetary Financial Liabilities | (6.967.696) | (3.004.741) | - | - |
| 12.b Other Non-monetary Financial Liabilities | - | - | - | - |
| 13. CURRENT LIABILITIES | (25.238.679) | (10.882.885) | (835) | - |
| 14. Trade Payables | - | - | - | - |
| 15. Financial Liabilities | - | - | - | - |
| 16.a Other Monetary Financial Liabilities | - | - | - | - |
| 16.b Other Non-monetary Financial Liabilities | - | - | - | - |
| 17. NON CURRENT LIABILITIES | - | - | - | - |
| 18. TOTAL LIABILITIES | (25.238.679) | (10.882.885) | (835) | - |
| 19. Net asset /liability position of off-balance sheet derivatives (19a-19b) | - | - | - | - |
| 19.a Off-balance sheet foreign currency derivative assets | - | - | - | - |
| 19.b Off balance sheet foreign currency derivative liabilities | - | - | - | - |
| 20. Net foreign currency asset/liability position | (18.137.835) | (8.136.489) | 258.235 | 408 |
| 21. Net foreign currency asset/ liability position of non-monetary items (1+2a+6a-10-11-12a-14-15-16a) | (18.137.835) | (8.136.489) | 258.235 | 408 |
| 22. Fair value of foreign currency hedged financial assets | - | - | - | - |
| 23. Hedged foreign currency assets | - | - | - | - |

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 16 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (CONTINUED)

a) Financial Risk Factors (continued)

Foreign currency sensitivity

The Company is mainly exposed to foreign currency risk in USD and EURO.

The following table details the Company's sensitivity to a 10% increase and decrease in the USD and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit / loss and other equity.

| | 30 June 2015 | |
|--|-------------------------------------|------------------------------------|
| | Profit / Loss | |
| | Appreciation of foreign currency | Devaluation of foreign currency |
| In the case of appreciation of US Dollar at 10% ratio compared to TL | | |
| 1 – US Dollar net asset / liability | 471.981 | (471.981) |
| 2- Part of hedged from US Dollar risk (-) | - | - |
| 3- US Dollar net effect | 471.981 | (471.981) |
| In the case of appreciation of Euro at 10% ratio compared to TL | | |
| 4 - Euro net asset / liability | 1.292.947 | (1.292.947) |
| 5 – Part of hedged from Euro risk (-) | - | - |
| 6- Euro net effect | 1.292.947 | (1.292.947) |
| In the case of appreciation of GBP at 10% ratio compared to TL | | |
| 7 - GBP net asset / liability | 14.571 | (14.571) |
| 8 – Part of hedged from GBP risk (-) | - | - |
| 9 – GBP net effect | 14.571 | (14.571) |
| TOTAL | 1.779.499 | (1.779.499) |
| 31 December 2014 | | |
| | Profit / Loss | |
| | Appreciation of foreign currency | Devaluation of foreign currency |
| In the case of appreciation of US Dollar at 10% ratio compared to TL | | |
| 1 – US Dollar net asset / liability | (1.886.625) | 1.886.625 |
| 2- Part of hedged from US Dollar risk (-) | - | - |
| 3- US Dollar net effect | (1.886.625) | 1.886.625 |
| In the case of appreciation of Euro at 10% ratio compared to TL | | |
| 4 - Euro net asset / liability | 72.842 | (72.842) |
| 5 – Part of hedged from Euro risk (-) | - | - |
| 6- Euro net effect | 72.842 | (72.842) |
| TOTAL | (1.813.783) | 1.813.783 |

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 17 - SUBSEQUENT EVENTS

None.