January 01, 2011 – 30 June 2011

ACTIVITY REPORT

GÜBRE FABRİKALARI TÜRK A. Ş.

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ACTIVITY REPORT OF THE BOARD OF DIRECTORS

PURSUANT TO THE COMMUNIQUE SERIES: XI NUMBER 29

I) INTRODUCTION

A. REPORTING PERIOD

01.01.2011 - 30.06.2011

B. CORPORATE'S NAME

Gübre Fabrikaları Türk Anonim Şirketi

C. BOARD OF DIRECTORS

Members of the Board of Directors in Period:

Chairman	: Abdullah KUTLU	(from 19.04.2011)
Vice Chairman	: Necdet DİRİK	(from 25.10.2005)
Member	: Hamdi GÖNÜLLÜ	(from 31.03.2005)
Member	: Erol DEMİR, Ph.D.	(from 10.04.2009)
Member	: Yusuf YEŞİL	(from 30.03.2007)
Member	: Mehmet Tahir TOPALAKÇI	(from 26.09.2008)
Member	: Mehmet KOCA	(from 31.03.2006)

D. BOARD OF AUDITORS

Namık Kemal BAYAR	(from 10.04.2009)
Bülent İŞKÜR	(from 13.06.2011)

The members of the Board of Directors and Auditors are entitled to use the powers provided in the articles of the association and the Turkish Commercial Code.

E. CAPITAL STRUCTURE

As of 30.06.2011, registered capital of the company is 200.000.000 TL and issued capital is 83.500.000 TL.

Partnership structure of the company is shown in table 1:

Table 1		
GÜBRE FABRİKALARI T.A.Ş. CAPITAL STRUCTURE		
Shareholders	**Amount of Share**	**Share**
Central Union of Turkish Agricultural Credit Cooperatives	63.421.152	75,95%
Others	20.078.848	24,05%
Total	**83.500.000**	**100%**

F. INFORMATION ABOUT OUR FACILITIES

Our Company reached a total real estate area of 340.634 sqm, of which 139.761 sqm closed including warehouses, business buildings and lands, which can be improved. All regional distribution of buildings and lands are listed below in Table 2:

Table 2		
Real Estates		
Closed Area (sqm)		**139.761**
Management		**4.067**
Head Office		1.592
Yarımca Facilities - Office		2.145
Ankara Office		120
Samsun Office		210
Production Facilities		**77.559**
Yarımca Facilities	Kocaeli	41.754
İzmir Facilities	İzmir	1.750
İskenderun Facilities	İskenderun	34.055
Warehouses		**58.135**
Yarımca Warehouse	Kocaeli	9.813
Samsun Warehouse	Samsun	6.324
Köseköy Warehouse	Kocaeli	6.664
Helvacı Warehouse	İzmir	14.720
Akçay Warehouse	İskenderun	10.923
Tekirdağ Warehouse	Tekirdağ	7.189
İzmir Foça Warehouse	İzmir	2.502

Yarımca Facilities has 685.000 tons/year fertilizer production capacity and İzmir Facilities has 25.000 tons/year liquid and powder fertilizer production capacity.

Table 3	
Gübre Fabrikaları T.A.Ş. Fertilizer Production Capacity (mt)	
FACILITIES	**CAPACITY**
YARIMCA	
TSP	185.000
COMPOUND FERTILIZER (NPK 1)	200.000
COMPOUND FERTILIZER (NPK 2)	300.000
TOTAL	**685.000**
İZMİR	
LIQUID AND POWDER FERTILIZER	25.000
GRAND TOTAL	**710.000**

The total capacity of our warehouses is 394.000 tons.

Table 4	
Warehouse Capacity	
Region Warehouses	**Capacity (Tons)**
Yarımca	140.000
Iskenderun	119.000
Izmir	62.000
Samsun	30.000
Tekirdağ	40.000
Izmir Liquid	3.000
TOTAL	**394.000**

G. SUBSIDIARIES

Razi Petrochemical Co.:

Razi Petrochemical Co., founded in 1968, is one of the leading companies in Iran which produces fertilizers and fertilizer raw materials. Razi Petrochemical Co. has 3.770.500 tons/year production capacity of both fertilizers and fertilizer raw materials and exports much of its products.

Gübretaş with 48,88% stake in Razi Petrochemical Co. started to disclose its financial reports on the consolidated base since June 2008.

Negmar Denizcilik Yatırım A.Ş.:

Established in 2008, Negmar Denizcilik Yatırım A.Ş, operates in shipping industry. The company continues its operations with its 5 vessels.

Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.:

Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş., established in 2009 and it is operating in the field of plant protection products. Tarkim has a production capacity of 25.000 ton/year.

İmece Prefabrik Yapı Tarım Makineleri Temizlik ve Güvenlik Hizmetleri San.Tic A.Ş.:

İmece Prefabrik Yapı Tarım Makineleri Temizlik ve Güvenlik Hizmetleri San.Tic.A.Ş., established in 1974, and since then it is operating in the reinforced concrete and steel structure construction including construction services and mould production business.

Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.:

Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş., established in 1996, operates in Information Technology industry.

Our share proportion and paid-in capital of subsidiary is listed in Table 5.

Table 5		
SUBSIDIARY		
Company Name	**Stock Proportion (%)**	**Paid-In Capital (TL)**
Razi Petrochemical Co.	48,88	424.807.554

Our share proportion and paid-in capital of affiliaties are listed in Table 6.

Table 6		
AFFILIATES		
Company Name	**Stock Proportion (%)**	**Paid-In Capital (TL)**
Negmar Denizcilik Yatırım A.Ş.	40,00	12.000.000
Tarkim Bitki Koruma San. ve Tic. A.Ş.	40,00	6.400.000
Tarnet Tar. Kre.Bil .Hiz.San Tic .A.Ş.	17,00	523.628
Imece Pref Yapı Tar.Mak.Tem.Güv. Hiz.San.Tic.A.Ş.	15,44	2.013.888

H. INVESTMENT PROPERTY

Our company rented its Iskenderun facility to Denizciler Birliği Deniz Nakliyatı ve Ticaret A.Ş. for a period of 30 years in 2007 for more efficient operation and with a fixed rental rate along with share of income. Fertilizer handling job in the region is outsourced to the company.

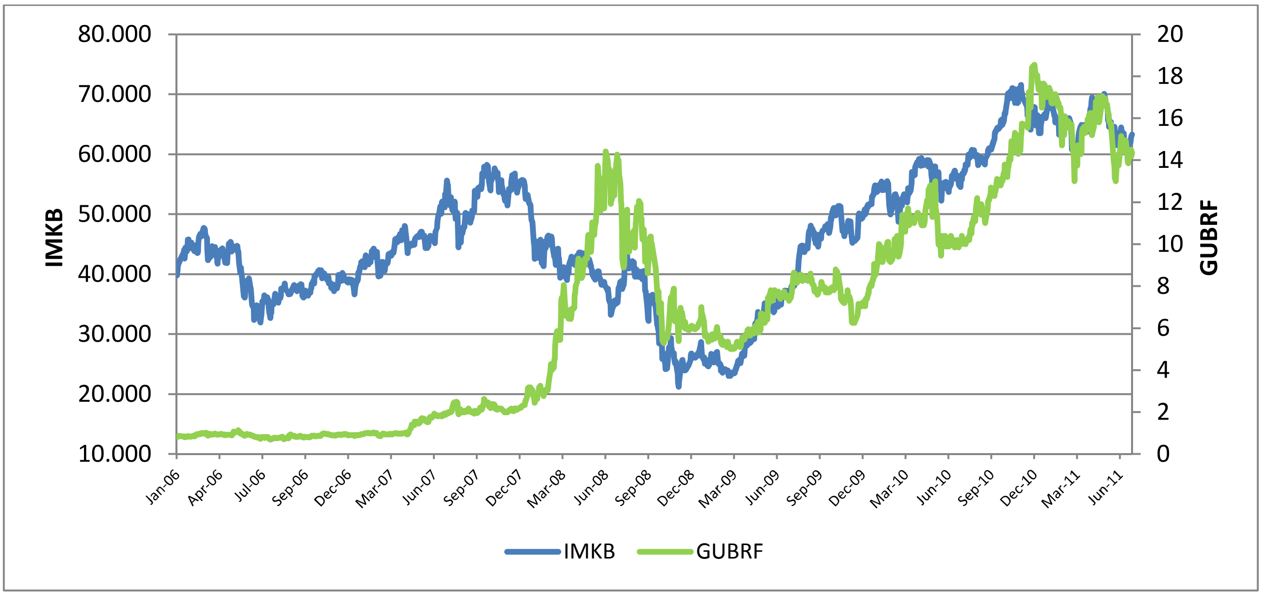
I. DISTRIBUTION OF DIVIDENDS:

Dividend rates that have been distributed in the last five years are shown in Table 7.

Table 7				
DIVIDEND RATES PER SHARE (%)				
2010	**2009**	**2008**	**2007**	**2006**
-	-	-	30,07	22,65

J. PERFORMANCE OF THE STOCK

Graph 1 – Performance of the stock

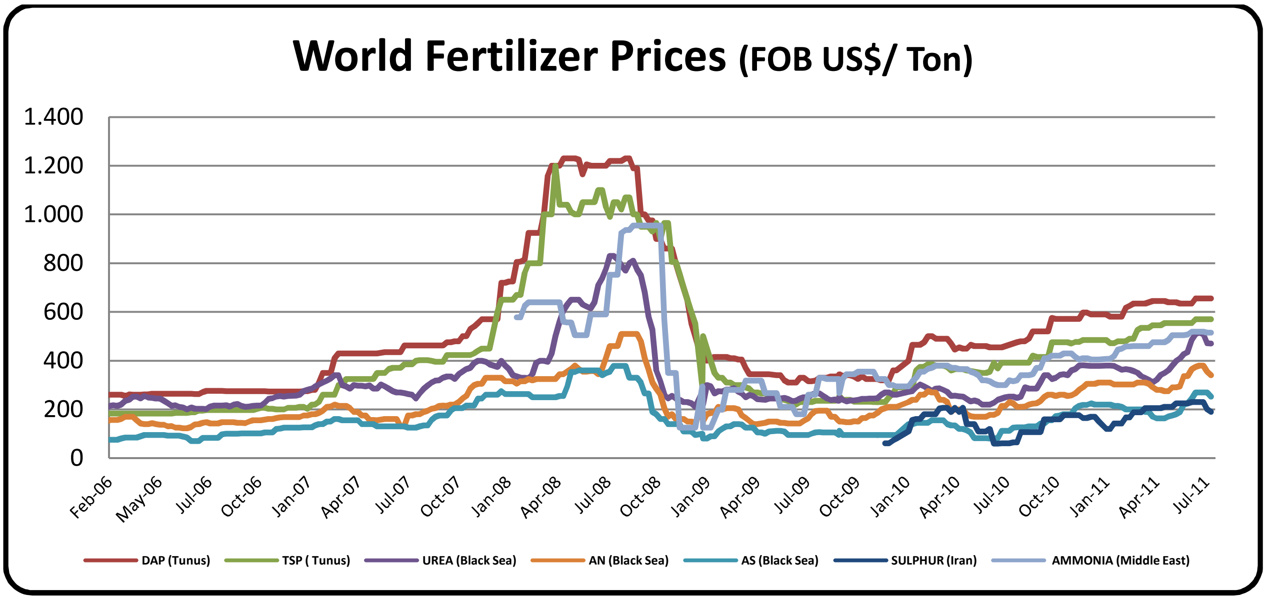


K. TURKISH FERTILIZER INDUSTRY AND POSITION OF GÜBRETAŞ

Turkey does not have the raw material resources used in production of chemical fertilizers. 95 % of main inputs like natural gas, phosphate rock, potassium salts are procured from foreign markets. Due to the dependence on foreign markets, international market conditions and exchange rates have impact on the sector.

Fertilizer Prices in the International Markets

GRAPH 2 – Fertilizer Prices in the International Markets



Production:

Turkey produces intermediate goods and compound fertilizers, however inputs for these are imported since Turkey lacks the needed natural resources.

Total capacity of Turkish Fertilizer Industry shown below Table 8:

Table 8					
Production Capacity of Turkish Fertilizer Indusry (Tons)					
Years	**2010**	**2009**	**2008**	**2007**	**2006**
Capacity	5.474.000	5.474.000	5.553.200	5.556.200	5.850.000

Graph 3 – Fertilizer Production and GÜBRETAŞ's Share in Production

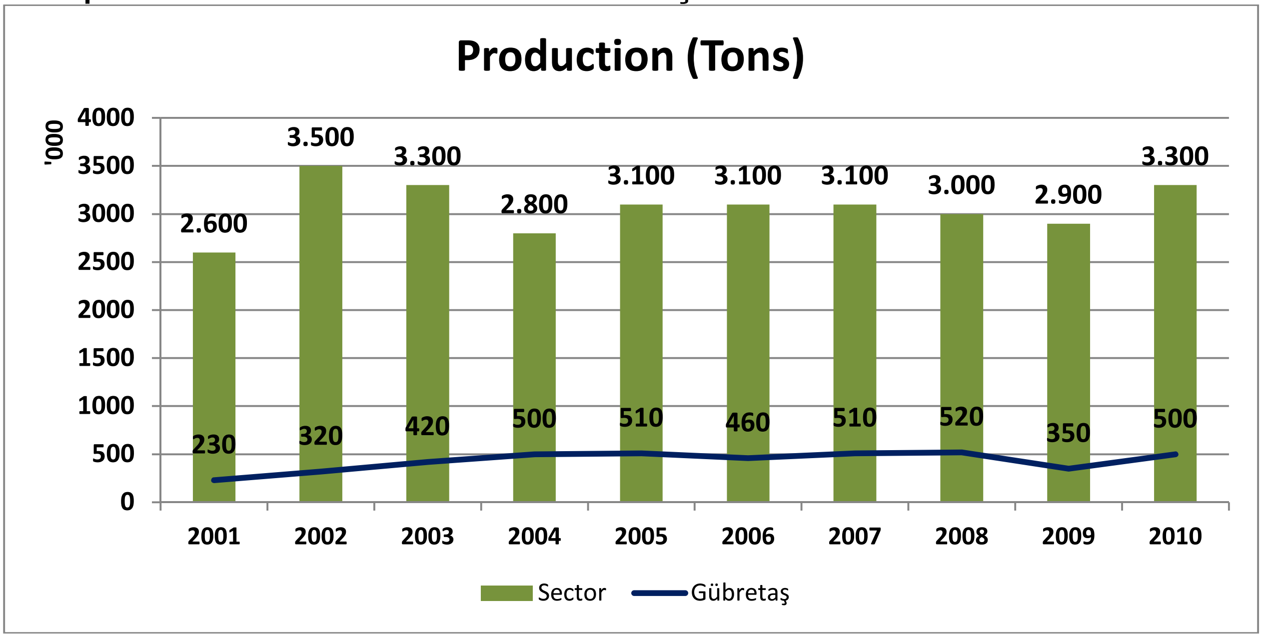


Table 9			
Sector Production By Product as of June (Tons)			
Product	**2011**	**2010**	**Change (%)**
AS	114.280	123.214	-7,25%
CAN	499.083	398.136	25,35%
AN	165.782	193.971	-14,53%
UREA	278.120		
TSP	55.020	63.966	-13,99%
DAP	135.948	248.291	-45,25%
P.SULPHATE	137	893	
COMPOUND	696.294	542.832	28,27%
TOTAL	**1.944.664**	**1.571.303**	**23,76%**

Amount of production of first half of 2011 was 1.944.664 mt and 35,81% of production was compound fertilizers.

Sales:

According to the data from first half of 2011, fertilizer consumption was 2.978.377 tons while in the same period of previous year it was 2.805.878 tons, recording a 6,17% increase. Moreover, our sales increased by 20,23% and market share was 26,77%.

Within the first half of 2011, export was 303.881 mt, increased by 74,30% and import was 1.046.961 mt, increased by 6,42%.

Graph 4 – Fertilizer Consumption in Turkey and Gübretaş's Share in Sales

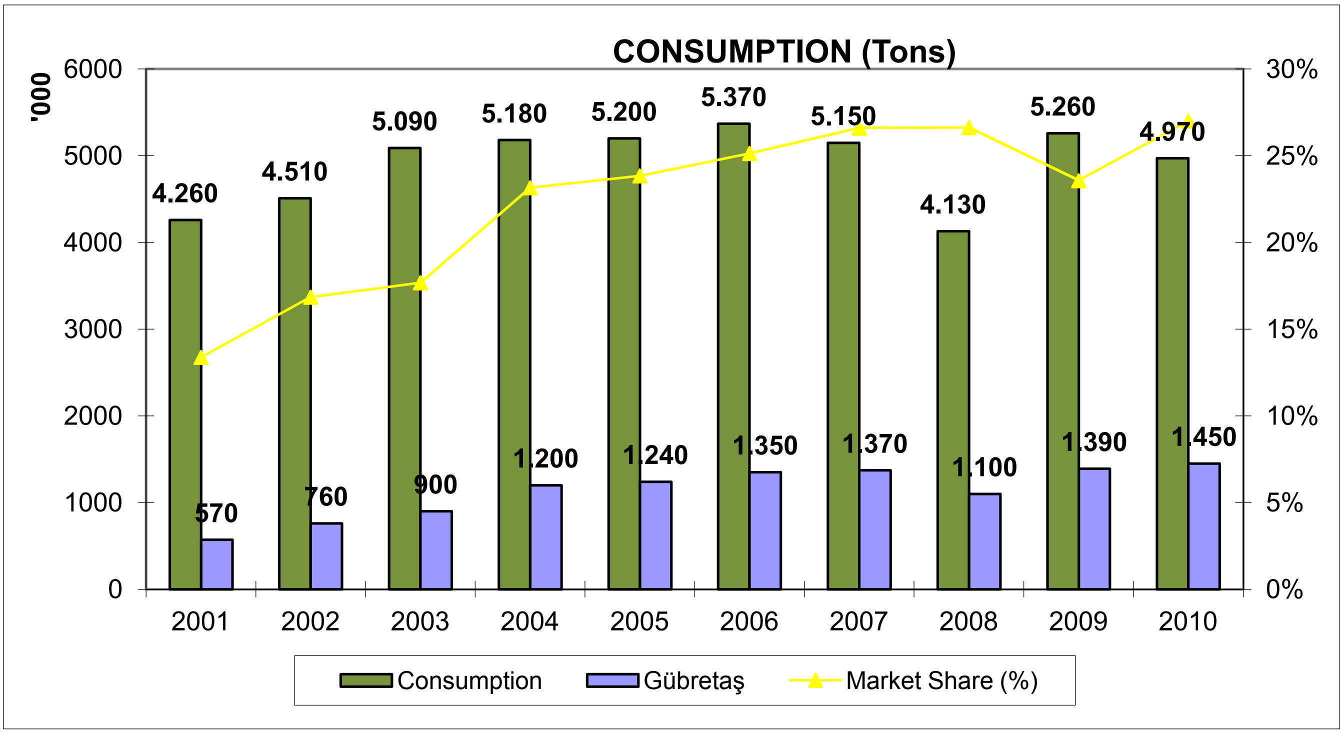


Table 10			
Sector Consumption By Product as of June (Tons)			
Product	**2011**	**2010**	**Change (%)**
AS	311.841	311.790	0,02%
CAN	599.698	550.531	8,93%
AN	623.037	578.865	7,63%
UREA	576.156	606.369	-4,98%
TSP	14.322	7.983	79,42%
NSP	1.366	1.275	7,14%
DAP	128.677	108.507	18,59%
P.SULPHATE	13.035	12.549	3,87%
P.NITRATE	16.826	15.455	8,87%
COMPOUND	693.420	611.954	13,31%
TOTAL	**2.978.377**	**2.805.278**	**6,17%**

II.2011 ACTIVITIES

A. INVESTMENTS

INVESTMENTS IN 2011

INVESTMENTS	TL
WAREHOUSE BUILDING PROJECT	1.638.746
LABORATORY BUILDING PROJECT	105.500
TOTAL	1.744.246

B. ACTIVITIES OF THE GÜBRE FABRİKALARI T.A.Ş. IN 2011

GÜBRE FABRİKALAR T.A.Ş.:

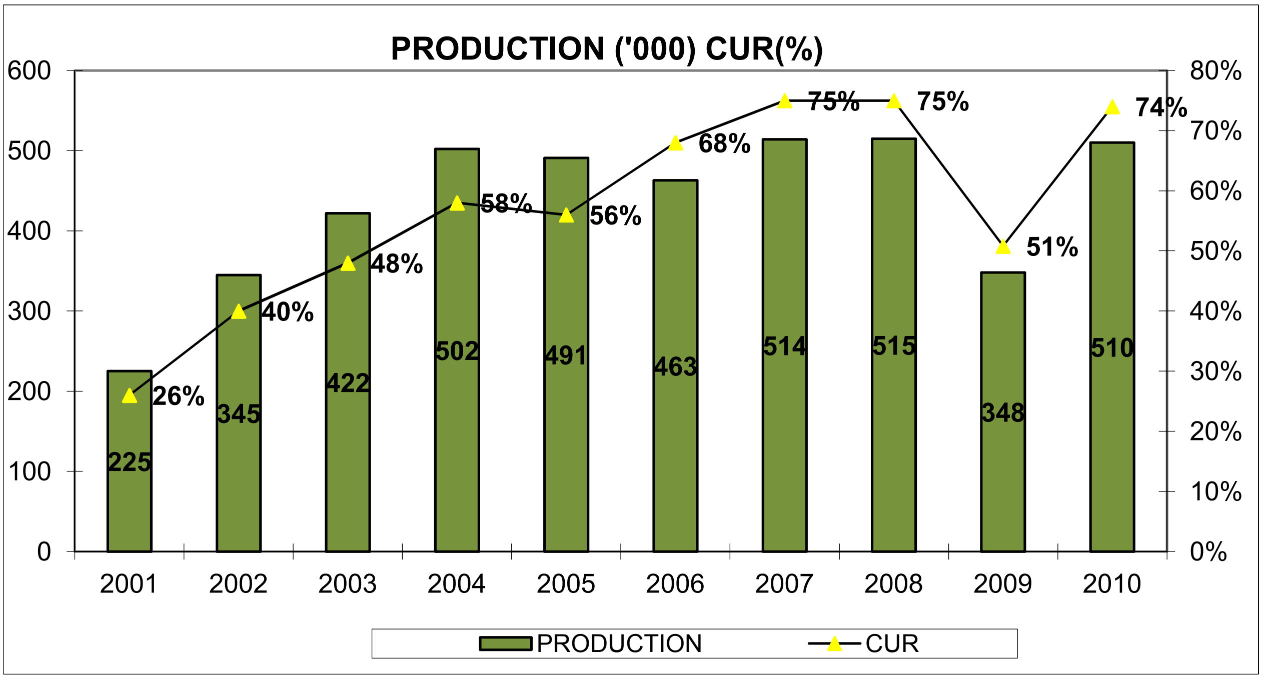
Gübre Fabrikaları T.A.Ş. is the first and pioneer chemical fertilizer factory established in Turkey. An important portion of the sales of the company, which has a 26,77 % market share, is realized through Agricultural Credit Cooperatives. There are seven regional sales directorates in Turkey. Gübretaş sells to every corner where there is agricultural production via 2.697 dealers, 1.771 of which belongs to Agricultural Credit Cooperatives and 926 to Gübretaş itself.

1) Production

In the first half of 2011, Gübretaş produced 55.020 ton TSP and 197.656 ton Compound fertilizers totaling 252.676 tons. In first first half of 2011 capacity utilization rate was 74%, 220.487 ton fertilizer sold and 32.189 ton were used as raw material. 439.382 lt of liquid fertilizer and 1.392.924 kg powder fertilizer were produced. In the same period of 2010, 235.547 tons solid fertilizer, 329.530 lt liquid fertilizer and 525.569 kg powder fertilizer were produced.

Table 11			
Production Quantities (Tons)			
Product	**2011**	**2010**	**Change (%)**
10.25.5.CSO	0	1.435	-100,0%
10.25.20	3.589	1.530	134,6%
12.30.12	33.960	0	
13.24.12	19.721	9.176	114,9%
13.25.5	1.950	0	
15.15.15	15.682	11.772	33,2%
15.15.15.ZN	26.263	18.944	38,6%
15.20.10	1.901	825	130,4%
20.20.0	27.226	74.420	-63,4%
20.20.0.ZN	41.066	34.033	20,7%
TSP	55.020	63.960	-14,0%
23.12.9	4.019	0	
25.5.10	22.279	19.452	14,5%
GRAND TOTAL	**252.676**	**235.547**	7,3%
Liquid Fertilizer (lt)	439.382	329.530	33,34%
Powder Fertilizer (kg)	1.392.924	525.569	165,03%

Graph 5 – Production and Capacity Utilization Ratios in Years (%)



2) Sales and Purchases

Within the first half of 2011, the company sold 798.641 tons of solid, 725.270 lt of liquid and 6.147.322 kg of powder fertilizers. In the same period of 2010; 664.255 tons solid, 544.345 lt liquid and 4.325.804 kg powder fertilizer were sold.

Comparative Sales figures by products for 2010 - 2011 is given in Table 12

Table 12

Sales by Product Groups (Tons)

Solid Fertilizer	**2011**	**2010**	**Change %**
TSP	**11.877**	**30.121**	(60,6)
15.15.15	53.334	47.442	12,4
15.15.15 Zn	27.955	20.784	34,5
20.20.0	65.890	66.820	(1,4)
20.20.0 Zn	33.457	23.079	45,0
25.5.10	22.307	19.422	14,9
13.24.12	19.979	9.454	111,3
10.25.20	2.905	274	
12.30.12	33.949		
15.20.10	1.901	1.667	14,0
23.12.9	3.910		
13.25.5	1.523		
10.25.5	0	2.124	100,0
Compound Fertilizer	**278.987**	**191.066**	46,0
UREA	147.222	108.698	35,4
AS	59.924	55.340	8,3
CAN	122.331	110.469	10,7
AN	140.061	146.738	(4,6)
DAP	44.534	19.142	132,6
PS	4.847	1.980	144,8
MAP	175	117	49,6
Other	562	583	(3,6)
Total	**519.654**	**443.067**	17,3
GRAND TOTAL	**798.641**	**664.255**	20,2
Liquid Fertilizer (lt)	725.270	544.345	33,2
Powder Fertilizer (kg)	6.147.322	4.325.804	42,1

Table 13

Gübre Fabrikaları T.A.Ş. Sales, Import and Domestic Purchases (Tons)

	2011	**2010**	**Change %**
Sales	798.641	664.254	20,23
Domestic Purchases	187.079	243.424	(23,15)
Import	493.320	429.878	14,76

The volume of purchases reached 673.302 tons in the first half of 2010 and increased by 1% to reach 680.399 tons in the same period of 2011. In 2010 24.602 tons and in 2011 1.267 tons exported.

Table 14

Gübre Fabrikaları T.A.Ş. Sales (ton)

Sales Group	2011	2010	Change %
Vendor Sales	183.630	175.633	4,55
Corporate Sales	552.534	448.228	23,27
Export	1.267	24.602	(94,85)
Other	61.210	15.791	287,63
TOTAL	**798.641**	**664.254**	**20,23**

ACTIVITIES OF RAZİ PETROCHEMICAL CO.

Production and Sales:

Razi Petrochemical Co. is the biggest fertilizer and fertilizer raw materials production facility with a real estate portfolio of 877.000 sqm. Total established capacity of Razi Petrochemical that was acquired in February 2008 reaches 3.770.500 tons/year.

Table 15

RAZI PETROCHEMICAL CO. Capacity, Production (Tons) and CUR (%)

Product	Capacity	2011	2010	Change %	CUR (%)
Amonnia	1.336.500	491.226	504.883	(2,7%)	74%
Urea	594.000	229.333	185.421	0,2	77%
Sulphur	508.000	202.637	211.009	(4,0%)	80%
Sulp.Acid	627.000	74.624	59.415	0,3	24%
DAP	450.000	21.395			10%
Phos. Acid	255.000				
Total	**3.770.500**	**1.019.215**	**960.728**	6%	**108%**

Razi produced 1.019.215 tons of goods and capacity utilization rate was %54,01 in first half of 2011.

Table 16				
Sales (ton)				
	2011		2010	
	Domestic Sales	Export	Domestic Sales	Export
Ammonia		345.522		379.312
Urea	104.661	104.900	173.441	
Sulphur		173.843		188.145
Sulp.Acid	76.827		53.201	
DAP	19.972			
Total	**201.460**	**624.265**	**226.642**	**567.457**
GRAND TOTAL	**825.725**		**794.099**	

In 2011, 825.725 tons of fertilizer sold and 417.744.100 TL of revenue achieved.

3) Research & Development Activities

a)- Turkey Soil Productivity Map:

Studies aiming to form Turkish soil fertility map within the framework of Soil Map Project is continued. In this respect, current qualitative and quantative information is categorized according to locational daha, by means of a mapping software and is input as data into subcategorizes under each different location. GPS device is used for position detection and analyses from a total 3.580 locations are completed.

b)- Research and Development:

Our Yarımca Laboratory, shown as a reference laboratory by the Ministry of Agriculture for the inspections carried out in the market, also provides quality control and analysis services to our plant. The laboratory is licenced in accordance with ISO/IEC EN 17025 Laboratory Accreditation by Turkak.

Within the framework of product development, studies on organomineral and organic fertilizer are carried out.

New formulation studies and some modifications on the raw materials are done.

With a number of universities and research institutions trial studies are continued.

Izmir Laboratory is in service now.

D. ADMINISTRATIVE ACTIVITIES

Company's Top Management

General Manager	**Mehmet KOCA**
Bachelor	İstanbul Technical University / Sakarya Engineering Faculty Industrial Engineering Department
Deputy General Manager	**Ferhat ŞENEL**
Bachelor	Istanbul University / School of Business Administration
Deputy General Manager	**Tahir OKUTAN**
Bachelor	Atatürk University / Faculty of Agriculture
Bachelor	Anadolu University / School of Economics
Post Graduate	Dumlupınar University / Institute of Social Sciences
Deputy General Manager	**İsmail BABACAN**
Bachelor	Marmara University / Faculty of Theology
Post Graduate	Marmara University / Faculty of Theology
Deputy General Manager	**Osman BALTA**
Bachelor	İstanbul Technical University / Sakarya Faculty of Mechanical Engineering

Table 17

PERSONNEL STATUS

PERSONNEL	2011			2010			Change
	Non-Union	*Union*	*Total*	*Non-Union*	*Union*	*Total*	*%*
Head Office	87		87	81		81	7 %
Yarımca Facilities	44	217	261	44	202	246	6 %
Regional Sales Dir.	61		61	48		48	27 %
TOTAL	**192**	**217**	**409**	**173**	**202**	**375**	**9 %**

Training Activities

Training activities are aimed at developing managerial, personal and professional capabilities of the staff. Training activities of 6.466 hours with participation of 176 employees were carried out.

17. Social Responsibility

Sholarships

Gübretaş is granting sholarships to the students of 25 Agricultural Faculties in Turkey, 81 of beneficiaries in total.

Training

Our training activities aimed at supporting agricultural knowledge for more efficient agricultural producing and raising profilibility via optimizing inputs costs such as fertilizers continued. Company's Regional Sales Directorates informed farmers in all aspects of agriculture in seminar meetings organized in cooperation with Turkish Agricultural Credit Cooperatives. Specialist agricultural engineers enlightened farmers in these meetings on conscious choice of fertilizers in these meetings on conscious choice of fertilizers and application methods and soil analysis.

CONCLUSION

DEAR SHAREHOLDERS,

In first half of 2011 our facilities has been produced 252.676 tons of various combinations of chemical fertilizers. (32.189 of these have been used as raw materials). 680.399 tons of nitrogenous fertilizer at first which cannot be produced in our facilities and is consumed too much in our country is procured from domestic and foreign markets. 798.641 tons of solid, 725.270 lt liquid and 6.147.322 kg powder fertilizer sold in first half of 2011. Net sale income amount was 540.754.359 TRY.

Also 1.019.215 tons of fertilizer has been produced, 417.744.100 TRY sale revenues has been got by sale of 825.725 tons of fertilizer and fertilizer raw material in our affiliated company Razi Petrochemical Co.

Our company reached to 955.076.561 TRY consalidated sale revenues. Beside this 692.873.263 TRY cost of goods sold, 71.254.182 TRY operation expenses, 64.162.844 TRY net financing expenses have been occurred. By adding other income and expenses (net 3.571.143 TRY) 130.357.414 TRY value before tax has been reached. After adding deferred tax income and deducting other legal liabilities 105.005.065 TRY consalidated profit has been reached. 27.124.751 TRY has been obtained after deducting minority shareholders' shares.

We would kindly like to ask you to evaluate the results mentioned above regarding our first half of 2011 activities,

Best Regards,
BOARD OF DIRECTORS

GÜBRE FABRİKALARI T.A.Ş.
AND ITS SUBSIDIARY COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
AND LIMITED AUDIT REVIEW REPORT

1 JANUARY - 30 JUNE 2011

LIMITED AUDIT REVIEW REPORT

To Gübre Fabrikaları T.A.Ş.'s Directors of Board

Instruction

Gübre Fabrikaları T.A.Ş. ("Company"), and its subsidiary and affiliates (collectively referred as "Group") accompanying June 30, 2011 dated consolidated balance sheet, same dated income statement for six months, statement of changes in equity, cash flow statement, and summary of significant accounting policies together with footnotes had been reviewed. Responsibility of the Company Management is to disclose and dispose afore mentioned interim period statements as relevant to CMB's published reporting standards, and present fairly. Our responsibility is to disclose interim period financial statements' attained conclusions.

Scope of Review

Our review had been made compliance with CMB's published "independent audit standards". Review of interim period financial statements predominantly include collection of information from staff responsible for financial statements, analytical reviews and other review techniques. Because of this reviews' scope is limited compared to independent audit as per CMB independent audit standards, it can't provide reliance about important issues which should be in independent audit. Hence, as a conclusion of this review we didn't disclose an audit opinion.

Conclusion

As a conclusion of our review, we didn't discover any conflict in fair and accurate reflection of interim period financial reports, Group's financial position, six months based financial performance and cash flow regarding to "independent audit standards of CMB as of June 30, 2011.

Although these are uneffective on our observation, it is necessary to point these issues:

As explained in footnote number 22, the natural gas costs which has an important place in the production expenses of Razi Petrochemical Co. are invoiced on the basis of cubic meter price by the National Iranian Oil Company ("NIOC"). NIOC determines the natural gas prices in the month of March every year. NIOC decided on the date of 21st March 2010 that the price of the natural gas should be increased 15 times more than the original costs of Razi, and therefore NIOC realized the invoicing on the basis of this amount. Razi objected to this practice and did not record the liability of TRL 132,000,000, which is the effect of the price that was demanded. As from the report date the disagreement on the natural gas prices has been continuing. The Group's management did not reserve any provisions regarding this amount in the consolidated financial statements because the subject process with respect to NIOC has been continuing, and at the same time the Group's management foresees no possibility of cash outflow with respect to this liability. The government of Islamic Republic of Iran readjusted the natural gas prices on the date of 19th December 2010, and increased the cubic meter unit price seven times more than the original costs of Razi. All the invoicing starting from the date of 19th December 2010 are realized on the basis of this new amount.

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As explained in footnote number 22, the corporate tax declarations of Razi for the years 2006, 2007, and 2008 have been examined by tax authorities of the Islamic Republic of Iran. As a result of this examination it has been found that there are some exceptional revenues exempt from taxation in the tax accounts of the exports realized by Razi. And therefore, the Tax Authority has accepted that these revenues must be subject to taxation, and so, they imposed taxes of TRL 24 million. The Group's management objected to this additional tax requirement, in line with the opinions of their legal advisors and tax specialists they did not reserve any provisions depending on the fact that the final legal process has not been completed yet and that there are some ambiguities with respect to the subject matter.

As explained in footnote number 22, the embargoes and sanctions imposed on Iran by the United Nations since 2010 effect the future operations of the Group's partnership in this country. The economic stability and permanence of the Islamic Republic of Iran depends on the measurements that will be taken by the government against these sanctions, and it also depends on the effects of legal, administrative, and political developments to occur. These developments are not under the control of the companies operating in the country. As a result, the companies that have operations in this county have to consider and take some risks that are not observed in other countries. The enclosed consolidated financial statements include some assumptions about the effects of the sanctions imposed on Iran Islamic Republic and on the operations of the subject partnership of the Group in this counry. The economic situation of the Islamic Republic of Iran in the future may be different from the assumptions of the Group's management.

İstanbul, 26 August 2011

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Saim Üstündağ
Responsible Partner Chief Auditor

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INTERPRETIVE FOOTNOTES ON FINANCIAL STATEMENTS

GÜBRE FABRİKALARI T.A.Ş. AND AFFILIATE COMPANY
CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2011

(Amounts are expressed in Turkish Lira unless otherwise stated)

		Current Period	Previous Period
		Non-Independent Audited	Independent Audited
	Note	30 June 2011	30 December 2010
ASSETS			
Current Assets		**879.292.960**	**974.299.118**
Cash and Cash Equivalents	6	123.232.783	212.432.811
Trade Receivables	10	380.281.642	279.200.385
- Trade receivables from subsidiaries	*37*	*68.995.418*	*42.640.090*
- Other trade receivables	*10*	*311.286.224*	*236.560.295*
Other Receivables	11	70.964.659	88.717.394
- Other receivables from subsidiaries	*37*	*36.154.112*	*76.869.564*
- Other receivables	*11*	*34.810.547*	*11.847.830*
Inventories	13	266.845.013	347.816.042
Other Current Assets	26	37.968.863	46.132.486
Long-term (Fixed) Assets		**1.196.339.859**	**1.202.055.279**
Other receivables	11	16.971.001	12.850.458
Financial Investments	7	2.737.515	2.525.016
Investments Valued by Equity Method	16	14.179.272	5.485.518
Investment Properties	17	61.749.595	60.169.595
Tangible Fixed Assets	18	822.480.435	837.029.929
Intangible Fixed Assets	19	142.194	190.242
Goodwill	20	252.335.332	246.672.361
Deferred Tax Assets	35	-	13.113.155
Other Fixed Assets	26	25.744.515	24.019.005
TOTAL ASSETS		**2.075.632.819**	**2.176.354.397**

GÜBRE FABRİKALARI T.A.Ş. AND AFFILIATE COMPANY
CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2011

(Amounts are expressed in Turkish Lira unless otherwise stated)

		Current Period	Previous Period
		Non-Independent Audited	Independent Audited
	Note	30 June 2011	31 December 2010
LIABILITIES			
Short-term Liabilities		**916.301.029**	**1.045.000.658**
Financial Liabilities	8	274.475.246	240.749.114
Commercial Liabilities	10	445.483.844	568.439.200
- Payables to Subsidiaries	*37*	*214.141*	*4.038*
- Other trade payables	*10*	*445.269.703*	*568.435.162*
Other Payables	11	127.816.651	139.551.012
Provisions for Employee Benefits	24	13.071.423	12.696.511
Provisions for Payables	22	39.422.631	46.647.865
Tax Liability for Current Period Profit	35	11.380.377	8.965.530
Other Short-term Liabilities	26	4.650.857	27.951.426
Long-term Liabilities		**336.687.754**	**314.058.037**
Financial Liabilities	8	117.873.627	112.663.941
Other Payables	11	110.388.093	107.910.836
Provisions for Employee Benefits	24	102.320.810	92.939.893
Liability Provisions		-	397.637
Deferred Tax Liabilities	35	6.105.224	145.730
EQUITY CAPITAL		**822.644.036**	**817.295.702**
Equities of Parent Company		**508.082.136**	**452.513.120**
Paid-up Capital	27	83.500.000	83.500.000
Value Appreciation Funds	27	145.133.540	136.760.862
Foreign Currency Conversion Adjustments	27	85.505.863	65.434.276
Restricted Reserves From Profit	27	6.975.540	6.526.448
Legal Reserves		*5.645.297*	*5.645.297*
Gains From Fixed Assets Accumulated Profit / Loss		*1.330.243*	*881.151*
Previous Years Profit / (Loss)		159.842.442	40.392.144
Net Period Profit / (Loss)		27.124.751	119.899.390
Minority Shares		**314.561.900**	**364.782.582**
TOTAL SOURCES		**2.075.632.819**	**2.176.354.397**

GÜBRE FABRİKALARI T.A.Ş. AND AFFILIATE COMPANY
COMPREHENSIVE CONSOLIDATED INCOME STATEMENT FOR 3-MONTH INTERIM PERIOD THAT ENDED AS OF 30 JUNE 2011

(Amounts are expressed in Turkish Lira unless otherwise stated)

	Note	Current Period (Independent Audited) 1Jan – 30 June 2011	Current Period (Non-Independent Audited) 1 April– 30 June 2011	Previous Period (Independent Audited) 1 Jan – 30 June 2010	Previous Period (Non-Independent Audited) 1 April– 30 June 2010
CONTINUING OPERATIONS					
Sales Incomes (net)	28	955.076.561	431.742.254	644.580.725	236.465.730
Costs of Sales (-)	28	(692.873.263)	(310.408.077)	(402.272.039)	(129.549.244)
GROSS PROFIT		**262.203.298**	**121.334.177**	**242.308.686**	**106.916.486**
Marketing, Sales and Distribution Expenses (-)	29	(47.684.789)	(18.824.527)	(25.426.906)	(10.836.278)
Administrative Expenses (-)	29	(23.569.393)	(10.168.082)	(22.018.410)	(10.490.874)
Other Operating Incomes	31	14.275.279	6.100.475	27.855.207	23.947.204
Other Operating Expenses (-)	31	(9.197.890)	(6.776.207)	(5.726.446)	2.375.874
OPERATION PROFIT		**196.026.505**	**91.666.197**	**216.992.131**	**111.912.412**
Shares in Profit/Loss of Investments Valued by Equity Method	16	(1.506.247)	(288.598)	992.646	770.124
Financial Incomes	32	31.563.299	20.552.723	41.124.370	15.422.129
Financial Expenses (-)	33	(95.726.143)	(54.499.437)	(59.072.744)	(27.569.851)
PRE-TAX PROFIT / LOSS FROM CONTINUING OPERATIONS		**130.357.414**	**57.430.885**	**200.036.403**	**100.534.814**
Tax Expenses on Continuing Operations	35	**(25.352.349)**	**3.404.101**	**(34.687.359)**	**(13.320.275)**
- Period Tax Expense (-)		(6.790.090)	3.157.268	(10.559.434)	(6.464.898)
- Deferred Tax Income		(18.562.259)	246.834	(24.127.925)	(6.855.377)
PERIOD PROFIT/ (LOSS)		**105.005.065**	**60.834.986**	**165.349.044**	**87.214.539**
PERIOD PROFIT/ (LOSS)		**105.005.065**	**60.834.986**	**165.349.044**	**87.214.539**
Distribution of Period Profit / (Loss)					
Minority Interests		77.880.314	39.563.094	90.356.953	39.375.507
Parent Company's Interests		27.124.751	21.271.892	74.992.091	47.839.032
Earnings / (Loss) Per Share	36	**0,3249**	**0,2548**	**0,8981**	**0,5729**

GÜBRE FABRİKALARI T.A.Ş. AND AFFILIATE COMPANY
COMPREHENSIVE CONSOLIDATED INCOME STATEMENT FOR 3-MONTH INTERIM PERIOD THAT ENDED AS OF 30 JUNE 2011

(Amounts are expressed in Turkish Lira unless otherwise stated)

	Current Period (Independent Audited) 1Jan – 30 June 2011	Current Period (Non-Independent Audited) 1 April– 30 June 2011	Previous Period (Independent Audited) 1 Jan – 30 June 2010	Previous Period (Non-Independent Audited) 1 April– 30 June 2010
PERIOD PROFIT / (LOSS)	**105.005.065**	**60.834.986**	**165.349.044**	**87.214.539**
- Change in Fixed Assets Value Appreciation	8.813.346	8.813.346	49.973.298	49.973.298
- Foreign Currency Conversion Adjustments	26.244.451	25.327.339	29.262.701	28.521.546
- Tax Incomes and Fiscal Charges Related to Other Comprehensive Income Items	(440,667)	(440,667)	(2.516.325)	(2.516.325)
OTHER COMPREHENSIVE AFTER-TAX INCOME / (EXPENSE)	**34.617.128**	**33.700.018**	**242.068.718**	**163.193.058**
TOTAL COMPREHENSIVE INCOME / (EXPENSE)	**139.622.194**	**94.535.004**	**242.068.718**	**163.193.058**
Distribution of Total Comprehensive Income / (Expense):				
Minority Shares	84.053.178	45.735.957	98.837.267	47.855.821
Parent Company’s Shares	55.569.016	48.799.047	143.231.451	115.337.237

GÜBRE FABRİKALARI T.A.Ş. AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 3-MONTH INTERIM PERIOD THAT ENDED AS OF 30 JUNE 2011

(Amounts are expressed in Turkish Lira unless otherwise stated)

	Note	Paid-up Capital	Growth Funds	Foreign Currency Conversion Adjustments	Limited Provisions Segregated from Profit	Gains from Fixed Assets Sales	Previous Years' Profits /Losses	Net Period Profit / Loss	Equities of Parent Company	Minority Shares	Total Equities
01 January 10	**27**	**83.500.000**	**89.303.889**	**76.639.105**	**5.645.297**	**-**	**103.466.732**	**(59.057.268)**	**299.497.755**	**305.794.708**	**605.292.463**
Previous Year Profit / Transfer (at loss)		-	-	-	-	-	(59.057.268)	59.057.268	-	-	-
Gains from Fixed Assets Sales		-	-	-	-	881.151	(881.151)	-	-	-	-
Dividends		-	-	-	-	-		-	-	(66.083.965)	(66.083.965)
Minority shares purchase		-	-	-	-	-	(3.136.169)	-	(3.136.169)	-	(3.136.169)
Total Comprehensive Income		-	47.456.973	20.782.387	-	-	-	74.992.091	143.231.451	98.837.267	242.068.718
31 June 10	**27**	**83.500.000**	**136.760.862**	**97.421.492**	**5.645.297**	**881.151**	**40.392.144**	**74.992.091**	**439.593.037**	**338.548.010**	**778.141.047**
01.January 11	**27**	**83.500.000**	**136.760.862**	**65.434.276**	**5.645.297**	**881.151**	**40.392.144**	**119.899.390**	**452.513.120**	**364.782.582**	**817.295.702**
Previous Year Profit / Transfer (at loss)		-	-	-	-	-	119.899.390	(119.899.390)	-	-	-
Gains from Fixed Assets Sales			-	-	-	449.092	(449.092)	-	-	-	-
Minority shares purchase			-	-	-	-	-	-	-	(134.273.860)	(134.273.860)
Total Comprehensive Income		-	8.372.678	20.071.587	-	-	-	27.154.751	55.569.016	84.053.178	139.622.194
30 June 11	**27**	**83.500.000**	**145.133.540**	**85.505.863**	**5.645.297**	**1.330.243**	**159.842.442**	**27.154.751**	**508.082.136**	**314.561.900**	**822.644.036**

GÜBRE FABRİKALARI T.A.Ş. AND SUBSIDIARY COMPANY
CONSOLIDATED CASH FLOW STATEMENT FOR 6-MONTH INTERIM PERIOD THAT ENDED AS OF 30 JUNE 2011

(Amounts are expressed in Turkish Lira unless otherwise stated)

Cash Flow From Operations	**Note**	**Current Period (Independent Audited) 1 Jan - 30 June 2011**	**Previous Period (Independent Audited) 1 Jan - 30 June 2010**
Net period profit/ (loss)		105.005.065	165.349.044
Amendments to make the net cash amount used in business operations be in accord with the net period profit / (loss)			
Depreciation and Amortization	18-19	44.063.429	36.066.432
Incomes/Expenses from subsidiaries valued by Equity Method	16	1.506.247	(992.645)
Provisions for termination indemnities, permission and seniority-based incentives	24	19.150.993	15.498.660
Interest Income/ Expense		13.688.831	28.354.755
Exchange rate difference income / expense		63.616.572	(9.520.732)
Gain on sales of assets	31	(969.599)	(2.403.261)
Exchange Difference		7.089.396	(8.883.215)
Tax	35	25.352.349	34.687.359
Provisions for Other Payables and Incomes / Cancellation			(1.134.306)
Deferred Financial Income		886.462	(834.545)
Profits from Real Estate Sales			(16.476)
Investment Property Appreciation		(1.580.000)	(15.767.833)
Provisions for Doubtful Receivable / Cancellation	10	(4.543)	(6.784)
Cash flows resulted from the operations before the change in the capital		**277.805.202**	**240.396.453**
Changes in the capital of the company			
Increase / Decrease in trade receivables		(105.197.257)	7.377.650
Increase / Decrease in other receivables		17.752.735	(1.362.322)
Increase / Decrease in Inventories		83.101.582	(9.205.426)
Increase / Decrease in Other Current / Fixed Assets		6.438.111	8.070.231
Increase / Decrease in commercial liabilities		(120.688.202)	(85.131.795)
Increase / Decrease in other liabilities		(11.524.258)	1.105.551
Increase / Decrease in Provisions for Liabilities		(7.622.871)	(2.526.372)
Increase / Decrease in Other Short-term and Long-term Liabilities		(23.300.568)	3.923.548
Cash resulted from or used in the operations after the change in the capital or the capital		**116.764.474**	**162.647.518**
Paid-up interest		(82.286.351)	(20.407.913)
Paid-up taxes		(10.408.012)	(432.171)
Paid-up termination indemnities	24	(11.414.682)	(12.103.519)
Net cash used in operations		**12.655.429**	**129.703.915**
Cash flows used in investments			
Purchase of Tangible and Intangible Asset	18	(8.063.308)	(7.780.959)
Cash gained from sales of tangible and intangible fixed assets		3.451.300	4.506.751
Purchases related to financial investments		(10.412.500)	-
Cash from sales in financial investments		-	183.436
Collected Interests		18.097.883	4.717.739
Dividends paid for minority shares		(134.273.859)	(66.083.965)
Purchase of minority shares		-	(3.136.169)
Cash used / gained from Investment activities		**(131.200.484)**	**(67.593.167)**
Cash Flows from financial activities			
Cash Flow related to financial liabilities		44.338.937	32.000.000
Principal Repayment of Financial Liabilities		(14.993.910)	(47.577.329)
Net Cash used in financial activities		**29.345.027**	**(15.577.329)**
Net increase/decrease in cash and cash equivalents		(86.200.028)	46.533.419
Balance of Cash and Cash Equivalents at beginning of the year	**6**	**212.432.811**	**21.238.159**
Balance of Cash and Cash Equivalents at the period-end	**6**	**123.232.783**	**67.771.578**

(Amounts are expressed in Turkish Lira unless otherwise stated)

1. GROUP'S ORGANIZATION AND MAIN BUSINESS ACTIVITY

Gübre Fabrikaları T.A.Ş. and its subsidiary company (together referred as" Group") consists of Gübre Fabrikaları T.A.Ş. ("Gübretaş" or "Company"), its subsidiary company and two partnerships. Gübre Fabrikaları T.A.Ş. is a company which was established in 1952 and has been operational in production and sales of chemical fertilizer.

The Company carries out a great deal of its operations in cooperation with the Agricultural Credit Cooperatives Central Union in Turkey. The central office of the Company is based in İstanbul, but there are other offices and production facilities as follows.

Unit	Main Activity
Yarımca Facilities	Production / Port/ Warehousing
İskenderun Facilities	Port/ Warehousing (on hire)
İzmir Regional Directorate of Sales	Sales-Marketing/ Liquid – Powder Fertilizer Production /Storage
Samsun Regional Sales Directorate of Sales	Sales-Marketing / Warehousing
İskenderun Regional Sales Directorate of Sales	Sales-Marketing / Warehousing
Tekirdağ Regional Sales Directorate of Sales	Sales-Marketing / Warehousing
Ankara Regional Sales Directorate of Sales	Sales-Marketing
Diyarbakır Regional Sales Directorate of Sales	Sales-Marketing
Konya Regional Sales Directorate of Sales	Sales-Marketing

The Company and its subsidiaries have 1.473 employees as of 31 June 2011 (31 December 2010: 1.511)

% 25 out of the public shares of the Company is traded on İstanbul Stock Exchange (İMKB) and recorded at Capital Markets Board (SPK).

Here is the list of shareholders which own %10 or more share in the capital of the Company:

	30 June 2011		31 December 2010	
Name	**Share Rate**	**Share Amount**	**Share Rate**	**Share Amount**
Turkish Agricultural Credit Cooperatives	75,95%	63.421.152	75,95%	63.421.152
Others	24,05%	20.078.848	24,05%	20.078.848
TOTAL	**100,00%**	**83.500.000**	**100,00%**	**83.500.000**

<u>Subsidiary Companies</u>

Gübretaş participated in Razi Petrochemical Co. ("Razi") which produces and sells both chemical fertilizer and raw materials used for chemical fertilizer in 24 May 2008. Gübretaş has %48,88 out of the capital of Razi as the balance sheet date (31 December 2010: %47,81). Gübertaş has right to assign 3 names for the 5-member executive committee of Razi. So Razi is considered as an subsidiary company because Gübretaş controls the operational management.

Razi established Raintrade Petrokimya ve Dış Ticaret A.Ş. ("Raintrade") in Turkey for purpose of selling petrochemical goods outside Iran at the end of 2010. Raintrade started its activities in April 2011.Razi's share on Raintrade is 99% and Groups indirect share on Raintrade is 48,88%

<u>Participants (Partners)</u>

The Company participated in Negmar Denizcilik Yatırım A.Ş. ("Negmar") which is operational in sea transport in 30 June 2008. The participant rate is %40 as the balance sheet date. (31 December 2010: %40).

The Company participated in Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. ("Tarkim") which produces and sells agricultural pesticide in Turkey. The participant rate is %40 as the balance sheet date. (31 December 2010: %40).

Approval of Financial statements:
The financial statements were approved to be disclosed 26 August 2011 by the executive committee. The General Board is authorized to amend the financial statements.

(Amounts are expressed in Turkish Lira unless otherwise stated)

2. PRINCIPLES PERTAINING TO PRESENTATION OF FINANCIAL STATEMENTS

2.1 Principles Pertaining to Presentation

Basis To Draft Financial Statements and Specific Accounting Policies

The Company and its participations based in Turkey draft and keep their legal records, books and financial statements in line with Turkish Trade Law ("TTL") and accounting principles defined by tax legislation. However the subsidiary company operating in Iran drafts its financial statements in currency of Iranian Riyal ("IRR") and in compliance with Iranian legislation.

The Capital Markets Board ("CMB"), Seri: XI, No: 29 "Communiqué of Financial Reporting Principles in Capital Markets" ("Seri: XI, No: 29 Communiqué") determines the principles, methods and basis in relation with the financial reports written by the companies as well as how to draft and present them. This communiqué has been put into force to affect the first interim financial statements of the accounting periods which start on and after 1 January 2008. And with this communiqué, the Seri: XI, No: 25 "Communiqué of Accounting Standards in Capital Market" was abolished.

According to this communiqué, the corporations should draft their financial statements in line with International Financial Reporting System ("IAS/IFRS") which is recognized and adapted by European Union. However, IAS/IFRS will be applied until Turkish Accounting Standards Board ("TASB") states the differences between IAS/IFRS adapted by EU and those adapted by International Accounting Standards Board ("IASB") . In this regard, Turkish Accounting / Financial Reporting Standards ("TAS/TFRS") will be taken as a basis.

Until TMSK declares the differences between IAS/IFRS adapted by EU and the standards by IASB; the financial statements drafted in line with CMB Series: XI, No: 29 Communiqué. Attached financial statements and the footnotes are submitted in accordance with obligatory formats declared by CMB on 17 April 2008 and 9 February 2009.

Financial statements are drafted in line with historical cost accounting, apart from appraisal of fixed assets and investment properties. To determine the historical cost, it is needed to take a fair value of the amount paid for the assets as a basis.

Current Currency in Use

Each Group company drafts its financial statements with the currency of the economic environment where it is operational and so we call this currency as functional currency. The currency used in the consolidated financial statements by the Company is Turkish Lira ("TL").

However, the functional currency is Iranian Riyal ("IRR") for the subsidiary company which operates in Iran. According to IAS 21 "The Effects of Changes in Foreign Exchange Rates"; the assets and liabilities of the Group's participations abroad are converted into Turkish Lira in line with the parity of exchange on the balance sheet date. Foreign currency conversion losses or gains are kept in account of foreign currency conversion adjustments in the equities. At the end of period, these differences are noted as gain or loss.

Hence Turkey's Central Bank ("TCB") began declaring Iranian Riyal rate in 2010, TCB rate was used at the financial statements dated on 30 June 2011.

Here are the rates used:

	31 June 2011		31 December 2010	
Foreign Currency	**End of Period**	**Grade Point Average**	**End of Period**	**Grade Point Average**
IRR	0,00014770000	0,0001506090	0,0001481000	0,0001465100

2. PRINCIPLES PERTAINING TO PRESENTATION OF FINANCIAL STATEMENTS (cont.)

2.1 Principles Pertaining to Presentation (Cont.)

Amendment of Financial statements during High Inflation Periods

In accordance with the 17 March 2005 dated and 11/367 numbered decision by SPK, the inflation accounting was ended as of 1 January 2005 for the companies operational in Turkey and drafting financial statement in line with SPK Accounting Standards or IAS/IFRS. So 29 numbered "Financial Reporting in Highly Inflated Economies" Standard ("IAS/TAS 29") has not been applied since 1 January 2005.

Comparative Information and Amendment of Previous Periods' Financial Statements

In order to determine financial situation and performance trends; Group's consolidated financial statements are drafted in comparison with the previous period. The comparative information is re-classified if necessary to comply with the presentation of the current period consolidated financial statements and significant differences are stated. The Group has made some classifications in the financial statements of the current period. Group revised general administrative expenses and other expenses dated 31 March 2011 and classified 8.031.377 TL amount from general administrative expenses to other expenses for current period.

Consolidation Principles

The consolidated financial statements include the financial statements of the corporations controlled by the Company and its subsidiaries or jointly controlled. The control is that a company has power on financial and operational policies in order to gain benefits from the operating activities.

If necessary, the accounting policies applied in the financial statements of the subsidiary companies are amended to comply with the accounting policies followed by the Group.

All operations, incomes, expenses and balances inside the Group are eliminated in the consolidation. .

Consolidated subsidiaries' shares in the net assets – excluding the parent company – are separately indicated within the equity of the Group.

Minority shares consist of the shares which are created during the first mergers and these consolidated equities of participations before the merging date.

At the attached financial statements, operating results, assets and liabilities of participations are accounted by using equity method. According to equity method, the participations are showed via the amount which is calculated by deducting any depreciation of the participation from the amount calculated in result of correcting net assets' value after the participation.

The amount exceeding the fare value of the purchase price as well as purchase time value of assets, liabilities and conditional payables of the participation is recorded as goodwill. The goodwill is included into investment book value and examined as a part of the investment in respect of depredation. The participation assets, liabilities and conditional payables which were defined at the time of purchase is revised by considering a fare value and exceeding amount is directly added into the income statement.

2. PRINCIPLES PERTAINING TO PRESENTATION OF FINANCIAL STATEMENTS (cont.)

2.2 Amendments and Errors in Accounting Assumptions

Significant changes in the accounting policies are retroactively applied and the previous period' financial statements are revised. No significant change in accounting policies of the Group happened in the current period.

2.3 Amendments and Errors in Accounting Assumptions

If the amendments in accounting assumptions are related to one period, the amendment is applied in the current period. But, if the amendment is related to the future periods, it will be applied both in the current period and future periods. No significant change or amendment has happened in accounting assumptions of the Group over the current year. If any accounting mistake is found out; previous periods' financial statements will be revised.

2.4 Offset / Deduction

Financial assets and liabilities are indicated as net in cases that there is required legal right, there is intention to evaluate these assets and liabilities as "net" or owning the assets follows performing liabilities.

2.5 Revised Reporting Standards

New and revised standards are applied by the Group and are effected financial statements' amounts and presentations. Other standards which used in these financial statments but has not effect on amounts are explained on further pages.

2.5.1 Standards effecting presentation and footnotes

None.

2.5.2 Amendments effecting reported financials or balance sheet

None.

2.5.3 Standards and Evaluations which are effective as of June 2010 but uneffective on financials dated 30 June 2011

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendments have been applied retrospectively.

Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRSs issued in 2010)

The amendment encourages qualitative disclosures in the context of the quantitative disclosure required to help users to form an overall picture of the nature and extent of risks arising from financial instruments. The amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans. The amendments have been applied retrospectively.

IAS 24 (2009) 'Related Party Disclosures'

UMS 24 "Statements from Subsidiaries" was updated in November 2009. The update of the standard provides the public corporations with partial exemption of the required statements. This updated standard has to apply for the financial periods which start on/after 1 January 2011.

FOOTNOTE 2 - PRINCIPLES PERTAINING TO PRESENTATION OF FINANCIAL STATEMENTS (cont.)

2.5 Revised Reporting Standards

2.5.3 Standards and Evaluations which are effective as of June 2010 but uneffective on financials dated 30 June 2011

IAS 32 (Amendments) Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements

The amendments of IAS 32 and IAS 1 standards are effective for the financial periods which start on/after 1 February 2010. These amendments are related about the accounting operations of the rights (rights, options and guarantees) exported by a company drafting financial statement and not using the functional currency but another currency. In the previous periods, such rights used to be accounted as derivative liabilities. But these amendments state that such exported rights should be accounted as equity without considering which currency has been fixed for option and price if some specific conditions are available.

IFRS 1 (amendments) First time Adoption of International Financial Reporting Standards

The amendments of IFRS 1 standard which is effective for the financial periods that start on/ after 1 July 2010 introduce some partial or limited exemption for first companies applying IFRS 7 comparative presentation of fair value statements.

IFRIC 14 (Amendments) Prepayment of Minimum Funding Requirement

The amendments of IFRIC 14 evaluation is effective for the financial periods which start on /after 1 January 2011. The companies which have to contribute minimum funding for the defined retirement benefit plans and opt to prepay these contributions will be affected. In accordance with these amendments, the extra amount gained from the voluntary pre-payments is accounted as asset.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments"

IFRIC 19 is effective for the financial periods which start on /after 1 July 2010. IFRIC only states the accounting applications which will be used by the companies exporting equity instruments in order to pay a whole liability or a part of a liability

May 2010 'Annual Amendments'

IASB, in addition to the updated standards and the amendments mentioned herein before, issued statements about the foremost 7 standards / evaluations in May 2010: IFRS 1 First time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 7 Financial Instruments: Statements; IAS 1 Presentation of Financial Statements; IAS 27 Consolidated Financial statements; IAS 34 Interim Financial Reporting; and IFRIC 13 Customer loyalty Programs. All of the amendments, excepting those IFRS 3 and IAS 27 which are effective as of 1 July 2010, will be effective along with early application option for the financial periods as of 1 January 2011. The Group has yet to evaluate the possible effects on its financial statements as a result of application of the standards mentioned herein before.

Aforementioned standards, amendments and evaluations have no significant effect on Groups' financial performance and financial situation.

FOOTNOTE 2 - PRINCIPLES PERTAINING TO PRESENTATION OF FINANCIAL STATEMENTS (cont.)

2.5 Revised Reporting Standards (Cont.)

2.5.4 30 Haziran 2011 itibarıyla henüz yürürlüğe girmemiş ve erken uygulanması Şirket tarafından benimsenmemiş standartlar ve yorumlar:

IFRS 1 (Changes) Implementation of IFRS as a First – Other Exceptional Situations

The changes on the IFRS 1 are valid for financial statement which is at the date of 1 July 2010 or starting as of this date, IFRS 7, in terms of presentation of value explanations pursuant to fair value, provides a limited exemption to business that uses IFRS as a first.
At date of 20 December 2010, it has been brought changes to IFRS 1 to ensure easiness to preparers of financial statements before shifting period to IFRS and to present legends to firms which has gotten out of the high inflationary environment among to business that prepare and present financial statements. These changes will be valid for financial statements at the date of 1 July 2011 or beginning after this date.
Cuurently, The Group has been already preparing financial statements pursuant to IFRS, therefore this change is not mentioned about the group.

IFRS 7 “ Financial Instruments: Disclosures”

IFRS 7 “Financial Instruments: Disclosures” Standard, was changed in October 2010 as part of comprehensive review studies related to off balance sheet’s operations. These changes, will help to financial statements’ users to understand transfer operations regarding financial assets and probable effects of remaining risks in the firm that performs the transfer operation. In addition, in accordance with these changes, in case of implementing of disproportionately transfer procuders at the end of the periods, it is required to make a more explanations. These changes will be valid for financial statements at the date of 1 July 2011 or beginning after this date. The Group has not evaluated the effects that may be occurred as a result of implementing this standard yet.

IFRS 9 ‘Financial Instruments’

International Accounting Standards Board (IASB) issued the first part of IFRS 9 classification and evaluation of the financial instruments in November 2009. IFRS 9 will be used instead of IAS 39 Financial Instruments: Recognition and Measurement. This Standard requires that financial assets should be classified in accordance with the cash flow based on the contract and the model used by the company to administrate the financial assets and then should be evaluated in line with a fair value or cost. This new Standard has to be applied for the financial periods which start on /after 1 January 2013. Group doesn’t reviewed this standard yet for any possible effects on its financial statements.

IAS 12 “Income Tax”

IAS 12 “Income Tax” Standard, modified in December 2010. In Accordance with IAS 12, deferred tax which associated with asset, needs to be calculated depending gaining back or not as a result of use of book value of asset and sale of asset. If asset is recorded pursuant to fair value that is shown in the Standard of UMS 40 “Investment Property” it may be difficult to determine whether gain back’s transaction of asset’s book value is associated with use of assets or sale of assets.change is made in Standard, in this kind of situation, bring a practical solution by emphasizing that gaining back of asset is made via sale of asset. These changes will be valid for financial statements at the date of 1 Jan 2012 or beginning after this date. The Group has not evaluated the effects that may be occurred as a result of implementing this standard yet.

FOOTNOTE 2 - PRINCIPLES PERTAINING TO PRESENTATION OF FINANCIAL STATEMENTS (cont.)

2.5 Revised Reporting Standards (Cont.)

2.5.4 Standards and Evaluations which have yet to be effective as of June 2011 and the Company does not consider early application (Cont.)

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 11 Joint Arrangements

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 12 Disclosure of Interest In Other Entities

IFRS 12 requires extensive disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. An entity is required to disclose information that helps users of its financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial statements. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

FOOTNOTE 2 - PRINCIPLES PERTAINING TO PRESENTATION OF FINANCIAL STATEMENTS (cont.)

2.5 Revised Reporting Standards (Cont.)

2.5.4 Standards and Evaluations which have yet to be effective as of June 2011 and the Company does not consider early application (Cont.)

IAS 27 Separate Financial Statements (2011)

The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

IAS 28 Investments in Associates and Joint Ventures (2011)

IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

IFRS 13 Fair Value Measurements

On 12 May 2011, IASB issued IFRS 13 Fair Value Measurement, which establishes a single source of guidance for fair value measurement under IFRSs. IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for discloures on fair value measurements. The Standard does not include requirements on when fair value measurements is required; it prescribes how fair value is to be measured if another Standard requires it. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 1 Presentation of Financial Statements (2011) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 provides guidance on the presentation of items contained in other comprehensive income (OCI) and their classification within OCI. The new standard is mandatory for annual periods beginning on or after 1 July 2012. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 19 Employee Benefits (2011) (the "amendments")

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

2. PRINCIPLES PERTAINING TO PRESENTATION OF FINANCIAL STATEMENTS (cont.)

2.6 Summary of Major Accounting Policies

The major accounting principles used for the attached financial statements are as follows:

Income

Incomes are calculated via fair value of the received or receivable amount.

Sales of Goods

The income from the sale of the goods is calculated after the following conditions are in place:

- The Group hands over the property right, risks and gains to the buyer
- Group has no longer effective control over the sold-out goods and administrative contribution linked to the property right.
- Income amount is reliably calculated.
- Economical benefits related to the operation are possible to flow in the company.
- The costs resulted / to-be resulted from the operation is reliably calculated.

Dividend and interest income

The interest income is realized at the related period at rate of the effective interest reducing the assumed cash input gained from the related financial asset with the remaining principal amount over its expected life to the recorded value of the asset.

Dividends from the share investments are recorded when the shareholders get right to receive the dividend.

Lease Income

The rental income from the real estate is accounted in accordance with linear method during the related leasing contract is in effect.

Inventories

Inventories are calculated with the lower one of the cost or net realizable value. The costs including a part of fixed and changeable general production expenses are calculated with a method which the inventories depend on and generally first-input-first-output method. Net realizable value is calculated by deducting the completion cost and assumed costs for sale from the assumed sale price fixed under normal commercial conditions. When the net realizable value of inventories falls below its cost, the inventories value is reduced to net realizable value and reflected to the income statement as an expense on the year when the value decrease happened. If the conditions causing the inventories to reduce to the net realizable value are no more effective or if the net realizable value increase due to changing economical conditions; the provision for decrease in value of the stocks is cancelled. The cancelled amount is limited with the earlier determined amount of decrease in value of the inventories.

The inventories have no share from the loan costs.

The processing cost is used as a cost system. In the inventories, the first-in-first-output costing method is applied for first material and goods as well as monthly moving average costing method is applied for the aids and spare parts.

2. PRINCIPLES PERTAINING TO PRESENTATION OF FINANCIAL STATEMENTS (cont.)

2.6 Summary of Major Accounting Policies

Investment Properties

The investment properties are kept for rental income or/and value growth gain and they are first valued with their main cost as well as operation cost. Following the first accounting, the investment properties are evaluated with the fair values reflecting market realities as the balance sheet day. Gains / losses from the fair value amendments are included in the income statement during the period when they happened.

The real estate used by the owner has been considered as amortization until they become investment properties showed on the basis of fair value. Since then no amortization has been calculated.

To determine a fair value of the investment property, the value of machines and instruments used in leased factory should also been considered. So such assets are separately displayed in the investment property account, too.

Tangible-Fixed Assets

Landed properties and buildings that are held in use for the purpose of delivering product /service or for administrative purposes are expressed with their re-evaluated value.

Re-evaluated value is determined by subtracting accrued depreciation and accrued depredation that occur within the next period from fair value measured at the re-evaluation date. The re-evaluations are done on a regular basis in such a way that it will not differ from book value of fair value that is to be determined at the re-evaluation date.

Increase resulting from the re-evaluation of the aforementioned landed properties and buildings is recorded to re-evaluation fund in equity. If there is a depredation that has been showed previously in income statement concerning the tangible-fixed assets, increment value resulting from the re-evaluation is recorded to income statement at the rate of said depredation. Decrease in book value resulting from the re-evaluation of mentioned landed property and building is recorded to the income statement in case the said asset exceeds its balance in re-evaluation fund relating its previous re-evaluation.

Depreciation of re-evaluated building is included in income statement. When the re-evaluated real estate is sold or upon its retirement, remaining balance in re-evaluation fund is transferred to profits which are not distributed directly. Unless the asset is excluded from the balance sheet, it shall not be transferred from re-evaluation fund to profits which are not distributed directly.

Machines and equipments are sowed on the basis of the amount which is after subtracting the accrued depreciation and accrued depredation from their cost value.

Machines and equipments are showed on the basis of the amount which is after subtracting the accrued depreciation and accrued depredation from their cost value.

Except the lands and ongoing investments, cost value or valued amounts of tangible-fixed assets are subject to deprecation by using the straight-line method according to their expected useful life. Expected useful life, residual value and depreciation method are reviewed every year for possible effects of changes in estimations and if there is a change in estimations, they are accounted in advance.

Proceeds and losses resulting from disposal or retirement of tangible-fixed assets are determined as a difference between missing sale revenue and book value of the asset and included in income statement.

Except for lands having unrestricted use life, depreciation has been calculated over the inflation adjusted values of fixed asset and according to ordinary depreciation method and on basis of prorate depreciation. Tangible-fixed assets are amortized considering below-mentioned economic lives. (Footnote: 18)

Buildings, underground and aboveground systems	5-50 Years
Machines, facilities and devices	3-40 Years
Vehicles	4-10 Years
Flooring and fixtures	3-25 Years
Special costs	5 Years

Intangible-Fixed Assets

Intangible-fixed asset is accounted in case expected future economic benefits are possible for the business and the cost of the asset can be measured creditably.

Intangible assets are accounted with their cost value at the initial recognition. The cost value of a separately acquired intangible asset is calculated by deducting all discounts from the purchase price and including import taxes and non-refundable purchase taxes as well as all other kind of costs linked to the asset in order to operationalize it.

As of the purchase date, the historical costs of the intangible assets have been finally adjusted for the inflation rates on 31 December 2004. In the current period, the intangible assets are redeemed with straight line method according to their economical life based on the cost value. The amount noted at the financial statement is redeemed in 5 years. (Footnote:19)

Impairment of Assets

The unlimited assets like goodwill cannot be redeemed. Annually, an impairment test is applied for these assets. However for those redeemed assets, the impairment test is applied only when it is impossible to regain the book value because of a situation or events. If the asset is in the excess of the recoverable amount of the book value, a provision for losses is noted. The recoverable amount is the bigger one of the used value or the fair value acquired after deducting the sale costs. In order to evaluate the impairment, the assets are grouped at the lowest level which there are separate identifiable cash flows (cash generating units). All redeemed non-financial assets - except from the betterment - are reviewed at each reporting date for possible cancellation of the impairment.

Loan Costs

For qualifying assets that require significant time to be ready for use and sale, the loan costs related to purchase, production or manufacture are included in the costs of the asset until the asset is ready for use or sale. All other loan costs are recorded at the income statement in the current period.

All other loan costs are accounted in current period.

Goodwill

In consolidated financials goodwill or negative goodwill reviewed every year for any possible impairmen within the scope of IFRS 3 Standard “Business Combinations”, the difference between percentage of Groups’ net assets fair value and purchasing price,

Groups’ every producer of cash flow unit involved for goodwill test. Tests are likely to be made every year or more often for indicative periods showing impairments for controlling whether there is impairment. In cases where cash flow units’ recoverable value is lower than book value, impairment firstly to use in decreasing cash flow units goodwill. Impairment reserved for goodwill cannot be canceled in next periods. The amount is accounted as revenue in the period if negative goodwill related to acquisition exists. Gains and losses arising from the sale of a company, includes the value of accounted goodwill over the sold organization.

2. PRINCIPLES PERTAINING TO PRESENTATION OF FINANCIAL STATEMENTS (cont.)

2.6 Substantial Accounting Policies Summary (cont.)

Financial Tools

Financial Assets

The financial assets - apart from those recorded at fair value and grouped as financial tools of which fair value difference reflected as loss or profit - are accounted based on total amount of the expenses directly related to purchase transaction and fair market value.

The assets are recorded or charged off at the date of transaction in result of purchase or sale of the financial assets linked to a contract indicating the delivery conditions of investment tools, such as the deadline determined in line with market conditions.

Financial assets are classified as "financial assets of which fair value difference is reflected as profit or loss", "financial assets which will be held till the due term", "financial assets which are ready for sale" and "credits and receivables". The classification is determined at the first record as to qualifications and acquirement goals of the financial asset.

Effective interest method

The effective interest method is a way to evaluate the financial asset with the amortised cost and to distribute the related interest income to the related period. The effective interest method is the rate reducing the assumed total receivable cash to its current net value as long as it is available over the life of financial tool.

The classified financial assets except from those of which fair value difference is reflected to profit or loss are accounted by using the effective interest method.

Financial assets of which fair value difference reflected to profit or loss

The financial assets of which fair value difference reflected to profit or loss, are the financial tools held for commerce. When a financial asset is acquired for sale, it is classified in this category. These financial assets constituting the derivatives which have not been designed as protective tool against financial risk are also categorized as financial asset of which fair value difference reflected to profit or loss.

Financial assets held until due term

The fixed term debt instruments that the Group intends and is capable to hold until the due term and that have a fixed or determinable payment plan are categorized as the investments held until the due term. The investments which will be held until the due term are recorded after the amount decrease in value is deducted from the cost price redeemed in line with effective interest method and then the related income is accounted by using the effective interest method.

Financial assets ready for sale

The equity instruments that are held by the Group and that are quoted on the stock exchange and transacted at an active market as well as some debt securities are categorized as financial assets ready for sale and are recorded with their fair value. The Group has also other equity instruments that are ready for sale, but neither quoted on the stock exchange nor transacted at an active market. So they are recorded with their cost value as their fair value cannot be determined via a trustable way.

Credits and receivables

The commercial and other receivables that are not transacted and that have fixed and determinable payments as well as the credits are classified in this category. The credits and receivables are recorded by deducting the decrease in value from the cost amortised via effective interest method.

Decrease in value of financial assets

The financial assets or asset groups, except from the financial assets of which fair value difference reflected to profit or loss, are evaluated on each balance sheet date as to whether there is any indication of being affected by decrease in value. If more than one event happen after the initial recognition and there is a sideless indication of that the future cash flows of the financial asset or asset group have been subjected to the decrease in value, the impairment loss takes place. For the financial assets recorded with their amortised value, the amount of the decrease in value is difference between its book value and current value accounted by reducing the expected future cash flows at the rate of effective interest.

Decrease in value of all financial assets, except for trade receivables of which book value was decreased through usage of a reserve account, is directly deducted from registered value of relevant financial asset. In case trade receivable cannot be collected, the amount in question is written off by being deducted from reserve account. Changes in reserve account are accounted in income statement.

Except for equity instruments ready for sale, in case that loss due to decrease in value reduces in the following period and this reduction can be connected with an event occurred after accounting the loss due to decrease in value, loss due to decrease in value which has been accounted before is deleted from income statement in a way so as not to exceed amortized cost which decrease in value of investment would reach on the date decrease in value would be cancelled in case it would not have been accounted at any time.

Increase in fair value of equity instruments ready for sale which occurred after decrease in value is directly accounted in equities.

Cash and Cash equivalent

Cash and cash equivalent values are the short term investments made up of cash, demand deposits and other short term investments with original maturities of 3 months or less, eligible to be immediately converted into cash without being subjected to the risk of steep value changes and have high liquidity.

Financial liabilities

Financial liabilities and equity instruments of Group are designated in accordance with contractual arrangements and description of a financial liability and an instrument based on equity. The contract representing right in assets remained after all payables of Group are deducted is a financial instrument based on equity. Accounting policies applied for specific financial liabilities and financial instruments based on equity are explained below.

Financial liabilities are classified as financial liabilities of which fair value deficit is reflected on profit or loss and other financial liabilities.

Financial liabilities which reflected to profit / loss as fair value difference

Financial liabilities of which fair value deficit is reflected on profit or loss are registered with their fair value and reevaluated with their fair value at balance sheet date in each reporting period. Changes in their fair value are accounted in income statement. Net income or loss which is accounted in income statement also includes interest rate paid for financial liability in question.

Other financial liabilities

Other financial liabilities are accounted with their fair values which are freed from transaction costs in the beginning, including financial payables.

Other financial liabilities are accounted over amortized cost amount by using effective interest method along with interest expense calculated over effective interest rate in the following periods.

Effective interest method is the one in which amortized costs of financial liability are calculated and relevant interest expense is distributed to related period. Effective interest rate is the one which reduces estimated cash payments to be performed in future during the anticipated lifespan of financial instrument or a shorter period of time, in case suitable, to exactly net present value of related financial liability.

Derivative financial instruments

Activities of Group actually expose the enterprise to financial risks caused by changes in exchange and interest rates. Group uses derivative financial instruments (essentially exchange rate forward contracts) in order to avoid financial risks associated with exchange rate fluctuations depending on specific binding commitments and anticipated future transactions.

Derivative financial instruments are calculated with their fair values at contract date and recalculated with their fair values in the following reporting periods.

Leasing- Group as Lessor

Leasing procedure in which a significant portion of risk and benefit arising from owning an asset belongs to lessor is categorized as financial leasing. Other leasing procedures are categorized as operating lease.

There is no financial leasing transaction of Group in the current period.

Leasing incomes of operating lease are accounted by straight-line method during relevant leasing period. Straight-line initial costs borne during leasing procedure and negotiation are added to cost of leased asset and it is amortized during leasing period by straight-line method.

Facilities of company in İskenderun Sarıseki have been leased for 25 years commencing from 30 April 2007, and later on the term of lease has been extended to 30 years by way of a supplementary contract executed. The leasing income obtained from these facilities is accounted for periodically. (Footnote 17)

Leasing - Group as Tenant

Leasing procedure in which a significant portion of risk and benefit arising from owning an asset belongs to tenant is categorized as financial leasing, while other leasing procedures are categorized as operating lease.

There is no financial leasing transaction of Group in the current period.

Payments performed for operating lease (incentives received or to be received from lessor for carrying out leasing transaction are recorded in income statement by straight-line method during leasing period), are recorded in income statement by straight-line method during leasing period.

Impacts of Exchange Rate

Financial statements of each enterprise of Group are presented with currency unit (functional currency unit) which is valid for basic economic environment that they operate. Financial situation and operation results of each enterprise are indicated as TL which is valid currency unit for company and presentation unit for consolidated financial statements.

Foreign currency unit based transactions (other currencies than TL) made during the preparation of financial statement of each enterprise are recorded based on foreign exchange rates that are applicable on the date of transaction. The monetary assets and liabilities indexed to foreign currency used in balance sheet are converted to Turkish Lira by using foreign exchange bid rates valid on balance sheet date. Those non-monetary items which are followed with their fair value and recorded in foreign currency unit are converted to TL based on exchange rates on the date fair values are determined. Non-monetary items in foreign currency unit of which date is calculated over cost are not subjected to conversion again.

Exchange rate differences, except for the conditions listed below, are accounted as profit or loss in the period which they come into existence:

- Exchange rate differences which are handled with as adjustment item to interest costs on payables that are associated with assets constructed in order to use in future and indicated in foreign currency unit and which are included in costs of such assets,
- Exchange rate differences caused by transactions made in order to provide financial protection against risks arising from foreign currency unit (accounting policies related to providing financial protection against risks are explained below),
- Exchange rate differences arising from monetary payables and receivables which compose a part of net investment in foreign operation, are accounted in conversion reserve, are associated with profit and loss in net investment sale and derive from foreign operation of which there is no payment intention or possibility.

Assets and liabilities of Group in its foreign operations are expressed in consolidated financial statements in TL by using exchange rates valid on the date of balance sheet. Income and expense items are converted by using average exchange rates during the period, in case that no substantial fluctuation has been occurred on foreign exchange rates during the period in which exchange rates valid on the date of transaction should be used (in case a substantial fluctuation occurs, exchange rates on transaction date are used). Exchange rate difference which has occurred is classified as equity and transferred to Group's conversion fund. Conversion differences in question are recorded on income statement in the period when foreign operations are sold out.

Goodwill and fair value adjustments arising from foreign operation purchase are considered as assets and liabilities of foreign operation and converted by using period-end exchange rate.

Earnings per Share

Earnings per share stated in consolidated income statement is calculated by dividing net profit by weighted average number of share certificate which exists in market during the year.

In Turkey companies increase their capitals by means of "non-paid up shares" which they distributed from their previous year profit to their shareholders. Such kind of "non-paid up shares" distribution is evaluated as exported shares in calculation of earnings per share. According to this, weighted average number of shares used in this calculation is found by taking into account past effects of share distribution in question.

Events after Balance Sheet Date

Even though the events after balance sheet date have come up after any announcement made about profit or any public announcement about other selected financial information, they cover all the events occurred between balance sheet date and date of authorization for balance sheet publication.

In case that the events requiring adjustment have come up after balance sheet date, Group adjusts the amounts included in financial statements in compliance with this new situation.

Provisions, Conditional Assets and Liabilities

A provision is reserved in financial statements, in case that there is a current liability arising from past events, it is possible to carry out the liability and the amount of liability in question can be estimated in a safe way.

The amount reserved as provision is calculated by estimating in the safest way the expense to be made in order to fulfill the liability as of balance sheet date by taking into account risks and uncertainties about liability.

In case that provision is measured by using estimated cash flow required for meeting current liability, the book value of provision in question is equal to present value of relevant cash flows.

In case that either a part or whole of economic benefit required for paying the provision is expected to be met by third parties, the amount to be collected is accounted in case that the collection of relevant amount is almost certain and can be measured in a safe way.

Taxes Calculated Over Organization Income

Since Turkish tax legislation does not allow preparation of consolidated tax statement of a main company with its subsidiary, tax provisions are calculated separately based on each enterprise as it is reflected on attached consolidated financial statements.

Expense of income tax consists of sum of current tax and deferred tax expense.

Current Tax

Current year tax liability is calculated over the part of period income which is subjected to tax. The profit subjected to tax is different than the profit included in income statement since it excludes the items which is taxable in other years or is tax deductable as well as those which are impossible to tax or could not be tax deductable. Current tax liability of Group has been calculated by using tax rate which has become legal as of the date of balance sheet or become legal at a considerable extend.

Deferred Tax

Deferred tax liability or asset is found out by calculating temporary differences between the amounts of assets and liabilities shown in financial statement and the amounts taken into consideration in calculation of legal tax base by balance sheet method taking into account legalized tax rates of tax effects. While deferred tax liabilities are calculated for all of taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that benefiting from the differences in question is highly-likely by making profit subjected to tax in future. The mentioned assets and liabilities are not accounted in case that they arise from inclusion of temporary difference, goodwill related to transaction not affecting commercial or financial profit/loss or other assets and liabilities in the financial statement for the first time (except for business enterprise merger).

2. PRINCIPLES PERTAINING TO PRESENTATION OF FINANCIAL STATEMENTS (cont.)

2.6 Substantial Accounting Policies Summary (cont.)

Taxes Calculated Over Organization Income (cont.)

Deferred Tax (cont.)

Deferred tax liabilities are calculated for all of taxable temporary differences which are associated with investments in subsidiaries and affiliates and shares in joint ventures except for the conditions under which Group is able to control removal of temporary differences and under which possibility of removal of these differences in near future is low. Deferred tax assets arising from taxable temporary differences which are associated with such kind of investments and shares are calculated provided that benefiting from the differences in question is highly-likely by making sufficient profit subjected to tax in near future and removal of relevant differences in future is possible.

Recorded value of deferred tax asset is reviewed as of each balance sheet date. Recorded value of deferred tax asset is reduced at extend to which it is impossible to obtain financial profit which will enable to benefit from it partially or wholly.

Deferred tax assets and liabilities are calculated over tax rate which has become legal or become legal at a considerable extend (tax regulations) as of the date of balance sheet and which is expected to be valid in the period during which assets will realize or liabilities will be fulfilled. During the calculation of deferred tax assets and liabilities, tax results of methods anticipated for Group assets' regaining their book value or fulfilling its liabilities as of balance sheet date are taken into consideration.

Deferred tax assets and liabilities are deducted in case that there is a legal right related to deducting current tax assets and current tax liabilities or assets and liabilities in question are associated with income tax collected by the same taxation authority or Group has the intention to pay it by way of clarifying its current tax assets and liabilities.

Current and deferred tax of the period

Current tax except for those which are associated with the items accounted as receivable or payable directly in equity (under these circumstances deferred tax related to relevant items are accounted directly in equity) or those which arises from first recording of business enterprise mergers as well as deferred tax of the period are accounted as income or expense in income statement. Tax effect is taken into account during business enterprise mergers, calculation of cost control or determination of purchase-cost exceeding part of share obtained by purchaser at the fair value of identifiable asset, liability and contingent payables of purchased subsidiary.

Benefits provided for employees

Seniority Inventive

In accordance with provisions of current laws and collective labor agreements in Turkey, termination indemnity is made in case of retirement or displacement. In compliance with IAS 19 *Employee Benefits Standard* ("IAS 19") which has been updated, such payments in question are described as identified retirement benefit plans. In fact, Turkish and Iranian seniority indemnity systems are similar, there are not core differences between them. Moreover while period of Razi's privatization, the right of early retirement is given to employees and responsibility is accounted in the scope of IAS 19 by Razi.

Termination indemnity liability which was accounted in balance sheet was calculated according to net present value of estimated amount of liability which was expected to arise in future due to retirement of all employees and reflected on financial statements. All calculated actuarial incomes and losses were reflected on income statement.

Seniority Incentive Premium; In accordance with the prevailing collective labor agreement, Termination indemnity premium is paid to the staff within the scope of agreement in the years when they complete certain Termination indemnity periods. The liability calculated for incentive premium in question is reflected on records. (Footnote: 24)

Holiday Provisions; The company makes a provision for the wages corresponding to the unused portion of vacation allowances of its employees in the previous years. (Footnote: 24)

Cash Flow Table

The cash flows pertaining to the period are classified and reported in a manner that will include the costs of main activities, investments and financing.

Cash flows originating from main activities indicate cash flow of Group arising from activities of fertilizer and petro chemical products sale.

Cash flows related to investment operations indicate Group's cash flow used in and obtained through investment operations (fixed investments and financial investments).

Cash flows related to finance operations indicate resources of Group used in finance operations and repayment of these resources.

Cash and cash equivalent values are the short term investments made up of cash, demand deposits and other short term investments with original maturities of 3 months or less, eligible to be immediately converted into cash without being subjected to the risk of steep value changes and have high liquidity.

Capital and Dividends

Ordinary shares are classified as equity capital. Dividends distributed on ordinary shares are recorded by deducting from the accumulated profit in the period that the dividend payment decision is reached.

Significant Accounting Forecasts And Assumptions

At the process of preparing of consolidated financial statements pursuant to Capital Market Board's Financial Reporting Standards, The Group's management should make a forecasts and assumptions that determines as date of reporting period, amount of income and expenses and amount of probable liabilities and guarantees that may be occurred as date of balance sheet. Although these forecasts and assumptions, is depend on the groups' well knowledge that is associated current event and transactions, may differ from actual results. Forecasts are reviewed on a regular basis, required adjustments is made and reflected to periods' income statement. In the next financial period, forecasts and assumptions that may risk of adjustment of assets and liabilities' registered values, are shown as follows:

Net Realizable Value

Stock is valued lover – of cost – or net realizable value. Net realizable value is a amount that obtained by minus approiximate required all cost of sale from sale price

Tangible and Intangible Assets' Useful Life

Tangible and intangible assets, is shown in net value by minus accurued depriciation and if available impairment from acquisition cost. Amortisation, is amortized bu using stragiht –line method based on tangible assets' useful life. Useful life method is based on best estimation, reviewed in every balance sheet's period and if required adjustment is implemented.

Deferred Tax

Group, recognized deferred tax asset and liability for temporary timing difference arising from difference between its financial statement which constitute the basis of Tax and financial statement is prepared according to IFRS. Deferred tax assets' partially or whole recoverable amount is estimated in current circumstances. While evaluating, projections of future profits, occurred loss in current period, deadline of use of inappropriate loss and other tax assets and tax planning strategies can be used if necessary has been taken into account. In the light of data obtained, if group's taxable profit will be obtained in future is not enough to meet all deferred tax assets, partially or whole of deferred tax is reserved. If operating results in future excess Group's expectations, it may be required to enroll unregistered/recorded deferred tax assets.

3. BUSINESS COMBINATIONS

There has not been any business enterprise merger as of the date of the balance sheet (31 December 2010: None).

4. JOINT VENTURES

None. (31 Aralık 2010: None.)

5. OPERATING SEGMENTS

Group started to implement IFRS 8 as of 1 January 2009, and operation departments were designated based on internal reports regularly reviewed by the competent authority of making decision on Group's activities.
Group's competent authority of making decision reviews the results and activities based on geographical divisions in order to make decision on resources to be allocated to departments and evaluate the performance of these departments. The company operates in Turkey; whereas Razi, a subsidiary, operates in Iran. The company undertakes chemical fertilizer production sales throughout Turkey. Razi Company on the other hand, performs the production and sales of chemical fertilizer raw materials.

Since Company management evaluates operation results and performance through financial statements prepared in accordance with IFRS, IFRS financial statements are used to prepare reports by departments.

The amounts of domestic and export sales are given in note 28. The distribution of department assets and liabilities pertaining to the periods ending on 30 June 2011 and 31 December 2010 is as follows:

(Amounts are expressed in Turkish Lira unless otherwise stated)

5. OPERATING SEGMENTS (cont.)

The distribution of balance sheets by departments as of 31 June 2011 and 31 December 2010 is as follows:

	Turkey	Iran	Consolidation Adjustments	Total
	30 June 2011	30 June 2011	30 June 2011	30 June 2011
ASSETS				
Current Assets	305.442.403	578.175.355	(4.324.798)	879.292.960
Fixed Assets	651.153.391	717.658.690	(172.472.222)	1.196.339.859
TOTAL ASSETS	**956.595.794**	**1.295.834.045**	**(176.797.020)**	**2.075.632.819**
RESOURCES				
Short Term Liabilities	413.491.841	507.133.986	(4.324.798)	916.301.029
Long Term Liabilities	161.305.446	175.382.308	-	336.687.754
Equities	381.798.507	613.317.751	(172.472.222)	822.644.036
TOTAL LIABILITIES	**956.595.794**	**1.295.834.045**	**(176.797.020)**	**2.075.632.819**
	Turkey	**Iran**	**Consolidation Adjustments**	**Total**
	31 December 2010	31 December 2010	31 December 2010	31 December 2010
ASSETS				
Current Assets	503.194.679	548.023.316	(76.918.877)	974.299.118
Fixed Assets	644.220.999	735.969.473	(178.135.193)	1.202.055.279
TOTAL LIABILITIES	**1.147.415.678**	**1.283.992.789**	**(255.054.070)**	**2.176.354.397**
RESOURCES				
Short Term Liabilities	695.070.306	426.849.229	(76.918.877)	1.045.000.658
Long Term Liabilities	159.971.243	154.086.794	-	314.058.037
Equities	292.374.129	703.056.766	(178.135.193)	817.295.702
TOTAL LIABILITIES	**1.147.415.678**	**1.283.992.789**	**(255.054.070)**	**2.176.354.397**

(Amounts are expressed in Turkish Lira unless otherwise stated)

5. OPERATING SEGMENTS (cont.)

The distribution of income statements by departments for the periods ending on 30 June 2011 and 30 June2010 is as follows:

	Turkey	Iran	Consolidation Adjustments	Total
	01 January 2011	01 January 2011	01 January 2011	01 January 2011
	30 June 2011	30 June 2011	30 June 2011	30 June 2011
MAIN ACTIVITY INCOMES				
Sales Incomes (Net)	540.754.359	417.744.100	(3.421.898)	955.076.561
Sales Cost (-)	(485.559.096)	(210.736.065)	3.421.898	(692.873.263)
Gross main activity profit	**55.195.263**	**207.008.035**	**-**	**262.203.298**
Marketing, sales and distribution exper	(34.487.351)	(13.197.438)	-	(47.684.789)
General management expenses	(5.778.572)	(17.790.821)	-	(23.569.393)
Other activity incomes	4.885.654	9.389.625	-	14.275.279
Other activity expenses	(1.347.245)	(7.850.645)	-	(9.197.890)
Activity profit	**18.467.749**	**177.558.756**	**-**	**196.026.505**
Shares in profit/loss of investments increase in value through equity method	(1.506.247)	-	-	(1.506.247)
Financial incomes	148.245.498	14.181.294	(130.863.493)	31.563.299
Financial expenses	(63.796.304)	(34.392.472)	2.462.633	(95.726.143)
Pre-tax profit from maintained activities	**101.410.696**	**157.347.578**	**(128.400.860)**	**130.357.414**
Tax expense	(4.324.798)	(2.465.292)	-	(6.790.090)
Deferred tax income / (expense)	(16.034.198)	(2.528.060)	-	(18.562.259)
	81.051.700	**152.354.226**	**(128.400.860)**	**105.005.065**
Profit for the period				

(Amounts are expressed in Turkish Lira unless otherwise stated)

5. OPERATING SEGMENTS (cont.)

	Turkey	Iran	Consolidation Adjustments	Total
	01 January 2010-	01 January 2010-	01 January 2010-	01 January 2010-
	30 June 2010	30 June 2010	30 June 2010	30 June 2010
MAIN ACTIVITY INCOMES				
Sales Incomes (Net)	324.437.627	320.143.098	-	644.580.725
Sales Cost (-)	(289.648.183)	(112.623.856)	-	(402.272.039)
Gross main activity profit	**34.789.444**	**207.519.242**	**-**	**242.308.686**
Marketing, sales and distribution expenses	(19.787.312)	(5.639.594)	-	(25.426.906)
General management expenses	(7.179.272)	(14.839.138)	-	(22.018.410)
Other activity incomes	20.270.637	7.584.570	-	27.855.207
Other activity expenses	(570.173)	(5.156.273)	-	(5.726.446)
Activity profit	**27.523.324**	**189.468.807**	**-**	**216.992.131**
Shares in profit/loss of investments increase in value through equity method	992.646	-	-	992.646
Financial incomes	80.947.949	20.697.723	(60.521.302)	41.124.370
Financial expenses	(50.974.673)	(8.098.071)	-	(59.072.744)
Pre-tax profit from maintained activities	**58.489.246**	**202.068.459**	**(60.521.302)**	**200.036.403**
Tax expense	-	(10.559.434)	-	(10.559.434)
Deferred tax income / (expense)	(9.380.689)	(14.747.236)	-	(24.127.925)
Profit for the period	**49.108.557**	**176.761.789**	**(60.521.302)**	**165.349.044**

Investment expenses pertaining to department assets for the periods ending on 30 June 2011 and 30 December 2010 are as follows:

CAPEX	**01 January 2011-**	**01 January 2010-**
	30 June 2011	**31 December 2010**
Turkey	1.749.335	6.588.679
Iran	-	13.380.539
	1.749.335	**19.969.218**

Investment expenses pertaining to department assets for the periods ending on 30 June 2011 and 30 December 2010 are as follows:

Depreciation / Amortizati	**01 January 2011-**	**01 January 2010-**
	30 June 2011	**30 June 2010**
Turkey	2.151.281	1.858.927
Iran	41.912.148	34.207.285
	44.063.429	**36.066.212**

Product based values of regional sales are given in Note 28..

(Amounts are expressed in Turkish Lira unless otherwise stated)

6. CASH AND CASH EQUIVALENT

	30 June 2011	31 December 2010
Cash	300.388	106.126
Banks- Demand deposits	33.899.418	3.709.615
Banks- Time deposits (< 3 months)	86.838.599	189.064.829
Government Bonds and Treasury Bills	606.000	18.956.800
Other Liquid Assets	1.588.378	595.441
Cash and Cash Equivalent	**123.232.783**	**212.432.811**

The maturities of time deposits as of 30 June 2011 and 31 December 2010 are shorter than 3 months; their values assessed according to effective interest method are as follows.

Time Deposits: TL						
Interest Rate (%)	**Maturity**			**30 June 2011**		**31 December 2011**
8,75	Temmuz 11			1.000.000		91.311.876
Total				**1.000.000**		**91.311.876**
Time Deposits: Foreign Currency			**30 June 2011**		**31 December 2010**	
Interest Rate (%)	**Maturity**	**Foreign Currency**	**Amount**	**Amount in TL**	**Amount**	**Amount in TL**
0,5 - Libor + 0,5	July 11	EUR	12.778.056	30.018.210	96.645	14.313.125
6,00 - 9,00	July 11	Mil. IRR	277.500	42.041.250	191.304	28.332.122
6,00	July 11	YEN	2.715	54.235	-	-
3,89	July 11	EUR	2.050.000	4.815.860	-	-
2,25 - 3,94	July 11	USD	5.465.028	8.909.044	35.645.347	55.107.706
Total				**85.838.599**		**97.752.953**

Government Bonds

		30 June 2011		31 December 2010	
Interest Rate (%)	**Foreign Currency**	**Amount**	**Amount in TL**	**Amount**	**Amount in TL**
15,00 - 17,00	Mil. IRR	4.000	606.000	128.000	18.956.800
Total			**606.000**		**18.956.800**

(Amounts are expressed in Turkish Lira unless otherwise stated)

7. FINANCIAL INVESTMENTS

Long Term Financial Investments

Financial Assets Ready For Sale		30 June .2011		31 December 2010	
Title	Subject of Activity	Share (%)	Amount of Participation	Share (%)	Amount of Participation
İmece Prefabrik Yapı Tarım Makineleri Temizlik ve Güvenlik Hiz. San. Tic. A.Ş	Steel, Container, Tower, Crane and Spare part Manifacture	15,00	2.013.888	15,00	2.013.888
Tarnet Tarım Kredi Bilişim ve İletişim Hiz. A.Ş	Internet Service Provider etc	17,00	523.627	17,00	311.128
Tareksav	Agricultural Credit Cooperative Training Foundation		200.000		200.000
Total			**2.737.515**		**2.525.016**

Financial investments ready for sale are valued with cost since they do not have an active market. Group does not expect a value decrease in financial investments.

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8. FINANCIAL PAYABLES

	30 June 2011	31 December 2010
Short Term Bank Credits (Gübretaş)	73.684.569	56.391.568
Other Financial Payables (Razi)	200.790.677	184.357.546
Total Short Term Financial Payables	**274.475.246**	**240.749.114**
Long Term Bank Credits (Gübretaş)	42.425.718	46.690.723
Other Financial Payables (Razi)	75.447.909	65.973.218
Total Long Term Financial Payables	**117.873.627**	**112.663.941**

Short Term Financial Payables

Bank Credits

			30 June 2011		31 December 2010	
Interest Rate (%)	Maturity	Foreign Currency	Amount	Amount in TL	Amount	Amount in TL
2,59-8	April 2011 - October 2011	EUR			10.012.333	20.516.273
8,22-9	May 2011 - August 2011	TL			-	35.875.295
2,99 -8	April 2011 - October 2011	EUR	9.926.410	23.319.123		
9-11	May 2011 - August 2011	TL	-	50.365.446		
Total TL			**9.926.410**	**73.684.569**	**-**	**56.391.568**

Other Financial Payables (*)

			30 June 2011		31 December 2010	
Rate	Maturity	Foreign Currency	Amount	Amount in TL	Amount	Amount in TL
(*) Libor+0,5	July 2011	EUR	68.708.000	159.436.934	72.114.000	146.325.022
16%	July 2011	Million IRR	272.962	41.353.743	256.803	38.032.524
		Total		**200.790.677**		**184.357.546**

(Amounts are expressed in Turkish Lira unless otherwise stated)

Long Term Financial Payables

Bank Credits

			30 June 2011		31 December 2010	
Interest Rate (%)	Maturity	Foreign Currency	Amount	Amount in TL	Amount	Amount in TL
2,99-8	April 2014	EUR	18.059.645	42.425.718	22.785.966	46.690.723
Total			**18.059.645**	**42.425.718**	**22.785.966**	**46.690.723**

Other Financial Payables (*)

			30 June 2011		31 December 2010	
Rate	Maturity	Foreign Currency	Amount	Amoutn in TL	Amount	Amount in TL
Libor+0,5	March 2014	EUR	32.513.000	75.447.909	32.513.000	65.973.218
		Total	**32.513.000**	**75.447.909**	**32.513.000**	**65.973.218**

(*) Other financial payable amounts that take place within the short and long-term financial payables show the payable amount which was taken from NPC as the previous owner of Razi Petrochemical Co. prior to privatization.

Group alienates its receivables from Turkish Agricultural Credit Cooperative Central Union as security for its long term credits.

9. OTHER FINANCIAL LIABILITIES

None. (30 June 2011: None).

10. TRADE RECEIVABLES AND PAYABLES

Trade receivables

Short Term Trade Receivables

	30 June 2011	31 December 2010
Trade receivables	230.991.643	159.698.639
Trade receivables from relevant parties (Note 37)	68.995.418	42.640.090
Note receivable	2.380.146	1.564.197
Receivables from National Petrochemical Company ("NPC") (Razi)	78.243.993	75.631.560
Provisions for doubtful trade receivables	(329.558)	(334.101)
Short Term Trade Receivables	**380.281.642**	**279.200.385**

The details of transactions related to relevant parties are given in Footnote 37.

The relevant explanations related to credit risk of trade receivables are given in Footnote 38.

The sum of the trade receivables of the Group which are undue and not impaired is 377.782.415 TL.

Guarantees related to undue receivables:

	30 June 2011	31 December 2010
Letters of Guarantee	73.848.688	117.411.922
Collateral Checks /Notes	132.878.809	1.455.779
Total Amount	**206.727.497**	**118.867.701**

(Amounts are expressed in Turkish Lira unless otherwise stated)

Analysis of the receivables which are overdue and impaired:

The company allocates provisions for doubtful receivables in case the receivables which are considered to be doubtful being without security and having a risk of collection.

The data of the company regarding the doubtful receivables and allowances allocated regarding these receivables are as follows:

Doubtful Receivables

Overdue following the maturity	30 June 2011	31 December 2010
Between 0 – 3 months	-	-
More than 9 months	329.558	334.101
Total	**329.558**	**334.101**

Provision for doubtful receivables:

	30 June 2011	31 December 2010
Opening balance	334.101	305.017
Expenses in period	-	29.084
Collection/adjusting in period	(4.543)	-
Closing balance	**329.558**	**334.101**

10. TRADE RECEIVABLES AND PAYABLES (Cont.)

Trade Payables

	30 June 2011	31 December 2010
Suppliers (Gübretaş)	220.465.325	406.859.770
Suppliers (Razi)	74.134.707	22.260.319
Payables to relevant parties (Note 37)	214.141	4.038
Payables to NPC (Razi)	146.420.660	136.517.099
Other Trade Payables	4.249.011	2.797.974
Short Term Trade Payables	**445.483.844**	**568.439.200**

11. OTHER RECEIVABLES AND PAYABLES

Other Short Term Receivables

	30 June 2011	31 December 2010
Deposits and collateral given	10.239	-
Receivables from staff	4.371.295	2.613.749
Receivables from NPC (From Minority Shares) (Razi) (*)	36.154.112	76.869.564
Blocked Bank Account	17.867.316	-
Tax Receivables (Razi)	8.088.131	5.346.410
Other Various Receivables	4.473.566	3.887.671
Other Short Term Receivables	**70.964.659**	**88.717.394**

(*) Amount of Razi's receivables paid to Iranian Privatization Organization on behalf of minority shares, and also owed amount of minority shares.

(Amounts are expressed in Turkish Lira unless otherwise stated)

Other Long Term Receivables

	30 June 2011	31 December 2010
Deposits and collateral given	27.089	24.554
Receivables from staff (*)	16.943.912	12.825.904
Other Long Term Receivables	**16.971.001**	**12.850.458**

(*) Receivables from staff are financials which are provided by Razi for its staff for housing.

11. OTHER RECEIVABLES AND PAYABLES

Other Short Term Payables

	30 June 2011	31 December 2010
Payables to Iranian Privatization Org. (*)	103.881.713	120.543.913
Payables to the staff	5.264.131	11.219.687
Payable Taxes, Funds and Other Liabilities	937.699	1.782.592
Advances taken	474.949	2.407.473
Other Payables and Liabilities	17.258.159	3.597.347
Other Short Term Payables	**127.816.651**	**139.551.012**

Other Long Term Payables

	30 June 2011	31 December 2010
Payables to Iranian Privatization Org. (*)	110.388.093	107.910.836
Other Long Term Payables	**110.388.093**	**107.910.836**

(*) In 2008, the consortium, also including the company, participated in the tender the Iranian Privatization Administration and purchased the shares of the Razi Petrochemical Co. Twenty percent of the sales price was paid in advance and the balance is being paid in six monthly equal installments. As of 31 June 2011, a sum of 103.881.713 TL out of total payable 214.269.806 TL (31 December 2010; 228,454,749 TL) is shown in short term trade payables and the remaining 110.388.093 TL is shown in long term trade payables.

12. RECEIVABLES FROM AND PAYABLES TO FINANCE SECTOR

None. (31 December 2010: None)

13. INVENTORIES

	30 June 2011	31 December 2010
Raw Materials	148.308.251	142.288.200
Finished Goods	52.252.422	30.105.593
Commodities	52.780.974	162.450.301
Other Inventories	13.503.366	12.971.948
Total	**266.845.013**	**347.816.042**

There is no provision for inventory losses in current period. (2010: None).

(Amounts are expressed in Turkish Lira unless otherwise stated)

14. LIVE ASSETS

None. (31 December 2010: None)

15. ASSETS RELATED TO ONGOING CONSTRUCTION CONTRACTS

None. (31 December 2010: None)

16. INVESTMENTS VALUED BY EQUITY METHOD

Subsidiaries' net asset amounts taking place in balance sheet, which are accounted by equity method, are as follows:

	Negmar Denizcilik Yatırım A.Ş.		Tarkim Bitki Koruma San.Tic.A.Ş.	
	30 June 2011	**31 December 2010**	**30 June 2011**	**31 December 2010**
Total Assets	20.561.854	13.648.956	15.538.713	10.009.629
Total Liabilities	79.333.584	69.163.321	6.119.547	5.487.615
Net Assets	**99.895.438**	**82.812.277**	**21.658.260**	**15.497.244**
Other Short Term Liabilities	25.831.214	30.588.893	5.655.513	6.387.576
Other Long Term Liabilities	58.630.282	47.619.258	-	-
Equities	15.433.942	4.604.126	16.002.747	9.109.668
Net Sources	**99.895.438**	**82.812.277**	**21.658.260**	**15.497.244**

	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Net Sales	69.315.338	54.996.980	10.695.144	5.563.871
Net profit / loss	**(4.658.693)**	**1.167.275**	**893.075**	**(384.439)**

Subsidiaries' net asset amounts taking place in balance sheet, which are accounted by equity method, are as follows:

	30 June 2011	31 December 2010
Negmar Denizcilik Yatırm A.Ş.	7.778.173	1.841.651
Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.	6.401.099	3.643.867
Total	**14.179.272**	**5.485.518**

Effects of subsidiaries accounted by equity method on activity results of the period are as follows:

	30 June 2011	31 December 2010
Negmar Denizcilik Yatırım A.Ş	(1.863.477)	(813.947)
Tarkim Bitki Koruma San.Tic.A.Ş	357.230	(356.133)
Total	**(1.506.247)**	**(1.170.080)**

(Amounts are expressed in Turkish Lira unless otherwise stated)

17. INVESTMENT PROPERTIES

The fair value of investment properties of Group on June 2011, was obtained through an assessment made in June 2011 by Yetkin Real Estate Assessment and Consulting Inc. Co. which has no relation with Group and is an independent expertise company. Appraisal Company is an independent appraisal company which has been authorized by Capital Markets Board.

As of balance sheet date, there is no restriction about salability of investment properties and no liabilities arising from purchasing, constructing or improving, maintenance, repair or rehabilitation contracts.

	30 June 2011	**30 December 2010**
Net Value at the beginning of period	60.169.595	44.401.769
Rise in fair value	1.580.000	15.767.826
Net Value at the end of period	**61.749.595**	**60.169.595**

The Company had lease income amounting to 792.166 TL from its investment properties and 258.092 TL due to yield contract with Denizciler Birliği in the period ending on the date of 30 June 2011, and paid no maintenance cost. (31 June 2011: 763.474 TL)

18. TANGIBLE FIXED ASSETS

The depreciation cost and amortization of the company is 44.063.429 TL as of 30 June 2011, and details are given below.

	Gübretaş	**Razi**	**Total Amount**
Amortization Cost	2.094.503	41.912.148	44.006.651
Depreciation Cost	56.778	-	56.778
Total Amount	**2.151.281**	**41.912.148**	**44.063.429**

Out of the total of 44.063.429 TL depreciation and amortization costs; 42.581.499 TL have been included in General Production Costs, 337.550 TL in Sales and Marketing Costs, 974.492 TL in General Administrative Costs, and 169.888 TL remained in inventories.

(30 June 2010: Out of the total of 36.066.434 TL depreciation and amortization costs; 34.956.688 TL have been included in General Production Costs, 214.560 TL in Sales and Marketing Costs, 775.184 TL in General Management Costs, and 120.002 TL remained in inventories.)

Pledges and Mortgages on Assets

There are no pledges or mortgages on the fixed tangible fixed assets of the company as of the dates 30 June 2011 and 31 December 2010.

(Amounts are expressed in Turkish Lira unless otherwise stated)

18. TANGIBLE FIXED ASSETS (cont.)

	Land	Surface and Underground Improvement	Buildings	Facility, Machinery and Devices	Vehicles	Fixtures	Ongoing Investments	Total
Cost Value								
Opening balance on 1 January 2011	**105.296.758**	**9.857.738**	**118.557.977**	**1.118.913.890**	**7.213.505**	**10.934.378**	**14.676.484**	**1.385.450.730**
Conversion differences	73.586	-	1.014.703	24.447.710	131.940	198.676	332.394	26.199.009
Valuation difference	4.843.630	-	12.003.320	-	-	-	-	16.846.950
Purchases	-	38.494	165.597	800.967	268.874	282.923	6.497.723	8.054.578
Sales	-	-	(3.275.430)	(77.224)	(59.773)	(374.236)	-	(3.786.663)
Closing Balance on 30 June 2011	**110.213.974**	**9.896.232**	**128.466.167**	**1.144.085.343**	**7.554.546**	**11.041.741**	**21.506.601**	**1.432.764.604**
Accrued depreciation								
Opening balance on 1 January 2011	**-**	**(9.095.976)**	**(68.699.473)**	**(459.702.370)**	**(4.913.609)**	**(6.009.373)**	**-**	**(548.420.801)**
Conversion differences	-	-	(578.269)	(10.547.005)	(105.749)	(123.624)	-	(11.354.647)
Valuation difference	-	-	(7.807.033)	-	-	-	-	(7.807.033)
Expenses for the period	-	(57.600)	(2.216.845)	(40.758.831)	(303.200)	(670.175)	-	(44.006.651)
Sales / Cancellation	-	-	847.036	38.384	44.593	374.950	-	1.304.963
Closing Balance on 30 June 2011		**(9.153.576)**	**(78.454.584)**	**(510.969.822)**	**(5.277.965)**	**(6.428.222)**	**-**	**(610.284.169)**
Net value on 30 June 2011	**110.213.974**	**742.656**	**50.011.583**	**633.115.521**	**2.276.581**	**4.613.519**	**21.506.601**	**822.480.435**

(Amounts are expressed in Turkish Lira unless otherwise stated)

18. TANGIBLE FIXED ASSETS (cont.)

Cost Value	Land	Surface and Underground Improvement	Buildings	Facility, Machinery and Devices	Vehicles	Fixtures	Ongoing Investments	Total
Opening Balance on 1 Jan. 2010	**67.248.091**	**9.741.169**	**83.247.815**	**1.127.661.497**	**6.214.114**	**10.148.776**	**9.687.920**	**1.313.949.382**
Conversation Differences	132.022	-	1.858.658	43.676.616	216.213	329.443	390.973	46.603.925
Revaluation Differences	37.349.359	-	33.190.280	-	-	-	-	70.539.639
Purchases	1.113.430	116.568	1.946.500	646.018	115.007	364.348	3.479.087	7.780.959
Sales	(373.000)	-	(2.494.946)	91.827	(109.945)	(269.204)	-	(3.155.268)
Closing Balance on 30 June 2010	**105.469.902**	**9.857.737**	**117.748.307**	**1.172.075.958**	**6.435.390**	**10.573.363**	**13.557.980**	**1.435.718.636**
Accured Depreciation								
1 Ocak 2010 Açılış Bakiyesi	**-**	**(8.973.491)**	**(44.866.509)**	**(396.968.954)**	**(4.534.356)**	**(5.288.954)**	**-**	**(460.632.264)**
Conversation Differences	-	-	(901.245)	(14.094.486)	(166.310)	(169.578)	-	(15.331.619)
Revaluation Differences	-		(20.213.143)					(20.213.143)
Expenses for the period	-	(62.661)	(2.487.403)	(32.788.019)	(207.642)	(520.485)	-	(36.066.210)
Sales / Cancellation	-	-	749.550	(55.096)	89.670	267.797	-	1.051.921
Closing Balance on 30 June 2010	**-**	**(9.036.152)**	**(67.718.750)**	**(443.906.555)**	**(4.818.638)**	**(5.711.220)**	**-**	**(531.191.315)**
Net Value as of 30 June 2010	**105.469.902**	**821.584**	**50.029.557**	**728.169.403**	**1.616.751**	**4.862.143**	**13.557.980**	**904.527.321**

(Amounts are expressed in Turkish Lira unless otherwise stated)

19. INTANGIBLE FIXED ASSETS

Rights	**30 June 2011**	**30 June 2010**
Opening Balance on 1 January	213.292	23.050
Purchases	8.730	-
Closing Balance on 31 March	**222.022**	**23.050**
Accured Depreciation		
Opening Balance on 1 January	**(23.050)**	**(22.716)**
Amortization expenses for current period	(56.778)	(222)
Closing Balance on 31 March	**(79.828)**	**(22.938)**
Net Book Value	**142.194**	**112**

20. GOODWILL

	Goodwill
Amount as of 31 December 2009	249.836.962
Conversation difference	(3.164.601)
Amount as of 31 December 2010	246.672.361
Conversation difference	5.662.971
Amount as of 30 June 2011	252.335.332

21. GOVERNMENT INCENTIVE AND AIDS

None. (31 December 2010: None)

22. PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES

<u>Provisions for Payables</u>

<u>Provisions for Short Term Payable</u>

	30 June 2011	**31 December 2010**
Provisions for costs	37.842.483	45.004.271
Provisions for law suits and compensations	1.580.148	1.643.594
Total	**39.422.631**	**46.647.865**

(Amounts are expressed in Turkish Lira unless otherwise stated)

22. PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES (Cont.)

Provisions for Short Term Payable (Cont.)

Lawsuit Provisions:

	30 June 2011
As of 1 January 2011	1.643.594
Additional Provisions	(63.446)
As of 30 June 2011	1.580.148

Guıarantess-Liens-Mortgages ("GLM")

As of dates 30 June 2011 and 31 December 2010 Groups guarantess/liens/mortgage position listed in table below:

	30 June 2011			31 December 2010		
GLM's given from Company	Foreign Exchange	Amount	Amount in TL	Foreign Exchange	Amount	Amount in TL
A. Total amount of GLM given by the corporate name of the company.	TL	-	8.902.359	TL	15.424.743	15.424.743
B. Total amount GLM given on behalf of scope of overall consolidated association	-	-	-	-	-	-
C. Total amount of GLM given to 3th parties liabilities, in purpose of usual business operations (*)	EUR	26.666.656	62.645.308	EUR	31.111.104	63.749.763
D. Total amount of other GLM given	-		-	-	-	-
i. Total amount of GLM given on behalf of main shareholder	-		-	-	-	-
ii. Total amount of GLM given, on behalf of other group companies, excluding B and C	EUR USD TL	1.270.514 34.752.799	2.984.691 29.020.166 1.005.187	EUR USD	1.606.007 17.780.889	3.290.870 27.488.830
iii. Total amount of GLM given on behalf of 3th parties, excluding C	-	-	-	-	-	-
Total			**71.547.667**			**79.174.506**

(*) The amount of solidary suretyship given to banks for Razi acqusition by the name of consortium partners.

The rate of other GLM's Group given / shareholders equity is 4% as of 30 June 2011. (As of 31 December 2010:4%.)

22. PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES (Cont.)

Conditional Matters

The natural gas costs which has an important place in the production expenses of Razi Petrochemical Co. are invoiced on the basis of cubic meter price by the National Iranian Oil Company ("NIOC"). NIOC determines the natural gas prices in the month of March every year. NIOC decided on the date of 21st March 2010 that the price of the natural gas should be increased 15 times more than the original costs of Razi, and therefore NIOC realized the invoicing on the basis of this amount. Razi objected to this application and did not record the liability of TRL 132,000,000, which is the effect of the price that was required. As from the report date the disagreement on the natural gas prices has been continuing. The Group's management did not reserve any provisions regarding this amount in the consolidated financial statements because the subject process with respect to NIOC has been continuing, and at the same time the Group's management foresees no possibility of cash outflow with respect to this liability. The government of Islamic Republic of Iran rearranged the natural gas prices on the date of 19th December 2010, and increased the cubic meter unit price seven times more than the original costs of Razi. All the invoicing starting from the date of 19th December 2010 are realized on the basis of this new amount.

The corporate tax declarations of Razi for the years 2006, 2007, and 2008 have been examined by tax authorities of the Islamic Republic of Iran. As a result of this examination it has been found that there are some exceptional revenues exempt from taxation in the tax accounts of the exports realized by Razi. And therefore, the Tax Authority has accepted that these revenues must be subject to taxation, and so, they imposed taxes of TRL 24 million. The Group's management objected to this additional tax requirement, in line with the opinions of their legal advisors and tax specialists they did not reserve any provisions depending on the fact that the final legal process has not been completed yet and that there are some ambiguities with respect to the subject matter.

The embargoes and sanctions imposed on Iran by the United Nations since 2010 may effect the future operations of the Group's partnership in this counry. The economic stability and permanence of the Islamic Republic of Iran depends on the measurements that will be taken by the government against these sanctions, and it also depends on the effects of legal, administrative, and political developments to occur. These developments are not under the control of the companies operating in the counry. As a result, the companies that have operations in this counTRL have to consider and take some risks that are not observed in other countries. The enclosed consolidated financial statements include some assumptions about the effects of the sanctions imposed on Iran Islamic Republic and on the operations of the subject partnership of the Group in this counry. The economic situation of the Islamic Republic of Iran in the future may be different from the assumptions of the Group's management.

23. COMMITMENTS

Razis' Stock Purchase

Regarding to Razis' stocks trading agreement, all shares of Razi are put in pledge by Iranian Privatization Organisation until Group and other consortium members pay all of debts. Group and consortium members have agreed that they have no right to make any implement or change within period of pledge. Moreover, Group and consortium members gave right to Iran Privatization Organisation for selling or taking over companys' shares without any condition if any contrary to the agreement like abusing companys' rights and harm to collection of its receivables happens, with an unsubmitted notarised letter of attorney. Group and consortium members have no right for changing principal agreement of company, transffering and selling assets unless they pay all of debts or have written permission from Iranian Privatization Organization.

Forward Contracts

As of 30 June 2011, the company finalized 3 foreign currency purchasing contracts with financial institutions against currency exchange risk. The maturity date of the contracts was July 2011, and the total nominal value of contracts is US$ 11.000.000.

(As of 31 December 2010, the company finalized 10 foreign currency purchasing contracts with financial institutions against currency exchange risk. The maturity date of the contracts was January 2011, and the total nominal value of contracts is US$ 28.500.000.)

Operational Lease

The company has operational lease contracts amounting to a total of 34.840 TL (31 December 2010: 61.469 TL and 29.997 Euro). The future payment terms and amounts belonging to these transactions, which completely belong to vehicle leasing, are as follows:

(Amounts are expressed in Turkish Lira unless otherwise stated)

Year	TL	
2011	14.280	
2012	19.040	
2013	1.520	
Total	**34.840**	

Purchasing Commitments

Group has US$ 46.754.200 purchasing commitment as of 30 June 2011. (31 December 2010: US$ 50.082.793).

24. PROVISIONS FOR EMPLOYEE BENEFITS

Short Term

	30 June 2011	31 December
Holiday and Senior Inventive Provisions	1.263.209	3.766.229
Provisions for Early Retirement Salary	11.808.214	8.930.282
Other short term liabilities	**13.071.423**	**12.696.511**

Long Term

	30 June 2011	31 December 2010
Provision for termination indemnity (Gübretaş)	5.129.923	4.972.047
Provision for termination indemnity (Razi)	23.740.505	19.823.794
Provisions for Early Retirement Salary	73.450.382	68.144.052
Total	**102.320.810**	**92.939.893**

As of 30 June 2011, termination indemnity liability of the company has been calculated with and annual inflation of 5,10% and discount rate of 10%, and by using 4,66% real discount rate (31 December 2010;4,66%). As the termination indemnity cap of the company's provision for termination indemnities is adjusted on a semi-annual basis, it is calculated as 2.731 TL , which is valid as of the date of 1 June 2011 onwards (31 December 2010: 2.517 TL).

The termination indemnity liability amount of Razi has been discounted by discount rate of 2,74% (31.12.2010: 4,28%) .

The movement of provision for termination indemnity throughout the year is as follows:

While period of Razi's privatization, the right of early retirement is provided to employees and responsibility is accounted in the scope of IAS 19 by Razi.

The movement of provision for termination indemnity throughout the year is as follows:

(Amounts are expressed in Turkish Lira unless otherwise stated)

	30 June 2011	30 June 2010
As of January 1st	92.939.893	85.952.232
Conversion differences	2.019.518	3.286.430
Paid during year	(11.414.682)	(12.103.519)
Current revenue	1.354.705	-
Increase during year	17.421.376	13.720.218
As of 30 June	**102.320.810**	**90.855.361**

25. RETIREMENT PLANS

None. (31 December 2010: None)

(Amounts are expressed in Turkish Lira unless otherwise stated)

26. OTHER ASSETS AND OTHER LIABILITIES

Other Assets

	30 June 2011	31 December 2010
Advances given for orders	26.370.618	35.878.794
Prepaid expenses for future months	1.343.989	227.553
Income accrual	308.555	235.075
Deferred VAT	1.341.699	3.935.572
Prepaid taxes and funds	4.856.064	368.639
Work advances	23.785	4.066.130
Other various current assets	3.724.153	1.420.723
Other current assets	**37.968.863**	**46.132.486**

Other Fixed assets

	30 June 2011	31 December 2010
Advances given for orders	14.709.135	13.170.532
Other various current assets	11.035.380	10.848.473
Other current assets	**25.744.515**	**24.019.005**

Other Short-Term Liabilities

	30 June 2011	31 December 2010
Advances received	2.219.717	23.290.001
Incomes of future months	96.100	96.102
Accrued expenses	2.335.040	4.565.323
Other short term liabilities	**4.650.857**	**27.951.426**

27. EQUITY CAPITAL

Paid-in capital

The equity structure as of 30 June 2011 and 31 December 2010 is as follows::

	30 June 2011		31 December 2010	
Name	**Share rate**	**Share amount**	**Share rate**	**Share amount**
Turkish Agricultural Credit Cooperative Central Union	75,95%	63.421.152	75,95%	63.421.152
Other	24,05%	20.078.848	24,05%	20.078.848
TOTAL	**100,00%**	**83.500.000**	**100,00%**	**83.500.000**

Company is dependent on paid-up capital system. As of balance sheet date maximum authorized stock capital is 200.000.000 TL (2010: 200.000.000 TL). Company's capital is formed 8.350.000.000 pieces stocks. (2010: 8.350.000.000) Stocks' nominal value is 0,01 TL. (2010: 0,01 TL)

(Amounts are expressed in Turkish Lira unless otherwise stated)

27. EQUITY CAPITAL (cont.)

Appreciation Fund

The total of appreciation fund is 145.133.540 TL, out of which 145.069.941 TL portion belongs to fixed asset appreciation fund and 63.599 TL portion on the other hand belongs to financial assets appreciation fund (31 December 2010: 136.697.263 TL).

Restricted Retained Earnings

The legal reserves consist of first and second composition of legal reserves according to the Turkish Code of Commerce. The first composition of legal reserves is composed of 5% of the previous period's commercial profits until the date it reaches 20% of the paid capital. The second composition of legal reserves is allocated as 10% of the total cash dividend distributions following the first composition of legal reserves and dividends.

The retained earnings that were reclassified consist of the below items as of the date of 30 June 2011:

	30 June 2011	31 December 2010
Legal reserves	5.645.297	5.645.297
Real estate sales gain to be added to capital	1.330.243	881.151
Total	**6.975.540**	**6.526.448**

Foreign Exchance Differences

	30 June 2011	31 December 2010
Amount of beginning of period	65.434.276	76.639.105
Exchange differences on behalf of abroad companys' net assets conversation differences	26.244.450	(11.204.829)
Amount of end of period	**91.678.726**	**65.434.276**

28. SALES AND COST OF SALES

Sales Income

	01.01.2011 30.06.2011	01.04.2011 30.06.2011	01.01.2010 30.06.2010	01.04.2010 30.06.2010
Domestic Sales	625.028.214	240.426.449	402.070.737	111.302.752
Overseas Sales	333.916.532	192.954.199	246.515.721	126.780.327
Sales Returns (-)	(275.535)	(70.004)	(60.577)	(50.746)
Sales Discounts (-)	(3.123.608)	(1.139.856)	(1.403.590)	(16.932)
Other discounts from sales (-)	(469.042)	(428.534)	(2.541.566)	(1.549.671)
Net Sales	**955.076.561**	**431.742.254**	**644.580.725**	**236.465.730**

(Amounts are expressed in Turkish Lira unless otherwise stated)

Sales Amounts

			01.01.2011	01.04.2011	01.01.2010	01.04.2010
a)	**Gübre Fabrikaları T.A.Ş.**	**Unit**	**30.06.2011**	**30.06.2011**	**30.06.2010**	**30.06.2010**
	TSP Triple Super phosphate	Ton	11.877	3.593	30.122	5.642
	NKP Composite Fertilizer	Ton	267.110	104.213	191.065	56.256
	Urea	Ton	147.222	48.631	108.698	30.790
	Ammonium Nitrate	Ton	140.061	35.808	146.738	18.757
	DAP	Ton	44.534	20.986	19.142	4.479
	Ammonium Sulfate	Ton	59.924	18.035	55.340	10.980
	CAN	Ton	122.331	26.073	110.469	18.476
	Potassium Sulfate	Ton	4.847	669	1.980	316
	Map	Ton	175	87	117	50
	Other	Ton	562	147	583	99
	Total		**798.643**	**258.242**	**664.254**	**145.845**
	Liquid fertilizer	**Lt**	**725.270**	**274.682**	**544.345**	**162.822**
	Powder fertilizer	**Kg**	**6.147.322**	**2.671.257**	**4.325.804**	**2.120.850**
			01.01.2011	**01.04.2011**	**01.01.2010**	**01.04.2010**
b)	**Razi Co.**	**Unit**	**30.06.2011**	**30.06.2011**	**30.06.2010**	**30.06.2010**
	Sulphur	Ton	173.843	54.929	188.145	99.707
	Ammonia	Ton	345.522	177.181	379.312	177.069
	Sulfuric Acid	Ton	76.827	22.117	53.201	34.251
	Urea	Ton	209.561	144.639	173.441	94.396
	Dap	Ton	19.972	13.828	-	-
	Total		**825.725**	**412.694**	**794.099**	**405.423**

(Amounts are expressed in Turkish Lira unless otherwise stated)

28. SALES AND COST OF SALES (cont.)

Cost of Sales (-)

	01.01.2011	01.04.2011	01.01.2010	01.04.2010
	30.06.2011	**30.06.2011**	**30.06.2010**	**30.06.2010**
Cost of Goods Produced	**386.919.046**	**207.051.706**	**209.785.052**	**100.679.180**
Change in the goods inventory	(22.889.771)	(849.670)	(13.114.358)	(15.211.407)
period	31.336.899	53.377.000	16.453.705	14.356.656
- Goods at the end of the period	(54.226.670)	(54.226.670)	(29.568.063)	(29.568.063)
- Foreign Exchance Differences	**364.029.275**	**205.352.366**	**196.766.862**	**85.563.652**
Cost of Goods Sold	96.325.038	69.613.511	52.700.327	64.118.218
-Merchandise inventories at the beginning of the period	285.760.920	88.769.142	193.312.761	21.092.795
-Purchases	(53.523.383)	(53.523.383)	(41.395.611)	(41.395.611)
- Merchandise inventories at the end of the period	**328.562.575**	**104.859.270**	**204.617.477**	**43.815.402**
Cost of Merchandise Sold	**281.413**	**196.441**	**887.700**	**170.190**
Total Cost of Sales	**692.873.263**	**310.408.077**	**402.272.039**	**129.549.244**

Production Amounts

			01.01.2011	**01.04.2011**	**01.01.2010**	**01.04.2010**
a)	**Gübre Fabrikaları T.A.Ş.**	**Unit**	**30.06.2011**	**30.06.2011**	**30.06.2010**	**30.06.2010**
	TSP Triple Superphosphate	Ton	55.020	28.480	63.960	26.100
	NKP Compound Fertilizer	Ton	197.656	94.354	171.587	73.296
	Total	**Ton**	**252.676**	**122.834**	**235.547**	**99.396**
	Liquid Fertilizer	Lt	493.382	204.034	329.530	141.745
	Powder Fertilizer	Kg	1.392.924	871.734	525.569	315.375
			01.01.2010	**01.04.2010**	**01.01.2010**	**01.04.2010**
b)	**Razi Co.**	**Unit**	**30.06.2010**	**30.06.2010**	**30.06.2010**	**30.06.2010**
	Sulphur	Ton	202.637	101.645	211.009	104.974
	Ammonia	Ton	491.226	251.085	504.883	253.395
	Sulphuric Acid	Ton	74.624	22.048	59.415	31.475
	Urea	Ton	229.333	118.113	185.421	100.850
	Dap	Ton	21.395	21.395	-	-
	Total	**Ton**	**1.019.215**	**514.286**	**960.728**	**490.694**

(Amounts are expressed in Turkish Lira unless otherwise stated)

29. RESEARCH DEVELOPMENT/ MARKETING-SALES AND DISTRIBUTION AND GENERAL ADMINISTRATION EXPENSES (-)

	01.01.2011	01.04.2011	01.01.2010	01.04.2010
	30.06.2011	30.06.2011	30.06.2010	30.06.2010
Marketing, Sales and Distribution expenses (-)	**47.684.789**	**18.824.527**	**25.426.906**	**10.836.278**
- Personnel Expenses	1.970.252	1.010.404	1.327.962	591.861
- Outsourced utilities and services	31.557.595	12.885.372	22.498.453	9.255.961
- Depreciation	337.550	177.141	214.561	130.969
- Taxes, Duties and Levies	166.268	33.645	164.246	144.884
- Various Expenses	13.653.124	4.717.965	1.221.684	712.603
General Administrative Expenses (-)	**23.569.393**	**10.168.082**	**22.018.410**	**10.490.874**
- Personnel Expenses	17.314.484	7.422.340	14.384.391	5.234.166
- Outsourced utilities and services	2.088.450	1.163.273	2.654.312	848.791
- Depreciation	974.492	585.402	1.104.731	752.869
- Taxes, Duties and Levies	298.440	142.453	95.518	54.944
- Various Expenses	2.893.527	854.614	3.779.458	3.600.104
Total Operational Expenses	**71.254.182**	**28.992.609**	**47.445.316**	**21.327.152**

Benefits and services rendered from third parties is predominantly composed of transport expenses, maintenance repair expenses, energy, fuel, water and communication expenses.

30. QUALITATIVE DISTRIBUTION OF EXPENSES (-)

	01.01.2011	01.04.2011	01.01.2010	01.04.2010
	30.06.2011	30.06.2011	30.06.2010	30.06.2010
- Personnel Expenses	19.284.736	14.947.822	15.712.353	5.826.027
- Outsourced utilities and services	33.646.045	14.080.782	25.152.765	10.104.752
- Depreciation	1.484.456	772.622	1.319.292	883.838
- Taxes, Duties and Levies	464.708	200.536	259.764	199.828
- Various Expenses	16.374.237	7.698.194	5.001.142	4.312.707
Total	**71.254.182**	**37.699.956**	**47.445.316**	**21.327.152**

(Amounts are expressed in Turkish Lira unless otherwise stated)

31. INCOME/EXPENSES FROM OTHER OPERATIONS

Incomes from Other Operations

	01.01.2011 30.06.2011	01.04.2011 30.06.2011	01.01.2010 30.06.2010	01.04.2010 30.06.2010
Investment property appreciation	1.580.000	1.580.000	15.767.833	15.767.833
Leasing and holding income	2.600.606	1.554.476	1.464.489	470.310
Electricity, steam and carbon sales	4.820.823	2.234.406	2.822.755	1.681.967
Fixed Assets Sales Income	971.762	210.487	2.403.261	2.348.583
Other	4.302.088	521.106	5.396.869	3.678.511
Total	**14.275.279**	**6.100.475**	**27.855.207**	**23.947.204**

Expenses from Other Operations (-)

	01.01.2011 30.06.2011	01.04.2011 30.06.2011	01.01.2010 30.06.2010	01.04.2010 30.06.2010
Retirement payments	(2.911.883)	(1.969.780)	(2.159.264)	(725.264)
Iran free zone commission income	(4.154.877)	(2.372.419)	(375.649)	-
Other expense / loss	(2.131.130)	(2.434.008)	(3.191.533)	3.101.138
Total	**(9.197.890)**	**(6.776.207)**	**(5.726.446)**	**2.375.874**

32. FINANCIAL INCOMES

	01.01.2011 30.06.2011	01.04.2011 30.06.2011	01.01.2010 30.06.2010	01.04.2010 30.06.2010
Interest incomes	18.097.883	13.993.163	6.811.056	2.585.817
Foreign exchange profits	11.447.391	6.545.128	32.177.896	10.653.994
Rediscount income	1.992.401	14.432	2.093.317	2.156.693
Other financial incomes	25.624	-	42.101	25.625
Total	**31.563.299**	**20.552.723**	**41.124.370**	**15.422.129**

(Amounts are expressed in Turkish Lira unless otherwise stated)

33. FINANCIAL EXPENSES (-)

	01.01.2011	01.04.2011	01.01.2010	01.04.2010
	30.06.2011	30.06.2011	30.06.2010	30.06.2010
Liability Costs (-)	**75.655.019**	**44.463.674**	**48.489.750**	**24.069.262**
Short Term	**49.241.156**	**41.543.886**	**20.772.776**	**15.380.361**
Foreign Exchange Differences	38.445.115	32.816.060	7.867.364	4.312.283
Interest Rate	10.796.041	8.727.826	12.905.412	11.068.078
Long Term	**26.413.863**	**2.919.788**	**27.716.974**	**8.688.900**
Foreign Exchange Differences	7.835.796	965.807	10.693.740	4.915.147
Interest Rate	18.578.067	1.953.981	17.023.234	3.773.753
Purchase delay interest	**4.412.605**	**671.076**	**3.143.846**	**517.779**
Foreign Exchange Loss (-)	**12.779.656**	**9.833.325**	**6.180.376**	**3.528.129**
Rediscounted interest expense (-)	**2.878.863**	**(468.638)**	**1.258.772**	**(545.319)**
Total	**95.726.143**	**54.499.437**	**59.072.744**	**27.569.851**

34. NON-CURRENT ASSETS HELD FOR SALES AND DISCONTINUED OPERATIONS

None. (31 December 2010: None)

35. TAX ASSETS AND LIABILITIES

Corporate Tax

The company is subjected to the corporate tax on the basis of the legislation applicable in Turkey. Turkish tax law does not allow a main company and its subsidiaries to make a consolidated tax statement. Therefore, tax provisions included in attached consolidated financial statements were calculated on basis of considering each consolidated company as separate legal entities.

The rate of corporate tax to be imputed over company's earning which is subjected to taxation is calculated over the remaining tax-basis after the expenses which are not deducted from tax basis recorded as expense during the calculation of commercial earning are included and tax exempt earnings, incomes not subjected to taxation and other discounts (if any, previous year losses and investment discount benefited in case they are preferred) are deducted.

Effective tax rate applied in the year 2011 was 20% (2010: 20%).

In Turkey, a provisional tax is calculated and imputed in quarterly periods. A provisional tax of 20% over company earnings was calculated at the stage of taxation of company earnings for the year 2008 as per the provisional tax periods (2010: %20).

The losses may be carried forward maximum 5 years provided that it will be deducted from taxable profit to be obtained in future years. However, the losses accrued may not be retrospectively deducted from the profit obtained in previous years.

In Turkey, there is not an accurate and definite agreement procedure pertaining to tax assessment. Companies prepare their tax statements between 1 and 25 April of the year following the balancing payment period of relevant year (for the companies having special accounting period, it is between 1 and 25 of the fourth month following the balancing payment period). These statements and accounting records on which the statements are based may be inspected and changed by Tax Office within 5 year-period.

In accordance with Corporate Tax Law numbered 5520, corporate tax and provisional tax rates are applied as 20% (year 2010: 20%). The corporate tax rate calculated according to Iranian legislation is 25%.

(Amounts are expressed in Turkish Lira unless otherwise stated)

35. TAX ASSETS AND LIABILITIES (Cont.)

Tax provision included in the balance sheet belonging to the period ending on 30 June 2011 is as follows.

	30 June 2011	31 December 2010
Provision for corporate tax	16.932.325	10.023.335
Pre-paid taxes, etc. For the period's profits	(5.551.948)	(1.057.805)
Total	11.380.377	8.965.530

Deferred Tax Assets and Liabilities

Group is accounting deferred tax assets and liabilities on the basis of the temporary timing differences arising from the difference between financial statements that are prepared in accordance with IFRS and the statements prepared as setting the basis for tax obligations. In general the subject matter differences result from some income and expense amounts included in the tax based statements to take place in different periods in the financial statements that are prepared in accordance with IFRS.

Reflected to the income statement	**30 June 2011**		**31 December 2010**	
Deferred Tax	**Provisional differences**	**Deferred tax, assets and liab.**	**Provisional differences**	**Deferred tax, assets and liab.**
Provisions for termination indemnity	5.129.924	1.025.985	4.972.047	994.409
Expense accrual	1.368.711	273.742	750.140	150.028
Receivables rediscount	2.468.659	493.732	1.834.311	366.862
Inventories	1.679.961	335.992	3.267.515	653.503
Tangible fixed assets	14.118.411	2.823.682	13.714.602	2.742.920
Other	1.097.129	219.427	1.447.574	289.517
Loss of previous year	-	-	80.021.236	16.004.247
Deferred tax assets	**25.862.795**	**5.172.560**	**106.007.425**	**21.201.486**
Valuation difference for current value	152.705.201	7.635.260	143.891.911	7.194.596
Payables rediscount	158.090	31.618	446.116	89.223
Value increase in investment properties	17.347.833	867.392	15.767.833	788.392
Other	-	-	80.612	16.120
Deferred Tax Liabilities	**170.211.124**	**8.534.270**	**160.186.472**	**8.088.331**
Net Deferred Tax Asset		**(3.361.710)**		**13.113.155**
Razi Co. Deferred Tax Asset / Liability		(2.743.514)		(145.730)
Total Deferred Tax Asset		**(6.105.224)**		**12.967.425**

(Amounts are expressed in Turkish Lira unless otherwise stated)

35. TAX ASSETS AND LIABILITIES (cont.)

Distribution of previous fiscal years' losses that are taken into account in calculating of deferred tax by years is as follows.

	1 January 2011	1 January 2010
	30 June 2011	**31 December 2010**
Amount to be used until 2013	-	53.025.673
Amount to be used until 2014	-	26.995.563
	-	**80.021.236**

Information related to deferred tax transaction table:

Amount reflected to income statement		
Deferred tax asset/liability transactions	**30 June 2011**	**30 June 2010**
Opening balance on 1 January	12.967.425	40.787.360
Impact of conversion difference of deferred tax of	(69.723)	60.383
Sub Total	**12.897.702**	**40.847.743**
Deferred tax (income) / expense	(18.562.259)	(24.127.925)
Deferred tax expense of appreciation related with tangible assets accounted directly in equity.	(440.667)	(2.497.734)
Balance sheet outstanding at the end of period	**(6.105.224)**	**14.222.084**

Tax provision agreement:

	1 January 2011	1 January 2010
	30 June 2011	**30 June 2010**
Pre-tax profit / (loss)	130.357.414	200.036.402
	20%	20%
Calculated tax	26.071.483	40.007.280
Impact of Foreign Subsidiaries subjected to different	7.867.379	10.103.423
Impact of expenditure tax recognized legally	76.578.875	38.842
Tax effects of discount and exemptions	(85.831.207)	(40.106.336)
Tax effects of previous year losses	-	24.644.150
Other differences unrelated to tax	665.819	-
Tax income / expense	**25.352.349**	**34.687.359**

(Amounts are expressed in Turkish Lira unless otherwise stated)

36. EARNINGS PER SHARE

The weighted average of the shares and profit per share calculations of the company as of 30 June 2011 and 31 December 2010 are as follows.

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
Net Profit / (loss) of the period	27.124.751	21.271.892	74.992.091	47.839.032
Number of weighted average shares	83.500.000	83.500.000	83.500.000	83.500.000
Profit/ loss per share (TL)	**0,3249**	**0,2548**	**0,8981**	**0,5729**

37. STATEMENTS OF RELATED PARTIES

<u>Transactions realized with related parties within the period</u>

Trade receivables and payables

Trade Receivables (Main Shareholder)	**30.06.2011**	**31.12.2010**
Agricultural Credit Coop. Central Union	68.995.418	42.640.090
Total	**68.995.418**	**42.640.090**
Other Receivables (Minority Share)		
Minority Shares	36.154.112	76.869.564
Total	**36.154.112**	**76.869.564**
Trade Payables (Affiliates)		
Tarkim Bitki Koruma San.ve Tic.A.Ş.	107.250	
Negmar Denizcilik A.Ş.	84.656	
Tarnet A.Ş	22.235	4.038
Total	**214.141**	**4.038**

Average maturity of sales to Turkish Agricultural Credit Cooperatives Central Union are 15 days, there aren't any interest rate implemented. Other receivables are amount of Razi's receivables paid to Iranian Privatization Organization on behalf of minority shares, and also owed amount of minority shares.

(Amounts are expressed in Turkish Lira unless otherwise stated)

37. STATEMENTS OF RELATED PARTIES

Sales – Purchases

Sales (Main Shareholder)	Type	30.06.2011	30.06.2010
Agricultural Credit Coop. Central Union	Goods	367.792.343	218.866.364
Sales (Affiliates)			
Tarkim Bitki Koruma San.ve Tic.A.Ş.	Goods	124.992	1.157.737
Negmar Denizcilik A.Ş.	Service	-	13.488
Toplam		**367.917.335**	**220.037.589**
Purchases (Affiliates)	**Cinsi**	**30.06.2011**	**30.06.2010**
Tarkim Bitki Koruma San.ve Tic.A.Ş.	Goods	244.122	369.738
Negmar Denizcilik A.Ş.	Service	1.801.029	1.429.475
Tarnet A.Ş	Service	127.214	67.554
Total		**2.172.365**	**1.866.767**

Benefits Provided to Top Management

The total benefits the company has provided to its top managers as of 30 June 2011 shown below table:

	30 June 2011		30 June 2010	
	Gübretaş	Razi	Gübretaş	Razi
Short term benefits to employees	584.360	614.257	536.788	588.965
Post employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Dismissal benefits	-	-	-	-
Stock based payments	-	-	-	-
Total	**584.360**	**614.257**	**536.788**	**588.965**

38. THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Targets, Objectives and Policies of Financial Risk Management

The Group manages its financial instruments through finance department and top management. All the developments in the market are monitored instantly, national and international markets are evaluated in daily ordinary meetings, and hence financial instruments are managed taking into account cash inflows and outflows. The Group prepares daily cash report and cash management strategies are developed by managers taking into consideration all the information said. The Group undertakes cash planning through forward-looking cash flow reports.

The financial instruments that the Group uses are cash, cash equivalents, liquidity funds, purchase and sale of stock shares, credits and forward transactions. The true purpose of using these instruments is to create financing for the operations of the Group. The Group has also financial instruments such as trade receivables and trade payables, which directly arise from the operations of the Group.

The risks arising from instruments used are credit risk, liquidity risk, market and foreign exchange risk and interest rate risk. The Group management manages these risks in the following stated manner.

Credit Risk

The Group is subjected to credit risk because of its trade receivables arising from the forward sales of the Group. Management decreases the credit risk to minimum level regarding its receivables by taking securities (such as bank letter of guarantee, mortgage, etc.) from customers (except for related parties). These credit risks are monitored continuously by the Group and evaluated by considering the quality of the trade receivables, past experiences and current economic condition and expressed in the balance sheet by its net amount after allowance for doubtful receivables is allocated for the receivables not to be collected. (Note:10). Approximately 41% of Group sales are related to the main shareholder Turkish Agricultural Credit Cooperatives Central Union.

(Amounts are expressed in Turkish Lira unless otherwise stated)

The credit risks being subjected by the financial instrument types as of 30 June 2011 and 31 December 2010 are as follows:

38. THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

Credit risks on basis of financial instrument types

30.06.2011	Receivables				Deposits in Bank	Derivative financial instruments	Cash and cash equivalent
	Trade receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk exposed as of reporting date (A+B+C+D+E) (*)	**68.995.418**	**311.286.224**	**36.154.112**	**51.781.548**	**138.597.854**	**308.323**	**2.502.244**
- Part of maximum risk secured by guarantee, etc.(**)	-	89.381.718	-	-	-	-	-
A. Net book value of financial assets which are undue or are not exposed to depredation	68.995.418	308.836.997	36.154.112	51.781.548	138.597.854	-	2.502.244
- Part of asset secured by guarantee, etc.	-	86.882.491	-	-	-	-	-
B. Value of financial assets of which terms are re-negotiated, otherwise they shall be overdue or be exposed to depredation (2)	-	-	-	-	-	-	-
C. Net book value of assets which are overdue but not exposed to depredation (3)	-	2.449.227	-	-	-	-	-
- Part of asset secured by guarantee, etc.	-	2.499.227	-	-	-	-	-
D. Net book value of assets which are exposed to depredation	-	-	-	-	-	-	-
- Overdue	-	329.558	-	-	-	-	-
(gross book value)	-	(329.558)	-	-	-	-	-
- Value decrease (-)	-	-	-	-	-	-	-
- Part of net value secured by guarantee, etc.	-	-	-	-	-	-	-
- Value decrease (-)	-	-	-	-	-	-	-
- Part of net value secured by guarantee, etc.	-	-	-	-	-	-	-
E. Off-balance sheet elements carrying credit risk	-	-	-	-	-	17.727.500	-

(*) Guarantees taken, which provides increase in credit reliability didn't consider while calculating.
(**) Guarantees are guarantee bonos, guarantee checks and guarantee mortgages from clients.

(Amounts are expressed in Turkish Lira unless otherwise stated)

38. THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

31.12.2010	Receivables				Deposits in Bank	Derivative financial instruments	Cash and cash equivalent
	Trade receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk exposed as of reporting date (A+B+C+D+E) (*)	**42.640.090**	**236.560.295**	**76.869.564**	**11.847.830**	**192.774.444**	**80.612**	**701.567**
- Part of maximum risk secured by guarantee, etc.(**)	-	122.558.362	-	-	-	-	-
A. Net book value of financial assets which are undue or are not exposed to depredation	42.640.090	232.535.533	76.869.564	11.847.830	192.774.444	-	647.499
- Part of asset secured by guarantee, etc.	-	118.867.701	-	-	-	-	-
B. Value of financial assets of which terms are re-negotiated, otherwise they shall be overdue or be exposed to depredation (2)	-	-	-	-	-	-	-
C. Net book value of assets which are overdue but not exposed to depredation (3)	-	3.690.661	-	-	-	-	54.068
- Part of asset secured by guarantee, etc.	-	3.690.661	-	-	-	-	-
D. Net book value of assets which are exposed to depredation	-	-	-	-	-	-	-
- Overdue	-	334.101	-	-	-	-	-
(gross book value)	-	(334.101)	-	-	-	-	-
- Value decrease (-)	-	-	-	-	-	-	-
- Part of net value secured by guarantee, etc.	-	-	-	-	-	-	-
- Value decrease (-)	-	-	-	-	-	-	-
- Part of net value secured by guarantee, etc.	-	-	-	-	-	-	-
E. Off-balance sheet elements carrying credit risk	-	-	-	-	-	80.612	-

(*) Guarantees taken, which provides increase in credit reliability didn't consider while calculating.
(**) Guarantees are guarantee bonos, guarantee checks and guarantee mortgages from clients.

(Amounts are expressed in Turkish Lira unless otherwise stated)

38. THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

Table indicating the ages of assets which are overdue but not exposed to depredation:

Current Period (30.06.2011)	Receivables		Deposits in banks	Derivative financial instruments	Other
	Commercial Receivables	Other Receivables			
1-30 days overdue	1.099.844	-	-	-	-
1-3 months overdue	473.935	-	-	-	-
3-12 months overdue	857.715	-	-	-	-
1-5 years overdue	17.731	-	-	-	-
Total	2.449.226	-	-	-	-
Part of asset secured by guarantee, etc.	2.449.226	-	-	-	-

Previous Period (31.12.2010)	Receivables		Deposits in banks	Derivative financial instruments	Other
	Commercial Receivables	Other Receivables			
1-30 days overdue	1.638.295	-	-	-	-
1-3 months overdue	1.331.576	-	-	-	-
1-5 years overdue	720.790	-	-	-	-
Total	3.690.661	-	-	-	-
Part of asset secured by guarantee, etc.	3.690.661	-	-	-	-

Liquidity Risk

The management of the company has formed an appropriate liquidity risk management for the short-, mid- and long-term funding and liquidity requirements. The company manages the liquidity risk by providing the continuation of sufficient funds and borrowing reserves by regularly following up the estimated and actual cash flows and by matching the maturities of financial assets and liabilities.

The precautionary liquidity risk management expresses the ability to keep sufficient amount of cash, availability of sufficient amount of credit transactions and fund sources and the power to close the market position.

The company prefers to use suppliers' credit rather than bank credits in general.

The maturity distribution of the financial liabilities of the company with or without derivative character is mentioned in the table below. The amounts included in the table indicate the cash flow amounts not reduced based on an agreement as of 30 June 2011 and 31 December 2010:

(Amounts are expressed in Turkish Lira unless otherwise stated)

38. THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

30.06.2011

Due dates according to contract	Book value	Total of contractual cash outflows (=I+II+III+IV)	Shorter than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
Non-derivative financial liabilities	**1.093.759.588**	**1.094.103.273**	**352.815.149**	**490.345.309**	**186.310.950**	**64.631.865**
Financial payables	392.348.873	392.534.475	51.664.024	200.790.677	75.447.909	64.631.865
Trade payables	445.483.844	445.641.927	227.544.392	218.097.535	-	-
Other payables	238.204.744	238.204.745	55.884.606	71.457.097	110.863.042	-
Other liabilities	4.650.857	4.650.857	4.650.857	-	-	-
Derivative financial liabilities	**308.323**	**308.323**	**308.323**	**-**	**-**	-
Derivative Cash Inflow	18.035.823	18.035.823	18.035.823	-	-	-
Derivative Cash Outflow	-17.727.500	-17.727.500	-17.727.500	-	-	-

31.12.2010

Due dates according to contract	Book value	Total of contractual cash outflows (=I+II+III+IV)	Shorter than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
Non-derivative financial liabilities	**1.197.265.529**	**1.197.910.459**	**337.341.552**	**435.930.980**	**358.577.795**	**66.060.132**
Financial payables	353.413.055	353.611.844	37.220.948	-	250.330.764	66.060.132
Trade payables	568.439.200	568.885.341	222.726.381	346.158.960	-	-
Other payables	247.461.848	247.461.848	49.442.797	89.772.020	108.247.031	-
Other liabilities	40.647.937	40.647.937	40.647.937	-	-	-
Derivative financial liabilities	**80.612**	**80.612**	**80.612**	-	-	-
Derivative Cash Inflow	44.332.262	44.332.262	44.332.262	-	-	-
Derivative Cash Outflow	(44.251.650)	(44.251.650)	(44.251.650)	-	-	-

38. THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

Market and Currency Risk

The company because of its activities is being subjected to financial risks regarding the changes on exchange rate and interest rate. In order to control the risks associated with exchange rate and interest rate, company uses the financial instruments also including the below mentioned ones:

A significant part of company's inputs from operations in Turkey is over foreign currency and almost all of the sales are realized with prices determined over TL.

Besides sales prices are determined over TL, the sector is substantially dependent on import inputs; therefore, changes in exchange rates affect the product sale prices directly. Because of this reason, significant changes in exchange rate are simultaneously reflected on sales prices. On the other hand, some parts of deposits are kept in the foreign exchange accounts. The company is ing to decrease its foreign exchange risk to minimum by using financial instruments such as forward and option operations. In Razi, inputs are mainly over domestic currency unit, Iranian Riyal, and sales incomes are mainly over foreign currency (US$). No changes have been made on market risk which the company has been subjected to in the current year, or on the method that it handles the faced risks or on the methods of measuring these risks compared to previous years.

Receivables and payables of Razi which have been consolidated on Gübretaş financial statements and not been subjected to elimination are also indicated on foreign exchange position table.

Foreign exchange position table of the foreign asset and liabilities of the company in terms of original and Turkish Lira currency units as of 30 June 2011 and 31 December 2010 is as follows;

(Amounts are expressed in Turkish Lira unless otherwise stated)

38. THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

Foreign Exchange Position

Current Period (30.06.2011)	In TL (Functional currency)	In US Dollar	EURO	IRR	YEN
1.Trade receivables	284.697.338	50.710.092	624	1.333.520	-
2a. Monetary financial assets (including cash, bank accounts)	164.150.663	4.149.747	20.020.343	728.049	2.715.000
2b.Non-monetary financial assets	-	-	-	-	-
3.Other	-	-	-	-	-
4.Current assets (1+2+3)	**448.848.001**	**54.859.839**	**20.020.968**	**2.061.569**	**2.715.000**
5. Trade receivables	16.943.912	-	-	111.841	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7.Other	-	-	-	-	-
8.Fixed assets (5+6+7)	**16.943.912**	**-**	**-**	**111.841**	**-**
9.Total assets (4+8)	**465.791.912**	**54.859.839**	**20.020.968**	**2.173.410**	**2.715.000**
10.Trade payables	541.401.270	125.827.448	3.158.705	2.170.673	-
11.Financial liabilities	268.136.222	455.000	96.220.304	272.962	-
12a.Monetary other liabilities	1.637.917	355.812	450.312	-	-
12b. Non-monetary other liabilities	-	-	-	-	-
13.Short term liabilities (10+11+12)	**811.175.408**	**126.638.260**	**99.829.321**	**2.443.635**	**-**
14. Trade payables	110.388.093	-	-	728.634	-
15. Financial liabilities	75.447.908	-	32.116.426	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-
17. Long term liabilities (14+15+16)	**185.836.001**	**-**	**32.116.426**	**728.634**	**-**
18.Total liabilities (13+17)	**997.011.410**	**126.638.260**	**131.945.747**	**3.172.269**	**-**
19.Net Asset/ (liability) position of off-balance sheet derivative financial instruments over foreign currency (19a-19b)	**17.932.200**	**11.000.000**	**-**	**-**	**-**
19a. Amount of off-balance sheet derivative products having active character and over foreign currency	**17.932.200**	**11.000.000**	**-**	**-**	**-**
19b. Amount of off-balance sheet derivative products having passive character and over foreign currency	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Exchange Asset/ (liability) Position (9-18+19)	**(531.219.497)**	**(60.778.421)**	**(111.924.779)**	**(998.859)**	**2.715.000**
21.Monetary items net foreign exchange asset/ (liability) position (IFRS 7.B23 (=1+2a+5+6a-10-11-12a-14-15-16a)	**(531.219.497)**	**(71.778.421)**	**(111.924.779)**	**(998.859)**	**2.715.000**
22.Total fair value of financial instruments used in foreign currency hedge	**-**	**-**	**-**	**-**	**-**
23.Amount of hedged portion of foreign currency assets	**-**	**-**	**-**	**-**	**-**
24. Amount of hedged portion of foreign currency liabilities	**-**	**-**	**-**	**-**	**-**
25.Export	**347.219.708**	**212.992.092**	**-**	**-**	**-**
26.Import	**306.127.383**	**187.785.169**	**-**	**-**	**-**

(Amounts are expressed in Turkish Lira unless otherwise stated)

38. THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

Previous Period (31.12.2010)	**In TL (Functional currency)**	**In US Dollar**	**EURO**	**Million IRR**
1.Trade receivables	268.821.237	10.671.521	10.866.498	1.454.792
2a. Monetary financial assets (including cash, bank accounts)	148.121.421	38.535.519	8.092.552	485.310
2b.Non-monetary financial assets	-	-	-	-
3.Other	-	-	-	-
4.Current assets (1+2+3)	**416.942.658**	**49.207.040**	**18.959.050**	**1.940.102**
5. Trade receivables	12.825.904	-	-	86.603
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7.Other	-	-	-	-
8.Fixed assets (5+6+7)	**12.825.904**	**-**	**-**	**86.603**
9.Total assets (4+8)	**429.768.562**	**49.207.040**	**18.959.050**	**2.026.705**
10.Trade payables	415.192.224	252.974.790	894.481	150.306
11.Financial liabilities	250.417.677	-	104.669.416	242.671
12a.Monetary other liabilities	324.811.799	300.867	8.463	2.189.935
12b. Non-monetary other liabilities	-	-	-	-
13.Short term liabilities (10+11+12)	**990.421.700**	**253.275.657**	**105.572.360**	**2.582.912**
14. Trade payables	-	-	-	-
15. Financial liabilities	65.973.218	-	32.196.192	-
16a. Monetary other liabilities	107.910.736	-	-	728.634
16b. Non-monetary other liabilities	-	-	-	-
17. Long term liabilities (14+15+16)	**173.883.954**	**-**	**32.196.192**	**728.634**
18.Total liabilities (13+17)	**1.164.305.654**	**253.275.657**	**137.768.552**	**3.311.546**
19.Net Asset/ (liability) position of off-balance sheet derivative financial instruments over foreign currency (19a-19b)	**-**	**-**	**-**	**-**
19a. Amount of off-balance sheet derivative products having active character and over foreign currency	**44.061.000**	**28.500.000**	**-**	**-**
19b. Amount of off-balance sheet derivative products having passive character and over foreign currency	**-**	**-**	**-**	**-**
20. Net Foreign Exchange Asset/ (liability) Position (9-18+19)	**(734.537.092)**	**(204.068.617)**	**(118.809.502)**	**(1.284.841)**
21.Monetary items net foreign exchange asset/ (liability) position (IFRS 7.B23 (=1+2a+5+6a-10-11-12a-14-15-16a)	**(734.537.092)**	**(204.068.617)**	**(118.809.502)**	**(1.284.841)**
22.Total fair value of financial instruments used in foreign currency hedge	**-**	**-**	**-**	**-**
23.Amount of hedged portion of foreign currency assets	**-**	**-**	**-**	**-**
24. Amount of hedged portion of foreign currency liabilities	**-**	**-**	**-**	**-**
25.Export	**480.204.750**	**330.390.077**	**-**	**-**
26.Import	**642.310.869**	**403.818.554**	**8.787.948**	**-**

(Amounts are expressed in Turkish Lira unless otherwise stated)

38. THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

Gübretaş's and fully consolidated Razi's assets and liabilities, which are in foreign exchange other than TL that is reporting currency unit, have been evaluated in foreign exchange and indicated in the tables.

In the years ending on 30 June 2010 and 31 December 2010, in case there is a (+)/(-)10% change in foreign exchange rates when the other variables are kept fixed according to the net foreign exchange position on the balance sheet of the company, the change on the pre-tax profit is as follows:

-Foreign Exchange Rate Sensitivity Analysis Table

	Current Period (31.03.2011)		Previous Period (31.12.2010)	
	Profit / Loss		Profit / Loss	
	Foreign Currency Appreciates	Foreign Currency Depreciates	Foreign Currency Appreciates	Foreign Currency Depreciates
In case US Dollar currency appreciates/ depreciates by 10 percent:				
1- Net asset/liability of US dollar	(6.077.842)	6.077.842	(31.549.008)	31.549.008
2- Value secured against US dollar (-)			-	-
3- Net Effect of US dollar (1+2)	**(6.077.842)**	**6.077.842**	**(31.549.008)**	**31.549.008**
In case Euro currency appreciates/ depreciates by 10 percent:				
4- Net asset/liability of Euro	(26.293.369)	26.293.369	(24.345.255)	24.345.255
5- Value secured against Euro (-)			-	-
6- Net Effect of Euro (4+5)	**(26.293.369)**	**26.293.369**	**(24.345.255)**	**24.345.255**
In case Iranian Riyal currency appreciates/depreciates by 10 percent:				
7- Net asset/liability of Iranian Riyal	(15.132.712)	15.132.712	(19.028.499)	19.028.499
8- Value secured against Iranian Riyal (-)			-	-
9- Net Effect of Iranian Riyal (7+8)	**(15.132.712)**	**15.132.712**	**(19.028.499)**	**19.028.499**
12- Net effect of other foreign currencies (7+8)	**5.449**	**(5.449)**	**1.469.053**	**(1.469.053)**
TOTAL (3+6+9+12)	**(47.498.474)**	**47.498.474**	**(73.453.709)**	**73.453.709**

(Amounts are expressed in Turkish Lira unless otherwise stated)

38. THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

Interest Rate Risk

The assets and liabilities of the company with current interest rate are subject to interest rate risk since they are affected by the changes in interest rates. However, a great portion of the bank credits received by the company have fixed interest rates, the affect of this change does not reach to substantial amounts. The receivable/payable relation of company over foreign exchange with relevant companies has also fixed interest rate. The interest position table as of 30 June 2011 and 31 December 2010 is as follows.

	Fix interest financial instruments	Current Period	Previous Period
Financial Assets	Assets, of which difference of fair value is reflected on profit/loss	-	-
	Financial assets available for sale	-	-
Financial Liabilities		326.604.031	286.206.059
	Current interest financial instruments		
Financial Assets		-	-
Financial Liabilities		65.744.841	67.221.299

Since current rated liabilities are sensitive to changes on interest limits as of reporting date, just these financial instruments have gone through a sensitivity analysis. In the sensitivity analysis performed, if the interest over Euro currency unit was high/low by 100 base point (1%) on 31.12.2010 and all other variables remained fixed, the profit/loss before taxation and consolidated equity of participations would be low/high by 139.829 TL (30 June 2010: 508.203 TL).

Capital Management

In capital management, the Group tries to ensure the continuity of its activities, while it, on the other hand, aims at increasing its profit by using its payable and equity capital balance in the most effective way. The capital structure of the company is comprised of equity capital items such as payables, cash and cash equivalents and other equity capital items including issued capital, capital reserves and profit reserves, which are defined in footnote 27.

Top management of the Group continuously evaluates the risks associated with each capital level together with capital cost and manages capital by TRLing to ensure the most appropriate payable/equity capital balance. Payables/equity capital ratio is calculated dividing net payables by total capital. Net payable is calculated by deducting cash and cash equivalent values from total payable amount.

Net payable/total capital ratio as of 30 June 2010 and 31 December 2010 is as follows:

	30 June 2011	31 December 2010
Total payables	1.261.315.456	1.359.058.695
Default values (-)	(141.100.099)	(212.432.811)
Net Payable	**1.120.215.357**	**1.146.625.884**
Total equity capital	822.644.036	817.295.702
Net Payable/Total Capital Ratio	**136%**	**140%**

(Amounts are expressed in Turkish Lira unless otherwise stated)

39. FINANCIAL INSTRUMENTS (VALUE STATEMENTS IN LINE WITH FAIR VALUE and EXPLANATIONS WITHIN THE FRAMEWORK OF PROTECTION FROM FINANCIAL RISK PRINCIPLE OF ACCOUNTING)

Financial instruments categories and fair values

30 June 2011	Financial assets indicated overits amortized value	Credits and receivables	Financial assets avalaible for sale	Valuation difference reflected financial investments	Financial liabilities indicated over its amortized value	Book Value	Note
Financial Assets							
Cash and Cash Equivalents	123.232.783	-	-	-	-	123.232.783	6
Trade Receivables	-	380.281.642	-	-	-	380.281.642	10,37
Other Receivables	-	87.935.660	-	-	-	87.935.660	11,37
Other financial assets	-	-	2.737.515	-	-	2.737.515	7
Derivative financial assets	-	-	-	308.323	-	308.323	26
Financial Liabilities							
Financial Payables	-	-	-	-	392.348.873	392.348.873	8
Trade Payables	-	-	-	-	445.483.844	445.483.844	10,37
Other Payables	-	-	-	-	238.154.744	238.154.744	11
31 December 2010							
Financial Assets							
Cash and Cash Equivalents	212.432.811	-	-	-	-	212.432.811	6
Trade Receivables	-	279.200.385	-	-	-	236.560.295	10,37
Other Receivables	-	88.717.394	-	-	-	88.717.394	11
Other financial assets	-	-	2.525.016	-	-	2.525.016	7
Derivative financial assets	-	-	-	80.612	-	80.612	26
Financial Liabilities							
Financial Payables	-	-	-	-	353.413.055	353.413.055	8
Trade Payables	-	-	-	-	568.439.200	568.435.162	10,37
Other Payables	-	-	-	-	247.461.848	247.461.848	11

Regarding to Group Administration; financial tools’ book values reflects the fair values.

(Amounts are expressed in Turkish Lira unless otherwise stated)

39. FINANCIAL INSTRUMENTS (VALUE STATEMENTS IN LINE WITH FAIR VALUE and EXPLANATIONS WITHIN THE FRAMEWORK OF PROTECTION FROM FINANCIAL RISK PRINCIPLE OF ACCOUNTING) (cont.)

Fair values of financial instruments

The fair value of financial assets and liabilities are determined as follows:

- First level: Financial assets and liabilities are valued over stock exchange prices used in active market for assets and liabilities which are similar.

- Second level: Financial assets and liabilities are valued over the inputs used to find out observable price of relevant asset or liability directly or indirectly in the market other than its stock exchange price specified in first level.

- Third level: Financial assets and liabilities are valued over the inputs not based on an observable data in the market, which is used to find out fair value of asset and liability.

Level classification of financial assets and liabilities indicated with their fair values is as follows:

		Fair value level As of reporting date		
	30 June	1st level	2nd level	3rd level
Financial assets	2011	TL	TL	TL
Financial assets ready for sale	2.735.515	-	-	2.735.515
Financial assets, of which fair value difference is reflected on profit/loss				
Derivative financial instruments	308.323	-	308.323	-
Total	308.323	-	308.323	-

		Fair value level As of reporting date		
	31 Dec.	1st level	2nd level	3rd level
Financial assets	2010	TL	TL	TL
Financial assets ready for sale	2.525.016	-	-	2.525.016
Financial assets, of which fair value difference is reflected on profit/loss				
Derivative financial instruments	80.612	-	80.612	-
Total	80.612	-	80.612	-

40. EVENTS AFTER BALANCE SHEET DATE

None.

41 OTHER MATTERS THAT MATERIALLY AFFECT THE FINANCIAL STATEMENTS OR THAT NEED TO BE EXPLAINED FOR CLEAR, INTERPRETABLE AND UNDERSTANDABLE FINANCIAL STATEMENTS

None.