GÜBRETAŞ
GÜBRE FABRİKALARI T.A.Ş.

01 January 2011 – 31 March 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 - 31.03.2011

B. CORPORATE'S NAME

Gübre Fabrikaları Türk Anonim Şirketi

C. BOARD OF DIRECTORS

Members of the Board of Directors in Period:

Chairman	: Bedrettin YILDIRIM	(from 11.08.2005)
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	: Veli ÇELEBİ	(from 26.09.2008)
Member	: Mehmet KOCA	(from 31.03.2006)

D. BOARD OF AUDITORS

Selahattin AYDOĞAN	(from 31.03.2005)
Namık Kemal BAYAR	(from 10.04.2009)

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 31.03.2011, registered capital of the company is 200.000.000 TL and issued capital is 83.500.000 TL.

Accordingly, 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**	**100,00%**

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 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
Köseköy Warehouse	Kocaeli	6.664
Helvacı Warehouse	İzmir	14.720
İzmir Foça Warehouse	İzmir	2.502
Samsun Warehouse	Samsun	6.324
Akçay Warehouse	İskenderun	10.923
Tekirdağ Warehouse	Tekirdağ	7.189
İzmir Foça Warehouse	İzmir	3.000

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

Table 3	
Gübre Fabrikaları T.A.Ş. Fertilizer Production Capacity (Tons)	
FACILITIES	**2010**
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
GENERAL TOTAL	**710.000**

The total capacity of our warehouses is 394.000 mt.

Table 4	
Warehouse Capasity	
Regional Warehouse	**Capasity (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 mt/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. have 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 four ships.

Negmar Denizcilik ve Yatırım A.Ş. which its core business activity is maritime transportation, acquired İstanbul Lines Company its major area is shipping and currently owns two ships and also bought logistics company Etis Lojistik A.Ş in order to create synergy by vertical integration in sector.

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 mt/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 amount of its subsidiaries are 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 its affiliaties are listed in table 6.

Table 6		
AFFILIATES		
Company Name	**Stock Proportion (%)**	**Paid-In Capital (TL)**
Negmar Denizcilik Yatırım A.Ş.	40,00	4.200.000
Tarkim Bitki Koruma San. ve Tic. A.Ş.	40,00	4.000.000
Tarnet Tar. Kre.Bil .Hiz.San Tic .A.Ş.	17,00	311.128
Imece Pref Yapı Tar.Mak.Tem.Güv. Hiz.San.Tic.A.Ş.	15,00	2.013.888

H. INVESTMENT PROPERTY

Our company has 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.

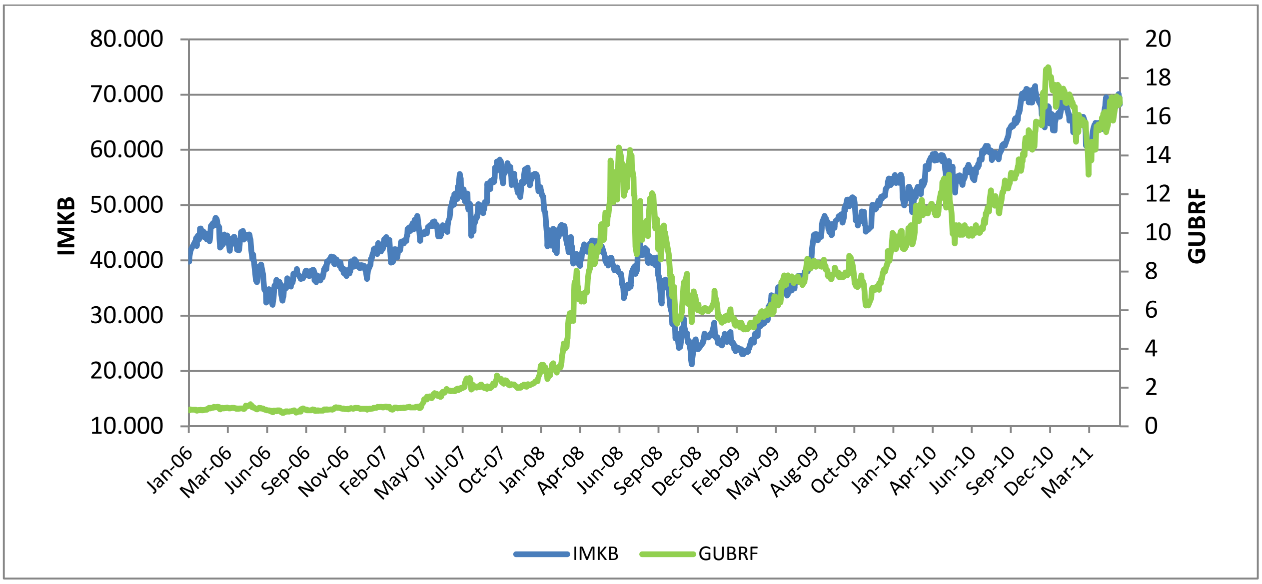
I. DISTRIBUTION OF DIVIDENDS:

Dividend rates that have been distributed in the last five years are shown in Table7.

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

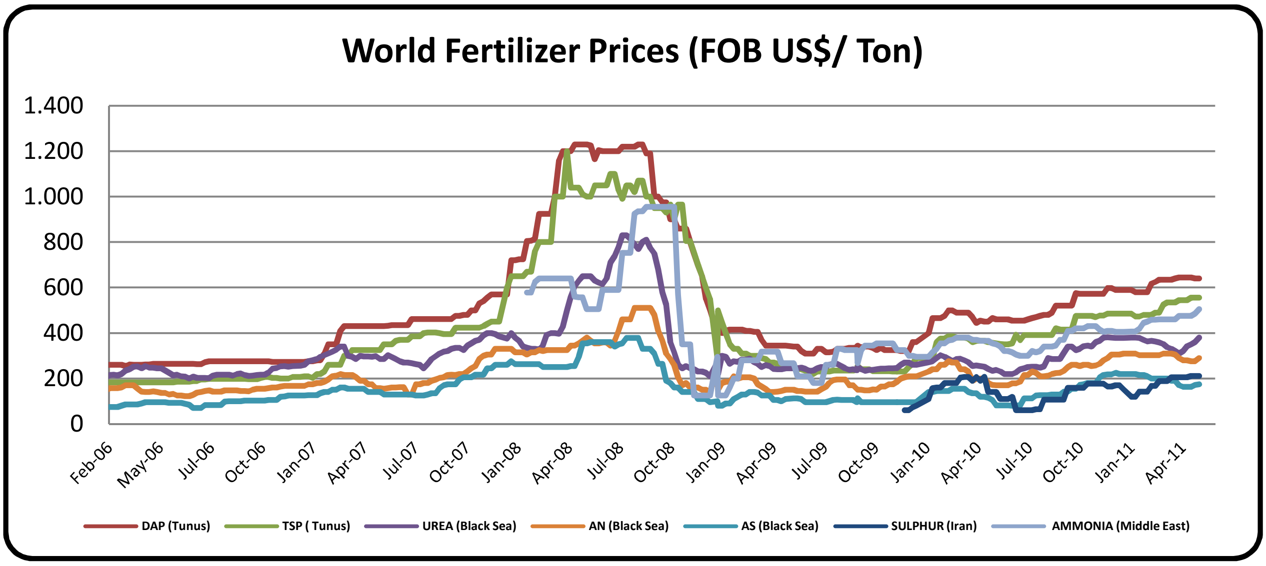


K. TURKISH FERTILIZER INDUSTRY AND POSITION OF GÜBRETAŞ

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 INDUSTY (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

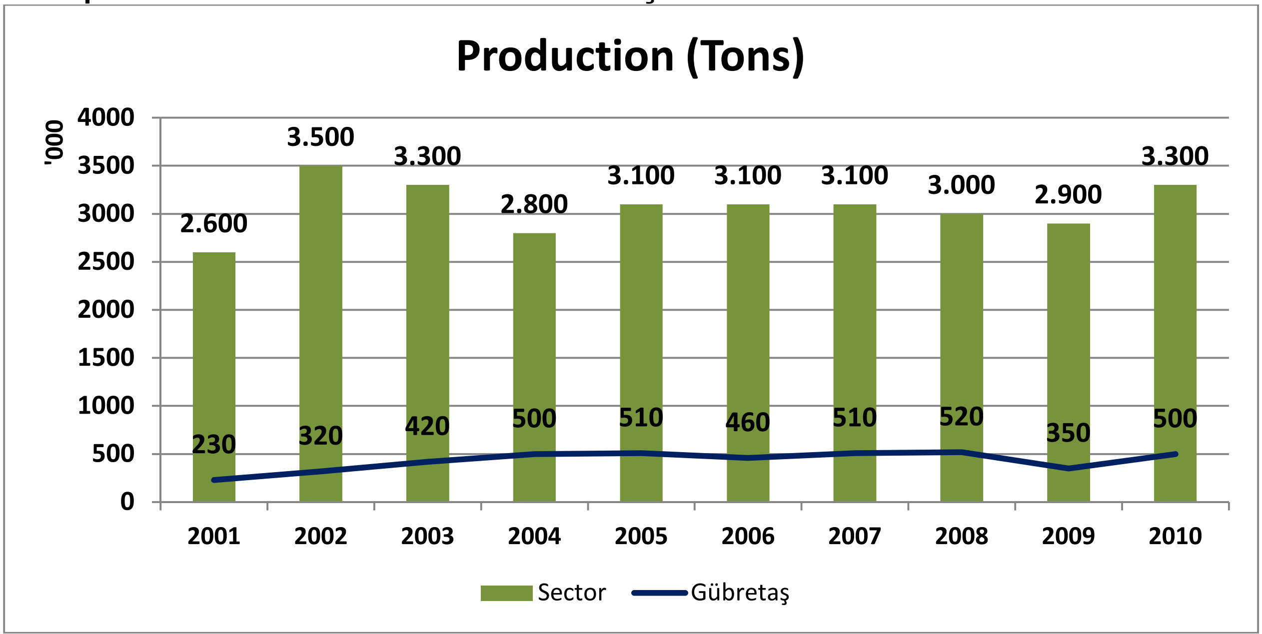


Table 9

Sector Production By Product as of March (Tons)

Product	2011	2010	Change (%)
AS	71.673	71.189	0,68%
CAN	320.826	244.439	31,25%
AN	68.708	116.103	-40,82%
UREA	136.725		
TSP	26.540	37.866	-29,91%
DAP	54.667	139.476	-60,81%
COMPOUND	370.335	283.989	30,40%
TOTAL	**1.049.474**	**893.062**	**17,51%**

Amount of production of first three months of 2011 was 1.049.474 mt and 35,29% of production was compound fertilizers.

Sales:

According to the data from first three months of 2011, fertilizer consumption was 1.849.405 tons while in the same period of previous year it was 1.873.537 tons, recording a 1,3% increase. Moreover, our sales increased by 4,24% and market share was 27,61%.

Within the first three months of 2010, export was 142.005 mt, increased by 24,40% and import was 603.217 mt, decreased by 12,73%.

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

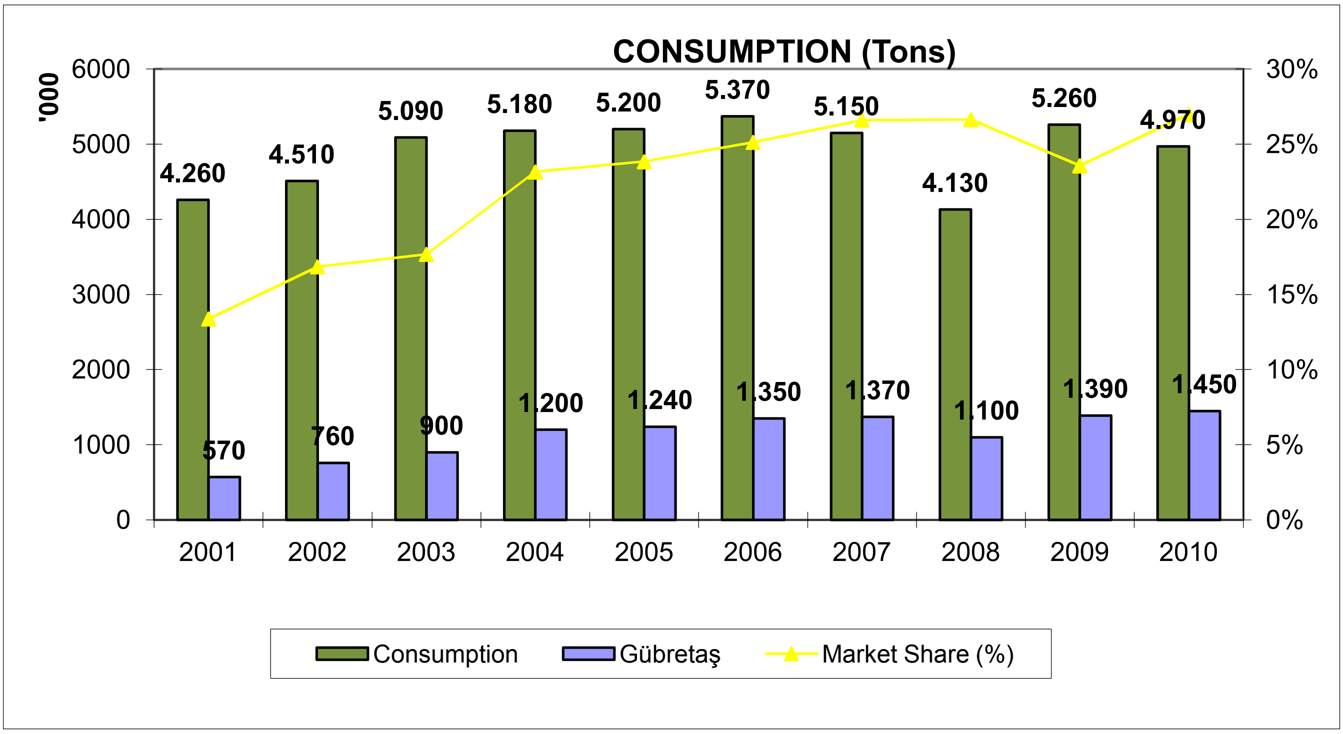


Table 10			
Sector Consumption By Product as of March (Tons)			
Product	**2011**	**2010**	**Change (%)**
AS	145.555	170.053	-14,41%
CAN	428.465	421.789	1,58%
AN	399.407	397.963	0,36%
UREA	339.554	387.336	
TSP	8.939	6.282	42,31%
NSP	1.287		
DAP	83.810	70.651	18,63%
COMPOUND	466.520	395.331	18,01%
TOPLAM	**1.873.537**	**1.849.405**	**1,30%**

I) 2011 ACTIVITIES

A. INVESTMENTS

INVESTMENTS IN 2011

Investments	TL
İzmir Facilities	
Laboratory Building Project	105.500
TOTAL	**105.500**

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

GÜBRE FABRİKALAR T.A.Ş.:

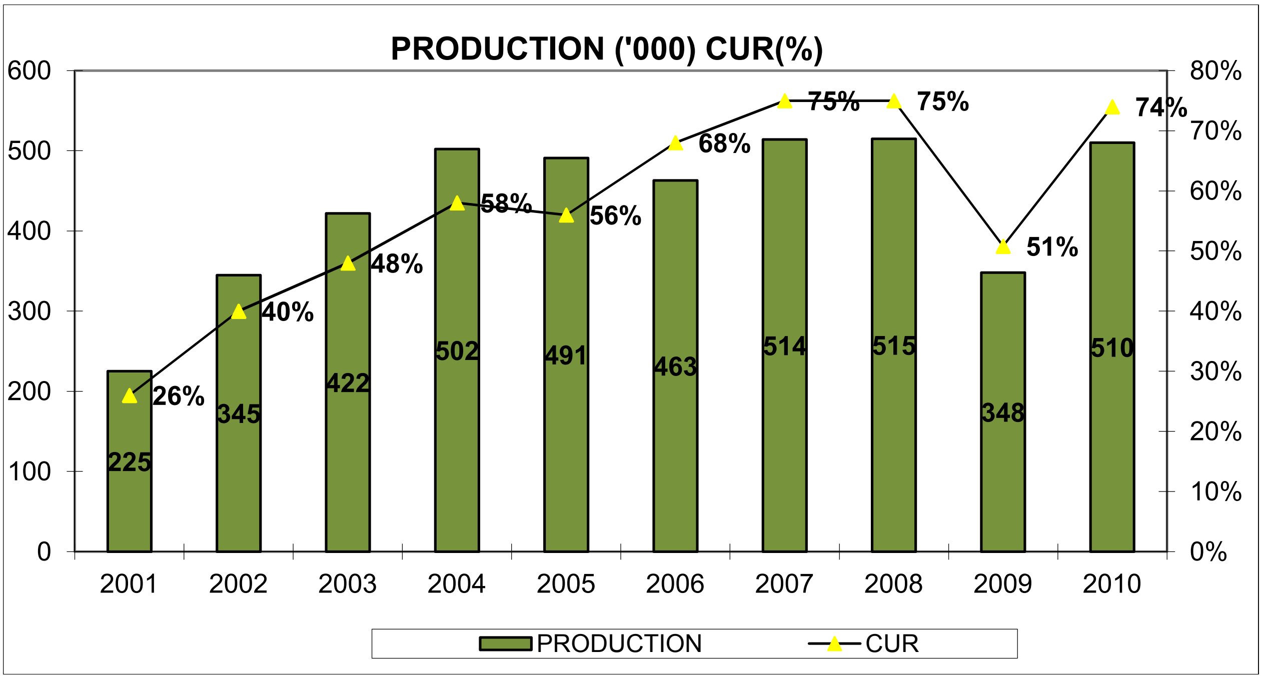
Gübre Fabrikaları T.A.Ş. is the first and pioneer chemical fertilizer factory established in Turkey. An important portion of the sales of the company, which has a 28,78% market share, is realized through Agricultural Credit Cooperatives. There are seven regional sales directorates in Turkey. Gübretaş sells to every corner where there is agricultural production via 2.700 dealers, 1.775 of which belongs to Agricultural Credit Cooperatives and 925 to Gübretaş itself.

1) Production

In the first three months of 2011, Gübretaş produced 26.540 tons TSP and 103.302 tons Compound fertilizers totaling 129.842 tons. In first three months of 2011 capacity utilization rate was 76%, 117.885 tons fertilizer sold and 11.957 tons were used as raw material. 289.348 lt of liquid fertilizer and 521.190 kg powder fertilizer were produced. In the same period of 2010, 136.151 tons solid fertilizer, 187.785 lt liquid fertilizer and 210.194 kg powder fetilizer were produced.

Table 11			
Production Quantities (Tons)			
Product	**2011**	**2010**	**Change (%)**
TSP	26.540	37.860	-29,9%
15.15.15	8.858	6.255	41,6%
15.15.15+ZN	15.692	13.065	20,1%
20.20.0	11.623	45.383	-74,4%
20.20.0+ZN	7.264	9.932	-26,9%
13.24.12	12.534	7.332	70,9%
25.5.10	15.248	16.324	-6,6%
12.30.12	25.972	0	
10.25.20	2.092	0	
23.12.9	4.019	0	
GRAND TOTAL	**129.842**	**136.151**	**-4,63%**
Liquid Fertilizer (lt)	289.348	187.785	54,08%
Powder Fertilizer (kg)	521.190	210.194	147,96%

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



2) Sales and Purchases

Within the first three months of 2011, the company sold 540.401 tons of solid, 450.588 lt of liquid and 3.476.065 kg of powder fertilizers. In the same period of 2010; 518.409 tons solid, 381.523 lt liquid and 2.204.400 kg powder fertilizer were sold.

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

Table 12

Sales by Product Groups (Tons)

Solid Fertilizer	2011	2010	Change %
TSP	**8.284**	**24.480**	(66,2)
15.15.15	42.591	37.396	13,9
15.15.15 Zn	17.369	14.961	16,1
20.20.0	37.810	48.147	(21,5)
20.20.0 Zn	7.510	9.658	(22,2)
25.5.10	14.329	15.511	(7,6)
13.24.12	13.275	7.519	76,6
10.25.20	2.430		
12.30.12	23.173		
15.20.10		776	
23.12.9	3.893		
13.25.5	517		
10.25.5		841	
Compound Fertilizer	**162.897**	**134.809**	20,8
UREA	98.591	77.908	26,5
AS	41.889	44.360	(5,6)
CAN	96.258	91.993	4,6
AN	104.253	127.981	(18,5)
DAP	23.548	14.663	60,6
PS	4.178	1.664	151,1
MAP	88	67	31,2
Other	415	484	(14,3)
Total	**369.220**	**359.120**	2,8
GENERAL TOTAL	**540.401**	**518.409**	4,2
Liquid Fertilizer (lt)	450.588	381.523	18,1
Powder Fertilizer (kg)	3.476.065	2.204.954	57,6

Table 13

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

	2011	2010	Change %
Sales	540.401	518.409	4,24
Domestic Purchasing	97.529	191.953	(49,19)
Import	344.040	317.071	8,51

The volume of purchases reached 509.024 tons in the first three months of 2010 and decreased by 13% to reach 441.569 tons in the same period of 2011. In 2010, 20.708 tons and in 2011 1.267 tons exported.

Table 14

Gübre Fabrikaları T.A.Ş. Sales (Tons)

Sales Group	2011	2010	Change %
Vendor Sales	111.287	124.113	(10,33)
Corporate Sales	381.246	358.713	6,28
Export	1.267	20.552	(0,94)
Other	46.601	15.031	210,04
TOTAL	**540.401**	**518.409**	**4,24**

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 reached 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	240.141	251.488	-5%	72%
Urea	594.000	111.220	84.571	32%	75%
Sulphur	508.000	100.992	106.035	-5%	80%
Sulp.Acid	627.000	52.576	27.940	88%	34%
DAP	450.000	16.040			
Phos. Acid	255.000				
Total	**3.770.500**	**520.969**	**470.034**	**11%**	**55%**

Razi produced 520.969 mt of goods and capacity utilization rate was %55,27 in first three months of 2011.

Table 16				
RAZI PETROCHEMICAL CO. SALES (Tons)				
	2011		2010	
	Domestic Sales	Export	Domestic Sales	Export
Ammonia		168.341		202.243
Urea	64.922		79.045	
Sulphur		118.914		88.438
Sulp.Acid	54.710		18.950	
DAP	6.144			
Total	**125.776**	**287.255**	**97.995**	**290.681**
GENERAL TOTAL	**413.031**		**388.676**	

In 2011 413.031 tons of fertilizer sold and 178.429.015 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 3.400 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 Laboratorys' hard infrastructure is completed. Our laboratory will begin to serve for fertilizer and soil analysis.

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	85		85	77		77	10 %
Yarımca Facilities	43	218	261	44	204	248	5 %
Regional Sales Dir.	61		61	48		48	27 %
TOTAL	**189**	**218**	**407**	**169**	**204**	**373**	**9 %**

Training Activities

Training activities are aimed at developing managerial, personal and professional capabilities of the staff. Education activities of 5.992 hours with participation of 192 employees were carried out.

17. Social Rersponsobility

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 knowledgeable agriculture continued in 2011 too. Under the framework of a training project called: “Conscious Farmer Earns” in cooperation with the university agricultural departments, seminars targeting agricultural engineers and farmers were organized in seven cities with intensive agricultural activities. Company’s Regional Sales Directorates informed farmers in all aspects of agriculture in seminar meetings organized in cooperation with Agriculture Credit Cooperatives. Specialist agricultural engineers enlightened farmers in these meetings on conscious choice of fertilizers and application methods and soil analysis.

18. Events After Balance Sheet Date

Bedrettin YILDIRIM has resigned from his duty as CEO and Member of Board of Directors, and Abdullah KUTLU is elected as CEO and Member of Directors.

CONCLUSION

DEAR SHAREHOLDERS,

In first three months of 2011 our facilities has been produced 129.842 tons of various combinations of chemical fertilizers. (11.957 of these have been used as raw materials). 441.569 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. 540.401 tons of solid, 450.588 lt liquid and 3.476.065 kg powder fertilizer sold in first three months of 2011. Net sale income amount was 348.327.190 TRL.

Also 520.969 tons of fertilizer has been produced, 178.429.015 TRL sale revenues has been got by sale of 413.031 tons of fertilizer and fertilizer raw material in our affiliated company Razi Petrochemical Co.

Our company reached to 523.334.306 TRL consalidated sale revenues. Beside this 382.465.185 TRL cost of goods sold, 44.683.617 TRL operation expenses, 30.216.130 TRL net financing expenses have been occurred. By adding other income and expenses (net 2.278.617 TRL) 72.926.529 TRL profit before tax has been reached. After adding deferred tax income and deducting other legal liabilities 44.170.079 TRL consolidated profit has been reached. 5.852.858 TRL has been obtained after deducting minority shareholders' shares.

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

Best Regards,
BOARD OF DIRECTORS

GÜBRE FABRİKALARI T.A.Ş. AND AFFILIATE COMPANY
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2011

(Amounts are expressed in Turkish Lira unless otherwise stated)

		Current Period	Previous Period
		Non-Independent Audited	Independent Audited
	Note	31 March 2011	31 December 2010
ASSETS			
Current Assets		**893.613.686**	**974.299.118**
Cash and Cash Equivalents	6	165.161.285	212.432.811
Financial Investments	7	-	-
Trade Receivables	10	401.550.739	279.200.385
Trade receivables	37	99.724.276	42.640.090
Other trade receivables	10	301.826.463	236.560.295
Other Receivables	11	20.234.132	88.717.394
Other receivables from relative parties	37	3.434.616	76.869.564
Other receivables	11	16.799.517	11.847.830
Inventories	13	261.787.692	347.816.042
Other Current Assets	26	44.879.838	46.132.486
Long-term (Fixed) Assets		**1.163.608.813**	**1.202.055.279**
Other receivables	11	12.576.194	12.850.458
Other receivables from relative parties	37	-	-
Other receivables	11	12.576.194	12.850.458
Financial Investments	7	2.525.015	2.525.016
Investments Valued by Equity Method	16	6.667.869	5.485.518
Investment Properties	17	60.169.595	60.169.595
Tangible Fixed Assets	18	819.360.185	837.029.929
Intangible Fixed Assets	19	157.854	190.242
Goodwill	20	246.006.129	246.672.361
Deferred Tax Assets	35	0	13.113.155
Other Fixed Assets	26	16.145.972	24.019.005
TOTAL ASSETS		**2.057.222.499**	**2.176.354.397**

GÜBRE FABRİKALARI T.A.Ş. AND AFFILIATE COMPANY
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2011

(Amounts are expressed in Turkish Lira unless otherwise stated)

		Current Period	**Previous Period**
		Non-Independent Audited	**Independent Audited**
	Note	**31 March 2011**	**31 December 2010**
LIABILITIES			
Short-term Liabilities		**1.000.242.776**	**1.045.000.658**
Financial Liabilities	8	249.632.398	240.749.114
Trade Payables	10	520.770.542	568.439.200
Payables	*37*	*34.985*	*4.038*
- Other trade payables	*10*	*520.735.557*	*568.435.162*
Other Payables	11	146.847.988	139.551.012
Other Payables to related parties	*37*	*10.856.131*	-
- Other payables	*11*	*135.991.857*	*139.551.012*
Provisions for Employee Benefits	24	12.192.309	12.696.511
Provisions for Payables	22	31.894.160	46.647.865
Tax Liability for Current Period Profit	35	18.801.722	8.965.530
Other Short-term Liabilities	26	20.103.657	27.951.426
Long-term Liabilities		**326.708.548**	**314.058.037**
Financial Liabilities	8	120.288.013	112.663.941
Other Payables	11	107.619.282	107.910.836
Other Trade Payables	*11*	*107.619.282*	*107.910.836*
Provisions for Employee Benefits	24	93.000.641	92.939.893
Liability Provisions		13.807	397.637
Deferred Tax Liabilities	35	5.786.805	145.730
EQUITY CAPITAL		**730.271.175**	**817.295.702**
Equities of Parent Company		**461.445.232**	**452.513.120**
Paid-in Capital	27	83.500.000	83.500.000
Revaluations Funds		136.760.862	136.760.862
Foreign Currency Translations Differences	27	68.513.530	65.434.276
Restricted Reserves From Profit	27	6.526.448	6.526.448
Legal Reserves		5.645.297	5.645.297
Accumulated Profit / Loss		881.151	881.151
Previous Years Profit / (Loss)		160.291.534	40.392.144
Net Period Profit / (Loss)		5.852.858	119.899.390
Minority Shares		**268.825.943**	**364.782.582**
TOTAL LIABILITIES		**2.057.222.499**	**2.176.354.397**

Added remarks are component parts of the financial statements.

GÜBRE FABRİKALARI T.A.Ş. AND AFFILIATE COMPANY
COMPREHENSIVE CONSOLIDATED INCOME STATEMENT FOR 3-MONTH INTERIM PERIOD THAT ENDED AS OF 31 MARCH 2011

(Amounts are expressed in Turkish Lira unless otherwise stated)

	Note	Non-Independent Audited Current Period 1 January – 31 March 2011	Non-Independent Audited Previous Period 1 January – 31 March 2010
CONTINUING OPERATIONS			
Sales Income (net)	28	523.334.306	408.114.996
Costs of Sales (-)	28	-382.465.185	-272.722.797
GROSS PROFIT		**140.869.121**	**135.392.199**
Marketing, Sales and Distribution Expenses (-)	29	-28.860.262	-14.590.628
Administrative Expenses (-)	29	-5.369.934	-4.366.724
Other Operating Incomes	31	8.174.804	3.908.003
Other Operating Expenses (-)	31	-10.453.421	-8.102.317
OPERATION PROFIT		**104.360.308**	**112.240.533**
Shares in Profit/Loss of Investments Valued by Equity Method	16	-1.217.649	222.522
Financial Incomes	32	11.010.576	25.702.241
Financial Expenses (-)	33	-41.226.706	-31.502.895
PRE-TAX PROFIT / LOSS FROM CONTINUING OPERATIONS		**72.926.529**	**106.662.401**
Tax Expenses on Continuing Operations	35	**-28.756.450**	**-21.367.084**
- Period Tax Expense (-)		-9.947.357	-4.094.536
- Deferred Tax Income		-18.809.093	-17.272.548
PERIOD PROFIT/ (LOSS)		**44.170.079**	**85.295.317**
PERIOD PROFIT/ (LOSS)		**44.170.079**	**85.295.317**
Distribution of Period Profit / (Loss)			
Minority Interests		38.317.221	50.981.447
Parent Company’s Shares		5.852.858	34.313.871
Earnings / (Loss) Per Share	36	**0,07009**	**0,41094**

Added remarks are component parts of the financial statements.

(Amounts are expressed in Turkish Lira unless otherwise stated)

	Note	Non-Independent Audited Current Period 1 January – 31 March 2011	Non-Independent Audited Previous Period 1 January – 31 March 2010
PERIOD PROFIT / (LOSS)		**44.170.079**	**85.295.317**
- Change in Fixed Assets Value Appreciation			
- Foreign Currency Conversion Adjustments		3.079.254	5.483.487
- Tax Incomes and Fiscal Charges Related to Other Comprehensive Income Items			
OTHER COMPREHENSIVE AFTER-TAX INCOME / (EXPENSE)		**3.079.254**	**5.483.487**
TOTAL COMPREHENSIVE INCOME / (EXPENSE)		**47.249.333**	**90.778.804**
Distribution of Total Comprehensive Income / (Expense):			
Minority Shares		38.317.221	50.981.447
Parent Company's Shares		8.932.112	39.797.357

GÜBRE FABRİKALARI T.A.Ş. AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 3-MONTH INTERIM PERIOD THAT ENDED AS OF 31 MARCH 2011

(Amounts are expressed in Turkish Lira unless otherwise stated)

	Note	Paid-in 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.Jan.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**
Transfers from Previous Years' Profit / Loss		-	-	-	-	-	-59.057.268	59.057.268	0	0	0
Gains from Fixed Assets Sales		-	-	-	-	881.151	-881.151	-	0	0	0
Dividends		-	-	-	-	-		-	0	-66.083.965	-66.083.965
Minority shares purchase		-	-	-	-	-	-3.136.169	-	-3.136.169	0	-3.136.169
Total Comprehensive Income		-	47.456.973	-11.204.829	-	-	-	119.899.390	156.151.534	125.071.839	281.223.373
31.Dec.10	**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**
01.Jan.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**
Transfers from Previous Years' Profit / Loss		-	-	-	-	-	119.899.390	-119.899.390	0	0	0
Gains from Fixed Assets Sales		-	-	-	-	-	-	-	0	0	0
Dividends		-	-	-	-	-		-	0	-134.273.860	-134.273.860
Minority shares purchase		-	-	-	-	-	0	-	0	0	0
Total Comprehensive Income		-	0	3.079.254	-	-	-	5.852.858	8.932.112	38.317.221	47.249.333
31.Mar.11	**27**	**83.500.000**	**136.760.862**	**68.513.530**	**5.645.297**	**881.151**	**160.291.534**	**5.852.858**	**461.445.232**	**268.825.943**	**730.271.175**

(Amounts are expressed in Turkish Lira unless otherwise stated)

Cash Flow From Operations	**Note**	**Current Period 1 Jan. – 31 Mar. 2011**	**Previous Period 1 Jan. – 31 Mar. 2010**
Net period profit/ (loss)		44.170.079	85.295.317
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	19.630.062	17.071.810
Incomes/Expenses from subsidiaries valued by Equity Method	16	1.217.649	-222.522
Provisions for termination indemnities, allowances	24	7.075.306	10.106.208
Interest Income/ Expense		14.587.581	14.660.154
Provisions for Allowances and Seniority-based Incentives / Cancellation		-504.202	308.339
Exchange rate difference income / expense		10.607.897	-8.490.421
Gain on sales of fixed assets	31	-31.484	-55.627
Provision for decrease in value of inventories / Cancellation		0	
Exchange Translation Difference		4.920.776	-7.510.444
Tax	35	28.756.450	22.167.084
Provisions for Other Payables and Expenses / Cancellation		0	
Deferred Financial Income		5.011.061	-352.602
Profits from Real Estate Sales		0	-391.853
Investment Property Appreciation		0	-16.476
Provisions for Doubtful Receivable / Cancellation		0	
Provisions for Other Payables and Incomes / Cancellation	10		-6.784
Cash flows resulted from the operations before the change in the capital		**135.441.175**	**131.762.183**
Changes in the capital of the company			16.954.834
Increase / Decrease in trade receivables	10	-125.510.706	-69.845.142
Increase / Decrease in other receivables	11	71.917.878	755.364
Increase / Decrease in Inventories	13	86.028.350	-14.605.603
Increase / Decrease in Other Current / Fixed Assets	26	9.125.676	6.706.352
Increase / Decrease in Trade payables	10	-37.135.028	40.035.945
Increase / Decrease in other Payables	11	-3.528.209	65.935.555
Increase / Decrease in Provisions for Liabilities	22	-15.303.562	-5.331.760
Increase / Decrease in Other Short-term and Long-term Liabilities	26	-7.847.768	-6.695.877
Cash resulted from or used in the operations after the change in the capital or the capital		**113.187.806**	**148.717.017**
Paid-in interest	35	34.311.259	-6.596.394
Paid-in taxes	35		
Paid-in termination indemnities	33	-6.776.967	-6.922.288
Net cash used in operations		**-135.878.461**	**135.198.335**
Cash flows used in investments			
Purchase of Tangible and Intangible Asset	18	-3.442.414	-1.800.131
Cash gained from sales of tangible and intangible fixed assets	19	133.093	40.512
Purchases related to financial investments	7		-26.005.590
Cash from sales in financial investments		-2.400.000	
Collected Interests		0	183.436
Dividends paid for minority shares		4.104.720	3.052.730
Purchase of minority shares		134.273.860	
Contributions from Consolidated Participations to Capital of the Subsidiary Company		0	881.151
Net Cash used in investments	32		-59.116.562
Cash used in investments / Cash from investments		**-135.878.461**	**-82.764.454**
Cash Flows from financial activities			
Cash Flow related to financial liabilities	8	16.507.355	9.759.858
Principal Repayment of Financial Liabilities	8	0	-12.782.913
Net Cash used in financial activities		**16.507.355**	**-3.023.055**
Net increase/decrease in cash and cash equivalents		**-47.271.526**	**49.410.826**
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 year-end	**6**	**165.161.285**	**70.648.985**

(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 (collectivly referred to" 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 1.517 employees as of 31 March 2010 (31 December 2010: 1.511)

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

Shareholders of the Company with shares in excess of 10% is listed below:

	31 March 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**

Subsidiary Companies

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.

Participants (Partners)

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).

(Amounts are expressed in Turkish Lira unless otherwise stated)

Approval of Financial statements:
The financial statements were approved to be disclosed 31 March 2010 by the executive committee. The General Board is authorized to amend the financial statements.

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.

At the financial statements dated on 31 December 2010, Riyal was first converted into EURO and then into TL since the money transfers were made with EURO in Iran. So in order to convert Razi's finacial tables into TL; EURO/Riyal and TL/EURO exchange rates were used. But, for financial statements dated 31 March 2011, TCB rate was used as Turkey's Central Bank ("TCB") began declaring Iranian Riyal rate in 2010.

Here are the exchange rates used:

	31 March 2011		**31 December 2010**	
Foreign Currency	**End of Period**	**Average**	**End of Period**	**Average**
IRR	0,0001477000	0,0001506090	0,0001481000	0,0001465100

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

2.2 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.

Quality, reason and amounts of the classifications are stated as follows:

The Group has classified the participation of 4.000.000 TL -which the Group participated in Tarkim in 2009- from the financial assets account in the long-term fixed assets into the account of investments valued by equity methods. The classification has no affect on the income statement.

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.

The results of the subsidiaries - which are purchased or sold out during the year – are included into the consolidated income statement after the purchase date or until the date of sale.

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.

Profits and losses resulted from the transactions between a Group company and Group participation is eliminated at rate of Group's share in the related participation.

2. FİNANSAL TABLOLARIN SUNUMUNA İLİŞKİN ESASLAR (devamı)

2.2 Changes in Accounting Policies

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. The Group reviewed the goodwill accounts in the current period and determined to convert the goodwill through the closing rate in regard to the 47th paragraph of the No: 21"Effects of Changes in Foreign Exchange Rates" of the International Accounting Standards.

In this regard, Group has revised the financial statements as of 2008 when the goodwill took place. As result of the revision, total 25.335.908 TL conversion difference for 2008. Since the closing rates of 2008 and 2009 are equal, no conversion difference has been calculated.

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 New and Revised Indernational Financial 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.

(a) New and revised standards which effected Groups' presentations and footnotes

IFRS 3 (2008) Business Combinations

Changes in the standards of IFRS 3 (revised), "Business Combinations" and IAS 27, "Consolidated and Non-Consolidated Financial statements", IAS 28, "Investments in Associates" and IAS 31, "Interest in Joint Ventures" will be effective for mergers that happened in the financial periods starting as of 1 July 2009 or later. Here are the some affects which may be seen as results of the changes in the new standards and existing standards applied:

a) To evaluate the shares which have no control power and earlier referred as "minority shares" with fare value for each operation is available,

b) Conditions related to accounting of conditional price and following accounting transactions are changed,

c) It is needed to separately account the costs of acquisition and mergers and so such costs are generally recorded as expenses at that period.

d) For gradual purchase operations, the shares purchased earlier are calculated to fix a fare value at time of purchase date and then gain or loss calculated after the revision will be recorded at the income statement.

(Amounts are expressed in Turkish Lira unless otherwise stated)

e) According to IFRS 3 (2008) Standard, if there are any case of relationship between Group and purchased company relationship will be end after merge and the profit / loss of consisted merge will be accounted.
Hence on July 1, 2009 and as of this date periods there is not any merge. Group does not implement this amendment.

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

2.5 New and Revised Internatinoal Reporting Standards (Cont.)

IAS 27 (2008) Consolidated Financial Statements

By implementing IAS 27 (2008) standard, accounting policies of paid-up capital share of Group on subsidiaries have changed.

This revised Standard especially had effect on Groups' paid-up capital share on subsidiary accounting policy which related to non-effective amendments on Groups control.

In the previous periods, in case of absence of rules about this subject in IFRS standards, increase in the existing subsidiaries' shares was recognized with will be resulted as a earning which has gotten by the goodwill or bargaining purchasing by the same way with the method of the purchasing of the subsidiaries; decreasing which don't cause with losing control over the subsidiaries, difference between fees and adjustments which implemented in non controlling subsidiaries had been recognized in comprehensive income statement. In accordance with UMS 27 (2008) all increasing and decreasing should be recognized in equity and also should not has a effect over the goodwill and profit/loss.

In case of losing control over the subsidiaries because of any transaction, event or any other reason, in accordance with this Standard, the group should derecognized by book value all its assets, liabilities and non control shares and Money received in Exchange for this, should be reflected to statements in their fair values. Residual share in related subsidiaries, should be recognized via fair value at the date of losing control. The difference should be shown as a profit or loss in profit/loss statement.

These changes in accounting policies, has been started to apply pursuant to clauses as of the date of 1 Jan 2010.
Because of non any change in Group's share proportion in its subsidiaries, this change was not applied.

(a) New and Revised Standards Affecting the Group's Financial Performance and/or its Balance Sheet.

There is no new Standard.

(b) Valid Starting from 2010 Year, Standards are not related with Group's activities, amendments and interpretations to existing standards

UMS 7 Cash Flow Statement (A Part of Recruitments made in IFRS published in 2009)	The changes brought to UMS 7 standard only shows that expenses which recognized as a asset in a financial situation statement/balance sheet may be categorized as a cash flow from investing activities.
UMS 1 Presentation of Financial Statement (A Part of Recruitments made in IFRS published in 2010)	The change brought to UMS 1 elucidates that analysis related to Group's other comprehensive income /expenses, equity table or footnotes. The change will be implemented as a retrospective.

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

2.5 New and Revised IFRS (Cont.)

IAS 28 (2008) Investments in Affiliates

In consequence of changes brought to IAS 28, when losing a significant impact on subsidiaries, Group calculates its residual share pursuant to fair value. Difference between fair value and registered value, recognized in profit/loss.

In the Part of Recruitments made in IFRS published in 2010, it has been clarified that changes of IAS 28 related to transaction which causing the participant loss significant impact over the subsidiaries will be applied in advance. There is no subsidiaries of Group's therefore this change is not applied.

The changes on the IFRS 5 Fixed Assets Held for Sale and Discontinued Operations' standards (As a Part of Recruitments made in IFRS published in 2009) are valid for financial statement which is at the date of 1 July 2009 or starting as of this date.

Because of absence of the Group's fixed assets held for sale or discontinued operations, this change is not applied.

Last amendments in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (as a part of 2009 disclosed amendments), is operational as of July 1, 2009 or periods after this date. Group doesn't implement this amendment because there aren't any assets for sale and there aren't any discontinued operations.

IFRIC 17 "Distributions of Non-cash Assets to Owners" is operational as of July 1, 2009 or periods after this date. Hence Group doesn't distribute any of non-cash assets, Group doesn't implement this Standard.

IFRIC 18, "Transfers of Assets from Customers", is operational as of July 1, 2009 or periods after this date. Hence Group doesn't transfer any assets from customers, Group doesn't implement this Standard.

IFRS 1 "First time Adoption of International Financial Reporting Standards" (Amendments in IFRS 1), disclosed in July 2009. This amendment must be implemented as of January 1, 2010 or periods after this date. Hence Group doesn't implement IFRS for the first time, doesn't implement this amendment.

IFRS 2 "Share-based Payment", is operational as of January 1, 2010 or periods after this date. Hence Group haven't any share-based payment plan, Group doesn't implement this standard.

IFRS 5 Investment Assets for Sale and Discontinued Operations, the amendment of IFRS 5 standard is about the procedures to be followed when a company plans to sell the majority shares of its subsidiary company. In case of having an subsidiary company for sale; all assets and liabilities owned by the subsidiary company should be classified in scope of IFRS 5 standard even if the company has only minority shares after the sale. These amendments also note that the provisions of the other standards, excepting IFRS 5 standard are generally not applied for the non-current assets kept for sale and the discontinued operations.

2009 dated amendments in International Financial Reporting Standards disclosed in April 2009. Amendments includes below mentioned standards and comments: IFRS 2 Share-based Payment, IFRS 5 noncurrent assets held for sale and discontinued operations, IFRS 8 accounting policies, changes in accounting estimates and errors, IAS 1 presentation of financial statements, IAS 7 cash flow statements, IAS 17 leases, IAS 18 revenue, IAS 36 impairment of assets, IAS 38 intangible assets, IAS 39 financial instruments: recognition and measurement, IFRIC 9 reassessment of embedded derivatives, IFRIC 16 hedges of a net investment in a foreign operation. Date of becoming operational is different as per Standard, most of them is operational as of January 1, 2010.

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

2.5 New and Revised IFRS (Cont.)

(d) Amendments and comments related to current standards and to standards which are not yet valid and not adopted from Company earlier

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.

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. Group did not evaluate results of this

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

2.5 New and Revised IFRS (Cont.)

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. Group does not evaluate conclusions about implementing amendments of financial statements yet.

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. Regarding to Group this amendment will not cause any effect on financial statements.

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. Group has not reviewed this amendment for any possible effects on its financial statements yet.

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.

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

2.6 Summary of Major Accounting Policies

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 buildings are 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.

Diğer tüm borçlanma maliyetleri, oluştukları dönemde gelir tablosuna kaydedilmektedir.

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 amortized 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 an objective 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 amortized 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.

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

2.6 Substantial Accounting Policies Summary (cont.)

Financial Instruments (cont.)

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.

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

2.6 Substantial Accounting Policies Summary (cont.)

Lease Proceedings

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.

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

2.6 Substantial Accounting Policies Summary (cont.)

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.

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

2.6 Substantial Accounting Policies Summary (cont.)

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. Termination indemnity practice of Iran shows similarity to Turkish practice and there are not core differences between them. Moreover in the process of Razi's privatization, the right of early retirement is given to personnel, liabilities related to this right are registered throughout IAS 19

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:

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

2.6 Substantial Accounting Policies Summary (cont.)

Impairment of Goodwill

Goodwill is reviewed by the Group every year for the impairment. As date of balance sheet, goodwill was occured as a result of acquiring of Razi Co and Razi Co is described as producer unit of cash for testing of goodwill. These use of values' calculations consist of discounted after tax cash flows, this projections that are determined on basis of TRL, are based on annual budget which is confirmed by the management. Used discount rate is after tax discount rate and also it has consist of risks pertaining to company. As a result of impairment tests that is made by The Group as date of 31 December 2010, it has not been determined any impairment on the goodwill amount.

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, recognited deferred taz 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, ocurred loss in current period, deadline of use of unappropriated loss and other tax assets and tax planning strategies can be used if neccessary 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 December 2010: None)

(Amounts are expressed in Turkish Lira unless otherwise stated)

5. REPORTING BY DEPARTMENTS

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

5. REPORTING BY DEPARTMENTS (cont.)

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

	Turkey	Iran	Consolidation Adjustments	Total
	31 March 2011	31 March 2011	31 March 2011	31 March 2011
ASSETS				
Current Assets	447.315.084	463.328.988	(17.030.385)	893.613.686
Fixed Assets	631.949.397	710.460.840	(178.801.425)	1.163.608.812
TOTAL ASSETS	**1.079.264.481**	**1.173.789.828**	**(195.831.810)**	**2.057.222.499**
RESOURCES				
Short Term Liabilities	524.285.233	492.987.928	(17.030.385)	1.000.242.775
Long Term Liabilities	164.992.666	161.715.882		326.708.548
Equities	389.986.582	519.086.018	(178.801.425)	730.271.175
TOTAL LIABILITIES	**1.079.264.481**	**1.173.789.828**	**(195.831.810)**	**2.057.222.499**
	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. REPORTING BY DEPARTMENTS (cont.)

The distribution of income statements by departments for the periods ending on 31 March 2011 and 31 March 2010 is as follows:

	Turkey	Iran	Consolidation Adjustments	Total
	01 Jan. 2011-	01 Jan. 2011-	01 Jan. 2011-	01 Jan. 2011-
	31 March 2011	31 March 2011	31 March 2011	31 March 2011
MAIN ACTIVITY INCOMES				
Sales Incomes (Net)	348.327.190	178.429.015	(3.421.898)	523.334.307
Sales Cost (-)	(309.580.435)	(76.306.649)	3.421.898	(382.465.186)
Gross main activity profit	**38.746.755**	**102.122.366**	**-**	**140.869.121**
Marketing, sales and distribution exp	(20.437.173)	(8.423.089)	-	(28.860.262)
General management expenses	(2.855.898)	(2.514.036)	-	(5.369.934)
Other activity incomes	1.762.927	6.411.877	-	8.174.804
Other activity expenses	(919.720)	(9.533.701)	-	(10.453.421)
Activity profit	**16.296.891**	**88.063.417**	**-**	**104.360.308**
Shares in profit/loss of investments increase in value through equity method	(1.217.649)	-	-	(1.217.649)
Financial incomes	135.731.746	6.142.323	(130.863.493)	11.010.576
Financial expenses	(28.261.568)	(15.427.771)	2.462.633	(41.226.706)
Pre-tax profit from maintained activities	**122.549.420**	**78.777.969**	**(128.400.860)**	**72.926.529**
Tax expense	(8.947.916)	(999.441)	-	(9.947.357)
Deferred tax income / (expense)	(15.989.051)	(2.820.042)	-	(18.809.093)
Profit for the period	**97.612.453**	**74.958.486**	**(128.400.860)**	**44.170.079**

(Amounts are expressed in Turkish Lira unless otherwise stated)

5. REPORTING BY DEPARTMENTS (cont.)

	Turkey	Iran	Consolidation Adjustments	Total
	01 Jan. 2010-	01 Jan. 2010-	01 Jan. 2010-	01 Jan. 2010-
	31 March 2010	31 March 2010	31 March 2010	31 March 2010
MAIN ACTIVITY INCOMES				
Sales Incomes (Net)	249.164.000	158.954.598	(3.603)	408.114.995
Sales Cost (-)	(219.858.187)	(52.868.212)	3.603	(272.722.796)
Gross main activity profit	**29.305.813**	**106.086.386**	**-**	**135.392.199**
Marketing, sales and distribution exp	(13.472.041)	(1.118.587)	-	(14.590.628)
General management expenses	(3.198.485)	(1.168.239)	-	(4.366.724)
Other activity incomes	1.511.523	2.396.480	-	3.908.003
Other activity expenses	(224.804)	(7.877.513)	-	(8.102.317)
Activity profit	**13.922.006**	**98.318.527**	**-**	**112.240.533**
Shares in profit/loss of investments increase in value through equity method	222.522	-	-	222.522
Financial incomes	72.617.039	13.606.504	(60.521.302)	25.702.241
Financial expenses	(26.384.274)	(5.118.621)	-	(31.502.895)
Pre-tax profit from maintained activities	**60.377.293**	**106.806.410**	**(60.521.302)**	**106.662.401**
Tax expense		(4.094.536)	-	(4.094.536)
Deferred tax income / (expense)	(12.246.209)	(5.026.339)	-	(17.272.548)
Profit for the period	**48.131.084**	**97.685.535**	**(60.521.302)**	**85.295.317**

5. REPORTING BY DEPARTMENTS (cont.)

Investment expenses pertaining to department assets for the periods ending on 31 March 2011 and 30 December 2010 are as follows:

CAPEX	**01 Jan. 2011-**	**01 Jan 2010-**
	31 March 2011	**31 Dec. 2010**
Turkey	534.374	6.588.679
Iran	6.569.106	13.380.539
	7.103.480	**19.969.218**

Depreciation and amortization shares pertaining to department assets for the periods ending on 31 March 2011 and 31 December 2010 are as follows:

Depreciation/ amortizatio	**01 Jan. 2011-**	**01 Jan 2010-**
	31 March 2011	**31 Dec. 2010**
Turkey	944.486	3.650.868
Iran	18.644.458	69.278.427
	19.588.944	**72.929.295**

(Amounts are expressed in Turkish Lira unless otherwise stated)

Satışların coğrafi dağılımı ve satılan ürünlere ilişkin açıklamalar Not 28'de sunulmuştur.

6. CASH AND CASH EQUIVALENTS

	31 March 2011	31 December 2010
Cash	181.013	106.126
Checks Received	125.728	54.068
Banks- Demand deposits	5.587.996	3.709.615
Banks- Time deposits (< 3 months)	157.016.781	189.064.829
Government Bonds and Treasury Bills	590.800	18.956.800
Other Liquid Assets	1.658.967	541.373
Cash and Cash Equivalent	**165.161.285**	**212.432.811**

The maturities of time deposits as of 31 March 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 Raze (%)	**Maturity**			**31 March 2011**	**31 December 2011**	
7,9-8,10	Nisan.11			14.952.000		91.311.876
Toplam				**14.952.000**		**91.311.876**
Time Deposits: Foreign Currency						
			31 March 2011		**31 December 2010**	
Interest Raze (%)	**Maturity**	**Foreign Currency**	**Amount**	**Amount in TL**	**Amount**	**Amount in TL**
0,5 - Libor + 0,5		EUR	8.303.724	18.303.724	96.645	14.313.125
6,00 - 9,00		Mil. IRR	161.551	23.861.083	191.304	28.332.122
6,00		YEN	13.026	700.393		
1 -2,60	January.11	USD			35.645.347	55.107.706
0,4-4,3	April.11	USD	64.070.000	99.199.581	35.645.347	55.107.706
Total				**142.064.781**		**152.860.659**
				157.016.781		**244.172.535**

6. CASH AND CASH EQUIVALENTS (cont.)

Government Bonds

		31 March 2011		31 December 2010	
Interest Rate (%)	**Foreign Currency**	**Amount**	**Amount in TL**	**Amount**	**Amount in TL**
15,00 - 17,00	Mil. IRR	4.000	590.800	128.000	18.956.800
Total			**590.800**		**18.956.800**

The company has no blocked liquid assets as of 31 March 2011. (31 December 2010: None)

(Amounts are expressed in Turkish Lira unless otherwise stated)

7. FINANCIAL INVESTMENTS

Short Term Financial Investments

a) Stock Shares

Group has no stock shares as of date of balance sheet. (31 December 2010: None)

Long Term Financial Investments

Financial Assets Ready For Sale		31 March 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	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	311.128	17,00	311.128
Tareksav	Agricultural Credit Cooperative Training Foundation		200.000		200.000
Total			**2.525.016**		**2.525.016**

Financial investments ready for sale are valued with cost since they do not have an active market.

8. FINANCIAL PAYABLES

	31 March 2011	31 December 2010
Short Term Bank Credits (Gübretaş)	59.908.646	56.391.568
Other Financial Payables (Razi)	189.723.752	184.357.546
Total Short Term Financial Payables	**249.632.398**	**240.749.114**
Long Term Bank Credits (Gübretaş)	49.709.863	46.690.723
Other Financial Payables (Razi)	70.578.150	65.973.218
Total Long Term Financial Payables	**120.288.013**	**112.663.941**

(Amounts are expressed in Turkish Lira unless otherwise stated)

8. FINANCIAL PAYABLES (cont.)

Short Term Financial Payables

Bank Credits

			31 March 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
2,59-8	April 2011 - October 2011	EUR	10.646.669	23.226.773		
8,22-9	May 2011 - August 2011	TL	-	36.681.873		
Total TL			**10.646.669**	**59.908.646**	**-**	**56.391.568**

Other Financial Payables

			31 March 2011		31 December 2010	
Rate	Maturity	Currency	Amount	Amount in TL	Amount	Amount in TL
(*) Libor+0,5	March 2011	EUR	69.378.000	151.355.044	72.114.000	146.325.022
16%	January 2011	Millions IRR	264.884	38.368.708	256.803	38.032.524
		Total		**189.723.752**		**184.357.546**

Long Term Financial Payables

Bank Credits

			31 March 2011		31 December 2010	
Rate	Maturity	Foreign Currency	Amount	Amount in TL	Amount	Amount in TL
2,589-8	April 2014	EUR	22.785.966	49.709.863	22.785.966	46.690.723
Total			**22.785.966**	**49.709.863**	**22.785.966**	**46.690.723**

Other Financial Payables (*)

			31 March 2011		31 December 2010	
Rate	Maturity	Foreign Currency	Amount	Amount in TL	Amount	Amount in TL
Libor+0,5	Mart 2014	EUR	32.513.000	70.578.150	32.513.000	65.973.218
		Total	**32.513.000**	**70.578.150**	**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. (31 March 2011: None).

(Amounts are expressed in Turkish Lira unless otherwise stated)

10. TRADE RECEIVABLES AND PAYABLES

<u>Trade receivables</u>

Short Term Trade Receivables

	31 March 2011	31 December 2010
Trade receivables	241.014.117	159.698.639
Trade receivables from relevant parties (Note 37)	88.094.140	42.640.090
Note receivable	1.152.865	1.564.197
Receivables from National Petrochemical Company ("NPC") (Razi)	71.623.718	75.631.560
Provisions for doubtful trade receivables	(334.101)	(334.101)
Short Term Trade Receivables	**401.550.739**	**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 128.485.365 TL, and it is evaluated in 3 groups in respect of risk. Information regarding the quality of the trade receivables according to these groups is given below.

Guarantees for unexpired receivables:

	31 March 2011	31 December 2010
Letters of Guarantee	124.324.397	117.411.922
Collateral Checks /Notes	750.829	1.455.779
Total Amount	**125.075.226**	**118.867.701**

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	31 March 2011	31 December 2010
Between 0 – 3 months		-
More than 9 months	334.101	334.101
Total	**334.101**	**334.101**

Provision for doubtful receivables:

	31 March 2011	31 December 2010
Opening balance	334.101	305.017
Expenses in period		29.084
Collection/adjusting in period		-
Closing balance	**334.101**	**334.101**

(Amounts are expressed in Turkish Lira unless otherwise stated)

10. TRADE RECEIVABLES AND PAYABLES (Cont.)

Trade Payables

	31 March 2011	31 December 2010
Suppliers (Gübretaş)	329.329.517	406.859.770
Suppliers (Razi)	51.337.861	22.260.319
Payables to relevant parties (Note 37)	34.985	4.038
Payables to NPC (Razi)	138.852.770	136.517.099
Other Trade Payables	1.215.409	2.797.974
Short Term Trade Payables	**520.770.542**	**568.439.200**

11. OTHER RECEIVABLES AND PAYABLES

Other Short Term Receivables

	31 March 2011	31 December 2010
Deposits and collateral given	13.212	
Receivables from staff	2.728.487	2.613.749
Receivables from NPC (From Minority Shares) (Razi) (*)	3.434.616	76.869.564
Other Various Receivables	14.057.817	9.234.081
Other Short Term Receivables	**20.234.132**	**88.717.394**

(*) The amount Razi paid to Iranian Privatization Organization on behalf of minority shares

Other Long Term Receivables

	31 March 2011	31 December 2010
Deposits and collateral given	21.529	24.554
Receivables from staff (*)	12.554.665	12.825.904
Other Long Term Receivables	**12.576.194**	**12.850.458**

(*) The amount of Razi paid to staff for home-ownership.

(Amounts are expressed in Turkish Lira unless otherwise stated)

11. OTHER RECEIVABLES AND PAYABLES (Cont.)

Other Short Term Payables

	31 March 2011	31 December 2010
Payables to Iranian Privatization Org. (*)	94.156.908	120.543.913
Payables to the staff	12.483.639	11.219.687
Payable Taxes, Funds and Other Liabilities	4.144.958	1.782.592
Advances taken	662.088	2.407.473
Payables to relatives	10.856.131	-
Other Payables and Liabilities	24.544.264	3.597.347
Other Short term payables	**146.847.988**	**139.551.012**

Other Long Term Payables

	31 March 2011	31 December 2010
Payables to Iranian Privatization Org. (*)	107.619.281	107.910.836
Other Long Term Payables	**107.619.281**	**107.910.836**

(*) In 2008, a consortium, including the company, attended Iranian Privatization Administration Organisations' tender and bought Razi's stokcs. Twenty percent of the sales price was paid in advance and the rest of amount has been paid in six months period installments. As of 31 March 2010, a sum of 94.156.908 TL out of total payable 201.776.189 TL (31 December 2010; 228,454,749 TL) is accounted in other short term trade payables and the remaining 107.619.281 TL is accounted in other long term trade payables.

12. RECEIVABLES FROM AND PAYABLES TO FINANCE SECTOR

None. (31 December 2010: None)

13. INVENTORIES

	31 March 2011	31 December 2010
Raw Materials	125.888.469	142.288.200
Finished Goods	52.800.770	30.105.593
Commodities	69.613.511	162.450.301
Other Inventories	13.484.942	12.971.948
Total	**261.787.692**	**347.816.042**

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

14. LIVE ASSETS

None. (31 December 2010: None)

15. ASSETS RELATED TO ONGOING CONSTRUCTION CONTRACTS

None. (31 December 2010: None)

(Amounts are expressed in Turkish Lira unless otherwise stated)

16. INVESTMENTS VALUED BY EQUITY METHOD

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

	31 March 2011	31 December 2010
Negmar Denizcilik Yatırm A.Ş.	1.473.808	1.841.651
Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.	5.194.061	3.643.867
Total	**6.667.869**	**5.485.518**

	Negmar Denizcilik Yatırım A.Ş		Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Total Assets	94.728.592	82.812.277	21.021.590	15.497.246
Total Liabilities	91.044.073	78.208.151	8.036.436	6.387.577
Net Assets	**3.684.519**	**4.604.126**	**12.985.154**	**9.109.669**

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

	31 March 2011	31 December 2010
Negmar Denizcilik Yatırım A	(367.842)	(813.947)
Tarkim Bitki Koruma Sanayi	(849.805)	(356.133)
Total	**(1.217.647)**	**(1.170.080)**

	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Groups' share in net assets	**1.473.809**	**1.841.651**	**5.194.061**	**3.643.867**

17. INVESTMENT PROPERTIES

The fair value of investment properties of Group on 30 September 2010, was obtained through an assessment made in June 2010 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.

	31 Mart 2011	31 Aralık 2010
Dönem Başı Net Değeri	60.169.595	44.401.769
Makul Değer Artışı	0	15.767.826
Dönem Sonu Net Değeri	**60.169.595**	**60.169.595**

The Company had lease income amounting to 402.908 TL from its investment properties in the period ending on the date of 31 March 2011, and paid no maintenance cost. (31 December 2010: 1.563.060 TL)

(Amounts are expressed in Turkish Lira unless otherwise stated)

18. MADDİ DURAN VARLIKLAR

The depreciation cost and amortization of the company is 944.486 TL as of 31 March 2011, and details are given below.

	Gübretaş	Razi	Total Amount
Amortization Cost	944.486	18.644.458	19.588.944
Depreciation Cost	41.118	-	41.118
Total Amount	**944.486**	**18.644.458**	**19.630.062**

Out of the total of 19.630.062 TL depreciation and amortization costs; 18.957.687 TL have been included in General Production Costs, 160.409 TL in Sales and Marketing Costs, 405.033 TL in General Administrative Costs, and 106.933 TL remained in inventories.

(31 March 2010: Out of the total of 17.071.669 TL depreciation and amortization costs; 16.565.525 TL have been included in General Production Costs, 83.592 TL in Sales and Marketing Costs, 351.893 TL in General Management Costs, and 70.689 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 31 March 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
105.296.758	**9.857.737**	**118.557.977**	**1.118.913.890**	**7.213.506**	**10.962.187**	**14.676.484**	**1.385.478.540**
-8.657	**0**	**-119.377**	**-2.835.083**	**-15.522**	**-23.374**	**-39.105**	**-3.041.118**
							-
0	26.994	89.672	53.370	88.083	204.955	6.640.407	7.103.480
0	0	0	-169.768	-33.667	-395.199	0	-598.634
0	0	0	0	0	0	-3.669.796	-3.669.796
105.288.101	**9.884.731**	**118.528.272**	**1.115.962.409**	**7.252.399**	**10.748.569**	**17.607.990**	**1.385.272.471**
0	**-9.095.976**	**-68.699.472**	**-459.702.370**	**-4.913.608**	**-5.984.891**	**0**	**-548.396.317**
0	**0**	**76.064**	**1.519.059**	**13.519**	**19.595**	**0**	**1.628.237**
0	-28.423	-1.198.800	-17.783.343	-148.311	-430.067	0	-19.588.944
0	0	0	37.724	31.031	375.984	0	444.738
0	**-9.124.399**	**-69.822.208**	**-475.928.930**	**-5.017.370**	**-6.019.379**	**0**	**-565.912.286**
105.288.101	**760.332**	**48.706.064**	**640.033.479**	**2.235.030**	**4.729.190**	**17.607.990**	**819.360.185**

.

(Amounts are expressed in Turkish Lira unless otherwise stated)

18. MADDİ DURAN VARLIKLAR (devamı)

	Land	Surface and Underground Improvement	Buildings	Facility, Machinery and Devices	Vehicles	Fixtures	Ongoing Investments	Total
Cost Value								
Openin Balance on 01 January 2010	**67.248.091**	**9.741.169**	**83.247.815**	**1.127.661.497**	**6.214.115**	**10.148.952**	**9.687.920**	**1.313.949.558**
Conversation Differences	**64.368**	-	**906.190**	**21.302.793**	**105.261**	**160.620**	**204.455**	**22.743.687**
Purchaces	-	-	-	610.454	115.007	329.725	744.944	**1.800.131**
Sales / Cancellation	-	-	-	91.827	-109.946	-268.376	-	**-286.495**
Transfers from Ongoing Investments	-	-	-	-	-	-	-	-
Closing Balance on 31 March 2010	**67.312.459**	**9.741.169**	**84.154.005**	**1.149.666.571**	**6.324.437**	**10.370.745**	**10.637.319**	**1.338.206.705**
Accrued depreciation								
Opening balance on 1 January 2010	-	**-8.973.492**	**-44.866.509**	**-396.968.954**	**-4.534.356**	**-5.288.989**	-	**-460.632.300**
Conversion differences	-	-	**-466.478**	**-7.180.672**	**-82.396**	**-85.869**	-	**-7.815.415**
Valuation difference	-	-30.352	-906.306	-15.769.807	-100.723	-264.511	-	**-17.071.699**
Expenses for the period	-	-	-	-55.096	89.671	267.175	-	**301.750**
Sales / Cancellation	-	**-9.003.843**	**-46.239.293**	**-419.974.529**	**-4.627.804**	**-5.372.159**	-	**-485.217.621**
Closing Balance on 31 March 2010	**67.312.459**	**737.325**	**37.914.712**	**729.692.042**	**1.696.633**	**4.998.586**	**10.637.319**	**852.989.084**

(Amounts are expressed in Turkish Lira unless otherwise stated)

19. INTANGIBLE FIXED ASSETS

Rights	**31 March 2011**	**31 December 2010**
Opening Balance on 1 January	213.292	23.050
Purchases	8.730	190.242
Closing Balance on 31 March	**222.022**	**213.292**
Accured Depreciation		
Opening Balance on 1 January	**(23.050)**	**(22.716)**
Amortization expenses for current period	(41.118)	(334)
Closing Balance on 31 March	**(64.168)**	**(23.050)**
Net Book Value	**157.854**	**190.242**

20. GOODWILL

Group reviewed the accounting of goodwill account in the current period and found out that goodwill should be converted over closing exchange rate within the scope of paragraph 47 in “Impacts of Exchange Rate Changes” of International Accounting Standard numbered 21. Within this context, Group readjusted financial statements as of the year 2008 when goodwill arose. As a result of readjustment, a sum of conversion difference of 25.335.908 TL was calculated for the year 2008. Since closing exchange rates in the year 2008 and the year 2009 are equal to each other, no conversion difference was calculated. (Note 2.6).

	Goodwill
Amount as of 31 December 2009	249.836.962
Conversation difference	(3.164.601)
Amount as of 31 December 2010	246.672.361
Amount as of 1 January 2011	246.672.361
Conversation difference	(666.232)
Amount as of 31 March2011	246.006.129

21. GOVERNMENT INCENTIVE AND AIDS

None. (31 December 2010: None)

22. PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES

Provisions for Payables

Provisions for Short Term Payable

	31 March 2011	**31 December 2010**
Provision for costs	30.276.307	45.004.271
Provisions for law suits and com	1.617.853	1.643.594
Total	**31.894.160**	**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:

	31 March 2011
As of 1 January 2011	1.643.594
Additional Provisions	(25.741)
As of 1 March 2011	1.617.853

Guıarantess-Liens-Mortgages ("GLM")

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

	31 March 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		148.105.644	TL	9.910.810	9.910.810
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	31.111.104	67.871.989	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	1.454.784 17.852.865	3.173.757 27.641.591 1.060.232	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			**247.853.213**			**104.440.273**

(*) 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 31 March 2011. (As of 31 December 2010: None.)

(Amounts are expressed in Turkish Lira unless otherwise stated)

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

Conditional Matters

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 18 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 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 country 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 country. 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

Forward Contracts

As of 31 March 2011, the company finalized 2 foreign currency purchasing contracts with financial institutions against currency exchange risk. The maturity date of the contracts was April 2011, and the total nominal value of contracts is US$ 7.500.000.

(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 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: (31 December 2010: 61.469 TL)

Year	TL	Euro
2011	30.876	14.153
2012	12.136	5.563
2014	12.136	5.563
Total	**55.149**	**25.279**

Purchasing Commitments

Group has US$ 9.849.495 purchasing commitment as of 31 March 2011. (31 December 2010: US$ 50.082.793).

(Amounts are expressed in Turkish Lira unless otherwise stated)

24. PROVISIONS FOR EMPLOYEE BENEFITS

Short Term

	31 March 2011	31 December 2010
Holiday and Senior Inventive Provisions	3.862.915	3.766.229
Provisions for Early Retirement Salary	8.329.394	8.930.282
Other short term liabilities	**12.192.309**	**12.696.511**

Long Term

	31 March 2011	31 December 2010
Provision for termination indemnity (Gübretaş)	4.773.818	4.972.047
Provision for termination indemnity (Razi)	21.837.002	19.823.794
Provisions for Early Retirement Salary	66.389.821	68.144.052
Total	**93.000.641**	**92.939.893**

As of 31 March 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;5,92%). As the termination indemnity cap of the company's provision for termination indemnities is adjusted on a semi-annual basis, it is calculated as 2.623 TL , which is valid as of the date of 1 January 2011 onwards (31 December 2010: 2.517 TL).

The termination indemnity liability amount of Razi has been discounted by discount rate of 4,28% (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:

	31 March 2011	31 March 2010
As of January 1st	92.939.893	85.952.232
Conversion differences	(237.591)	1.934.341
Paid during the year	(6.776.967)	(6.922.288)
Increase during year	7.075.306	10.106.208
As of 31 March	**93.000.641**	**91.070.493**

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

	31 March 2011	31 December 2010
Advances given for orders	39.676.941	35.878.794
Prepaid expenses for future months	1.077.511	227.553
Income accrual	16.419	235.075
Deferred VAT	-	3.935.572
Prepaid taxes and funds	564.006	368.639
Work advances	-	4.066.130
Other various current assets	3.544.961	1.420.723
Other current assets	**44.879.838**	**46.132.486**

Other Fixed assets

	31 March 2011	2010
Advances given for orders	12.543.473	13.170.532
Other various current assets	3.602.499	10.848.473
Other current assets	**16.145.972**	**24.019.005**

Other Short-Term Liabilities

	31 March 2011	31 December 2010
Advances received	8.484.634	23.290.001
Incomes of future months	96.102	96.102
Accrued expenses	11.522.921	4.565.323
Other short term liabilities	**20.103.657**	**27.951.426**

27. EQUITY CAPITAL

Paid-in capital

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

	31 March 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 (2009: 200.000.000 TL). Company's capital is formed 8.500.000.000 pieces stocks. (2009: 8.500.000.000) 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 136.760.862 TL, out of which 136.697.263 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: 136.760.862 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 31 March 2011:

	31 March 2011	31 December 2010
Legal reserves	5.645.297	5.645.297
Real estate sales gain to be added to capital	881.151	881.151
Total	**6.526.448**	**6.526.448**

Exchance Differences

	31 March 2011	31 December 2010
Amount of beginning of period	63.956.817	76.639.105
Exchange differences on behalf of abroad companys' net assets conversation differences	4.556.713	(11.204.829)
Amount of end of period	**68.513.530**	**65.434.276**

28. SALES AND COST OF SALES

Sales Income

	01.01.2011	01.01.2010
	31.03.2011	31.03.2010
Domestic Sales	384.601.765	279.467.088
Overseas Sales	140.962.333	131.036.292
Other Sales	-	-
Sales Returns (-)	(205.531)	(9.831)
Sales Discounts (-)	(1.983.752)	(1.386.658)
Other discounts from sales (-)	(40.509)	(991.895)
Net Sales	**523.334.306**	**408.114.996**

(Amounts are expressed in Turkish Lira unless otherwise stated)

Sales Amounts

			01.01.2011	**01.01.2010**
a)	**Gübre Fabrikaları T.A.Ş.**	**Unit**	**31.03.2011**	**31.03.2010**
	TSP Triple Super phosphate	Ton	8.284	24.480
	NKP Composite Fertilizer	Ton	162.897	134.809
	Urea	Ton	98.591	77.908
	Ammonium Nitrate	Ton	104.253	127.981
	DAP	Ton	23.548	14.663
	Ammonium Sulfate	Ton	41.889	44.360
	CAN	Ton	96.258	91.993
	Potassium Sulfate	Ton	4.178	1.664
	Map	Ton	88	67
	Other	Ton	415	484
	Total		**540.401**	**518.409**
	Liquid fertilizer	Lt	**450.588**	**381.523**
	Powder fertilizer	Kg	**3.476.065**	**2.204.954**
			01.01.2011	**01.01.2010**
b)	**Razi Co.**	**Unit**	**31.03.2011**	**31.12.2010**
	Sulphur	Ton	118.914	88.438
	Ammonia	Ton	168.341	202.243
	Sulfuric Acid	Ton	54.710	18.950
	Urea	Ton	64.922	79.045
	Dap	Ton	6.144	0
	Total		**413.031**	**388.676**

(Amounts are expressed in Turkish Lira unless otherwise stated)

28. SALES AND COST OF SALES (cont.)

Cost of Sales (-)

	01.01.2011	01.01.2010
	31.03.2011	31.03.2010
Cost of Goods Produced	**184.138.907**	**107.371.250**
Change in the goods inventory	(22.362.904)	2.182.959
-Goods at the beginning of the period	31.336.899	16.672.518
- Goods at the end of the period	(53.699.803)	(14.485.956)
- Foreign Exchance Differences	322.803	-
Cost of Goods Sold	**162.098.806**	**109.554.209**
-Merchandise inventories at the beginning of the period	96.325.038	54.136.895
-Purchases	196.991.778	168.878.606
- Merchandise inventories at the end of the period	(69.613.511)	(60.660.302)
Cost of Merchandise Sold	**223.703.305**	**162.355.199**
Cost of Other Sales	**84.972**	**813.389**
Elimination	**(3.421.898)**	**-**
Total Cost of Sales	**382.465.185**	**272.722.797**

	Production Amounts			
			01.01.2011	**01.01.2010**
a)	**Gübre Fabrikaları T.A.Ş.**	**Unit**	**31.03.2011**	**31.03.2010**
	TSP Triple Superphosphate	Ton	26.540	37.860
	NKP Compound Fertilizer	Ton	103.302	98.291
	Total	**Ton**	**129.842**	**136.151**
	Liquid Fertilizer	Lt	**289.348**	**187.785**
	Powder Fertilizer	Kg	**521.190**	**210.194**
			01.01.2011	**01.01.2010**
b)	**Razi Co.**	**Unit**	**31.03.2011**	**31.03.2010**
	Sulphur	Ton	100.992	106.035
	Ammonia	Ton	240.141	251.488
	Sulphuric Acid	Ton	52.576	27.940
	Urea	Ton	111.220	84.571
	Dap	Ton	0	0
	Total	**Ton**	**504.929**	**470.034**

(Amounts are expressed in Turkish Lira unless otherwise stated)

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

	01.01.2011 31.03.2011	01.01.2010 31.03.2010
Marketing, Sales and Distribution expenses (-)	**28.860.262**	**14.590.628**
- Personnel Expenses	959.848	736.101
- Outsourced utilities and services	18.672.223	13.242.492
- Depreciation	160.409	83.592
- Taxes, Duties and Levies	132.623	19.362
- Various Expenses	8.935.159	509.081
General Administrative Expenses (-)	**5.369.934**	**4.366.724**
- Personnel Expenses	3.377.066	2.605.357
- Outsourced utilities and services	893.040	1.181.201
- Depreciation	551.425	351.862
- Taxes, Duties and Levies	131.549	48.949
- Various Expenses	416.854	179.355
Total Operational Expenses	**34.230.196**	**18.957.352**

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 31.03.2011	01.01.2010 31.03.2010
- Personnel Expenses	4.336.914	3.341.458
- Outsourced utilities and services	19.565.263	14.423.693
- Depreciation	711.834	435.454
- Taxes, Duties and Levies	264.172	68.311
- Various Expenses	11.352.013	688.436
Total	**36.230.196**	**18.957.352**

(Amounts are expressed in Turkish Lira unless otherwise stated)

31. INCOME/EXPENSES FROM OTHER OPERATIONS

Incomes from Other Operations

	01.01.2011	01.01.2010
	31.03.2011	31.03.2010
Provisions no longer required	175.618	391.853
Despatch and Surplus Incomes	146.197	530.206
Stock difference Income	252.916	80.899
Salvage Sales Income	276.082	264.057
Fixed Assets Sales Income	32.166	54.678
Shipping Surplus	2.175	832
Other usual profit and incomes	455.140	215.825
Provious periods profits and incomes	21.843	156.364
Profits from transfer of rights and leasings	17.006	429.410
Insurance Costes	115.176	3.997
Electric-Steam and Carbon Sales Earnings	2.596.499	722.274
Other unusual profit and incomes	4.083.986	1.057.608
Total	**8.174.804**	**3.908.003**

Expenses from Other Operations (-)

	01.01.2011	01.01.2010
	31.03.2011	31.03.2010
Retirement payments	942.103	485.296
Previous periods' expense and loss	2.365	295
Fixed Assets Sales Loss	682	949
Shipping decifits	16.840	16.353
Stock difference loss	275.535	128.309
Demmurrage and Despatch expenses	78.084	13.870
Other unusual expense / loss	9.137.812	7.457.244
Total	**10.453.421**	**8.102.317**

32. FINANCIAL INCOMES

	01.01.2011	01.01.2010
	31.03.2011	31.03.2010
Interest incomes	4.104.720	3.052.730
Foreign exchange profits	4.827.887	20.476.342
Delay Interest fromsales	0	16.476
Other financial incomes	2.077.969	2.156.693
Total	**11.010.576**	**25.702.241**

(Amounts are expressed in Turkish Lira unless otherwise stated)

33. FINANCIAL EXPENSES (-)

	01.01.2010	01.01.2010
	31.03.2011	31.03.2010
Liability Costs (-)	**31.191.345**	**24.420.489**
Short Term	**7.697.270**	**5.392.415**
Foreign Exchange Differences	5.629.055	3.555.081
Interest Rate	2.068.215	1.837.334
Long Term	**23.494.075**	**19.028.074**
Foreign Exchange Differences	6.869.989	5.778.593
Interest Rate	16.624.086	13.249.481
Purchase delay interest	**3.741.529**	**2.626.069**
Foreign Exchange Loss (-)	**2.946.331**	**2.652.247**
Rediscounted interest expense (-)	**3.347.501**	**1.804.091**
Total	**41.226.706**	**31.502.896**

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%.

Tax provision included in the balance sheet belonging to the period ending on 31 March 2011 is as follows.

(Amounts are expressed in Turkish Lira unless otherwise stated)

	31 March 2011	31 December 2010
Provision for corporate tax	8.947.916	10.023.335
Pre-paid taxes, etc. For the period's profits	-	(1.057.805)
Total	8.947.916	8.965.530

35. TAX ASSETS AND LIABILITIES (cont.)

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	**31 March 2011**		**31 December 2010**	
Deferred Tax	**Provisional differences**	**Deferred tax, assets and liab.**	**Provisional differences**	**Deferred tax, assets and liab.**
Provisions for termination indemnity	4.773.818	954.764	4.972.047	994.409
Expense accrual	888.958	177.792	750.140	150.028
Receivables rediscount	2.901.386	580.277	1.834.311	366.862
Inventories	2.034.741	406.948	3.267.515	653.503
Tangible fixed assets	13.763.949	2.752.790	13.714.602	2.742.920
Other	1.432.668	286.534	1.447.574	289.517
Loss of previous year	-	-	80.021.236	16.004.247
Deferred tax assets	**25.795.520**	**5.159.105**	**106.007.425**	**21.201.486**
Valuation difference for current value	143.891.911	7.194.596	143.891.911	7.194.596
Payables rediscount	243.658	48.732	446.116	89.223
Value increase in investment properties	15.767.833	788.392	15.767.833	788.392
Other	16.419	3.284	80.612	16.120
Deferred Tax Liabilities	**159.919.821**	**8.035.004**	**160.186.472**	**8.088.331**
Net Deferred Tax Asset		**(2.875.899)**		**13.113.155**
Razi Co. Deferred Tax Asset / Liability		(2.910.906)		(145.730)
Total Deferred Tax Asset		**(5.786.805)**		**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 Jan. 2011	1 Jan. 2010
	31 March 2011	31 Dec. 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	**31 March 2011**	**31 March 2010**
Opening balance on 1 January	12.967.425	40.787.360
Impact of conversion difference of deferred tax of	54.863	-240.179
Sub Total	**13.022.288**	**40.547.181**
Deferred tax (income) / expense	(18.809.093)	(17.032.369)
Balance sheet outstanding at the end of period	**(5.786.805)**	**23.514.812**

Tax provision agreement::

	1 Jan. 2011	1 Jan. 2010
	31 March 2011	31 Dec. 2010
Pre-tax profit / (loss)	72.926.529	280.033.357
	20%	20%
Calculated tax	(14.585.306)	(56.006.671)
Impact of Foreign Subsidiaries subjected to different	(3.938.898)	(10.968.451)
Impact of expenditure tax recognized legally	(9.983.545)	(66.210.543)
Tax effects of discount and exemptions	4.097	98.771.197
Tax effects of previous year losses	(252.798)	(647.660)
Tax income/expense	**(28.756.450)**	**(35.062.128)**

(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 31 March 2011 and 31 December 2010 are as follows.

	01.01.2011	**01.01.2010**
	31.03.2011	**31.12.2010**
Net Profit / (loss) of the period	5.852.858	119.899.390
Number of weighted average shares	83.500.000	83.500.000
Profit/ loss per share (TL)	**0,0701**	**1,4359**

37. STATEMENTS OF RELATED PARTIES

Transactions realized with related parties within the period

Trade receivables and payables

Trade Receivables (Main Shareholder)	**31.03.2011**	**31.12.2010**
Agricultural Credit Coop. Central Union	88.094.140	42.640.090
Total	**88.094.140**	**42.640.090**
Other Receivables (Minority Share)		
Minority Shares	0	76.869.564
Total	**0**	**76.869.564**
Trade Payables (Affiliates)		
Tarnet A.Ş	34.985	4.038
Total	**34.985**	**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.

Sales – Purchases

Sales (Main Shareholder)	**Type**	**31.03.2011**	**31.12.2010**
Agricultural Credit Coop. Central Union	Goods	239.649.123	585.406.889
Sales (Affiliates)			
Tarkim Bitki Koruma San.ve Tic.A.Ş.	Goods	52.370	1.586.276
Negmar Denizcilik A.Ş.	Service	-	-
Toplam		**239.701.493**	**586.993.165**
Purchases (Affiliates)	**Type**	**31.03.2011**	**31.12.2010**
Tarkim Bitki Koruma San.ve Tic.A.Ş.	Goods	122.082	713.125
Negmar Denizcilik A.Ş.	Service	516.072	12.251.700
Tarnet A.Ş	Service	89.152	234.651
Total		**727.306**	**13.199.476**

Benefits Provided to Top Management

The total of the benefits such as salaries, bonuses and other similar benefits the company has provided to its top managers in the year ending on 31 March 2011 was 553.760 TL, including 250.947 TL for Gübretaş and 302.813 TL for Razi. (31 December 2010: 1.879.463 TL).

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.

The credit risks being subjected by the financial instrument types as of 30 September 2010 and 31 December 2009 are as follows:

(Amounts are expressed in Turkish Lira unless otherwise stated)

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

Credit risks on basis of financial instrument types

31.03.2011	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) (*)	**99.724.276**	**301.826.463**	**3.434.616**	**29.375.711**	**158.854.213**	**11.666.850**	**6.307.072**
- Part of maximum risk secured by guarantee, etc.(**)	0	301.826.463	0	29.375.711	0	0	0
A. Net book value of financial assets which are undue or are not exposed to depredation	99.420.752	227.740.408	3.434.616	29.375.711	158.854.213	0	5.113.177
- Part of asset secured by guarantee, etc.	*0*	227.740.408	*0*	*29.375.711*	*0*	*0*	*0*
B. Value of financial assets of which terms are re-negotiated, otherwise they shall be overdue or be exposed to depredation (2)	0	0	0	0	0	0	0
C. Net book value of assets which are overdue but not exposed to depredation (3)	0	2.462.337	0	0	0	0	1.193.895
- Part of asset secured by guarantee, etc.	*0*	2.462.337	*0*	*0*	*0*	*0*	*0*
D. Net book value of assets which are exposed to depredation	0	0	0	0	0	0	0
- Overdue	0	334.101	0	0	0	0	0
(gross book value)	0	-334.101	0	0	0	0	0
- Value decrease (-)	0	0	0	0	0	0	0
- Part of net value secured by guarantee, etc.	0	0	0	0	0	0	0
- Value decrease (-)	0	0	0	0	0	0	0
- Part of net value secured by guarantee, etc.	0	0	0	0	0	0	0
E. Off-balance sheet elements carrying credit risk	0	0	0	0	0	11.666.850	0

(*) 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 (31.03.2011)	Receivables		Deposits in banks	Derivative financial instruments	Other
	Commercial Receivables	Other Receivables			
1-30 days overdue	970.584	-	-	-	-
1-3 months overdue	587.649	-	-	-	-
3-12 months overdue	904.104	-	-	-	-
1-5 years overdue	-	-	-	-	-
Total	2.462.337	-	-	-	-
Part of asset secured by guarantee, etc.	2.462.337	-	-	-	-

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	-	-	-	-

<u>Liquidity Risk</u>

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 31 March 2011 and 31 December 2010:

(Amounts are expressed in Turkish Lira unless otherwise stated)

38. FİNANSAL ARAÇLARDAN KAYNAKLANAN RİSKLERİN NİTELİĞİ VE DÜZEYİ (devamı)

31.03.2011

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 lia	**1.181.963.594**	**1.182.404.307**	**461.676.790**	**281.812.500**	**368.583.270**	**70.331.747**
Financial payables	369.920.411	370.116.127	39.482.479	0	260.301.901	70.331.747
Trade payables	0	0	0	0	0	0
Other payables	0	0	0	0	0	0
Other liabilities	520.770.542	521.015.540	301.007.177	220.008.363	0	0
Derivative financial liabilit	**254.467.270**	**254.467.270**	**84.381.764**	61.804.137	108.281.369	0
Derivative Cash Inflow	20.103.658	20.103.658	20.103.658	0	0	0
Derivative Cash Outflow	16.419	16.419	16.419	0	0	0

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 31 March 2011 and 31 December 2010 is as follows;

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

Foreign Exchange Position

Current Period (31.03.2011)	In TL (Functional currency)	In US Dollar	EURO	IRR	YEN
1.Trade receivables	149.131.397	41.563.888	1.465	573.966	0
2a. Monetary financial assets (including cash, bank accounts)	240.264.382	64.149.302	19.266.463	664.942	37.715.101
2b.Non-monetary financial assets	0	0	0	0	0
3.Other	0	0	0	0	0
4.Current assets (1+2+3)	**389.395.779**	**105.713.190**	**19.267.928**	**1.238.909**	**37.715.101**
5. Trade receivables	12.554.393	0	0	84.999	0
6a. Monetary financial assets	0	0	0	0	0
6b. Non-monetary financial assets	0	0	0	0	0
7.Other	0	0	0	0	0
8.Fixed assets (5+6+7)	**12.554.393**	**0**	**0**	**84.999**	**0**
9.Total assets (4+8)	**401.950.172**	**105.713.190**	**19.267.928**	**1.323.908**	**37.715.101**
10.Trade payables	506.358.690	200.041.811	5.484.105	1.250.304	0
11.Financial liabilities	212.950.525	0	80.024.669	259.775	0
12a.Monetary other liabilities	138.784.393	59.502	92.329	937.650	0
12b. Non-monetary other liabilities	0	0	0	0	0
13.Short term liabilities (10+11+12)	**858.093.609**	**200.101.313**	**85.601.103**	**2.447.728**	**0**
14. Trade payables	179.365.471	0	0	1.214.390	0
15. Financial liabilities	120.640.224	0	55.298.966	0	0
16a. Monetary other liabilities	0	0	0	0	0
16b. Non-monetary other liabilities	0	0	0	0	0
17. Long term liabilities (14+15+16)	**300.005.695**	**0**	**55.298.966**	**1.214.390**	**0**
18.Total liabilities (13+17)	**1.158.099.303**	**200.101.313**	**140.900.069**	**3.662.118**	**0**
19.Net Asset/ (liability) position of off-balance sheet derivative financial instruments over foreign currency (19a-19b)	**0**	**0**	**0**	**0**	**0**
19a. Amount of off-balance sheet derivative products having active character and over foreign currency	**44.061.000**	**28.500.000**	**0**	**0**	**0**
19b. Amount of off-balance sheet derivative products having passive character and over foreign currency	**44.061.000**	**28.500.000**	**0**	**0**	**0**
20. Net Foreign Exchange Asset/ (liability) Position (9-18+19)	**-756.149.132**	**-94.388.123**	**-121.632.141**	**-2.338.210**	**37.715.101**
21.Monetary items net foreign exchange asset/ (liability) position (IFRS 7.B23 (=1+2a+5+6a-10-11-12a-14-15-16a)	**-756.149.132**	**-94.388.123**	**-121.632.141**	**-2.338.210**	**37.715.101**
22.Total fair value of financial instruments used in foreign currency hedge	**0**	**0**	**0**	**0**	**0**
23.Amount of hedged portion of foreign currency assets	**0**	**0**	**0**	**0**	**0**
24. Amount of hedged portion of foreign currency liabilities	**0**	**0**	**0**	**0**	**0**
25.Export	**135.182.625**	**93.121.052**	**0**	**0**	**0**
26.Import	**179.985.679**	**113.612.818**	**1.869.707**	**0**	**0**

(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 31 March 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	(14.614.113)	14.614.113	(31.549.008)	31.549.008
2- Value secured against US dollar (-)			-	-
3- Net Effect of US dollar (1+2)	**(14.614.113)**	**14.614.113**	**(31.549.008)**	**31.549.008**
In case Euro currency appreciates/ depreciates by 10 percent:				
4- Net asset/liability of Euro	(26.535.268)	26.535.268	(24.345.255)	24.345.255
5- Value secured against Euro (-)			-	-
6- Net Effect of Euro (4+5)	**(26.535.268)**	**26.535.268**	**(24.345.255)**	**24.345.255**
In case Iranian Riyal currency appreciates/depreciates by 10 percent:				
7- Net asset/liability of Iranian Riyal	(34.535.366)	34.535.366	(19.028.499)	19.028.499
8- Value secured against Iranian Riyal (-)			-	-
9- Net Effect of Iranian Riyal (7+8)	**(34.535.366)**	**34.535.366**	**(19.028.499)**	**19.028.499**
12- Net effect of other foreign currencies (7+8)	**69.833**	**(69.833)**	**1.469.053**	**(1.469.053)**
TOTAL (3+6+9+12)	**(75.614.914)**	**75.614.914**	**(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 31 March 2011 and 31 December 2010 is as follows.

Interest Pozition Table		Current Period	Previous Period
	Fix interest financial instruments		
Financial Assets	Assets, of which difference of fair value is reflected on profit/loss	-	-
	Financial assets available for sale	-	-
Financial Liabilities		296.983.774	286.206.059
	Current interest financial instruments		
Financial Assets		-	-
Financial Liabilities		72.936.636	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 6.521.915 TL (31.12.2010- 146.508 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 31 March 2010 and 31 December 2010 is as follows:

	31 March 2011	31 December 2010
Total payables	1.326.951.324	1.359.058.695
Default values (-)	(165.161.285)	(212.432.811)
Net Payable	**1.161.790.039**	**1.146.625.884**
Total equity capital	730.271.175	817.295.702
Net Payable/Total Capital Ratio	**159%**	**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

31 March 2011	Financial assets indicated over its amortized value	Credits and receivables	Financial assets available for sale	Valuation difference reflected Financial investments	Financial liabilities indicated over its amortized value	Book value	Note
Financial Assets							
Cash and Cash Equivalents	165.161.285	-	-	-	-	165.161.285	6
Trade Receivables	-	301.826.463	-	-	-	301.826.463	10
Receivables from other parties	-	99.724.276	-	-	-	99.724.276	37
Other Receivables	-	20.234.132	-	-	-	20.234.132	11
Other Financial Assets	-	-	2.525.015	-	-	2.525.015	7
Derivative financial assets	-	-	-	19.416	-	19.416	26
Financial Liabilities							
Financial Payables	-	-	-	-	369.920.411	369.920.411	8
Trafe Payables	-	-	-	-	520.770.542	520.770.542	10
Payables to the related parties	-	-	-	-	10.891.116	10.891.116	37
Other payables	-	-	-	-	243.611.139	243.611.139	11
31 December 2010							
Financial Assets							
Cash and Cash Equivalents	212.432.811	-	-	-	-	212.432.811	6
Trade Reveivables	-	236.560.295	-	-	-	236.560.295	10
Receivables from other parties	-	42.640.090	-	-	-	42.640.090	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	-	-	-	-	568.435.162	568.435.162	10
Payables to the related parties	-	-	-	-	4.038	4.038	37
Other payables	-	-	-	-	247.461.848	247.461.848	11
Financial Assets	212.432.811	-	-	-	-	212.432.811	6

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		
	31 Mar.	1st level	2nd level	3rd level
Financial Assets	2011	TL	TL	TL
Financial assets, of which fair value difference is reflected on profit/loss				
Derivative financial instruments	16.419	-	16.419	-
Total	16.419	-	16.419	-

		Fair value level As of reporting date		
	31 Dec.	1st level	2nd level	3rd level
Financial Assets	2010	TL	TL	TL
Financial assets, of which fair value difference is reflected on profit/loss				
Sale / Purchase purposed			-	-
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.