



**2014 3rd QUARTER
OPERATING REVIEW
REPORT**

**GÜBRE FABRİKALARI TÜRK A. Ş.
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I. INTRODUCTION	2
A. REPORTING PERIOD	2
B. CORPORATE'S NAME	2
C. BOARD OF DIRECTORS	2
D. TOP MANAGEMENT.....	3
E. CAPITAL STRUCTURE.....	3
F. SUBSIDIARIES AND AFFILIATES	3
G. PERFORMANCE OF THE STOCK	4
II. TURKISH FERTILIZER INDUSRTY	4
A. PRODUCTION.....	4
B. SALES	5
III. GÜBRE FABRİKALARI T.A.Ş. ACTIVITIES.....	5
A. PRODUCTION	5
B. SALES AND PURCHASES	6
C. INVESTMENTS	7
D. ADMINISTRATIVE ACTIVITIES	8
IV. RAZİ PETROCHEMICAL CO. ACTIVITIES.....	8
A. PRODUCTION	8
B. SALES	9
C. INVESTMENTS	9
V. EVENTS AFTER BALANCE SHEET DATE.....	9
VI. FINANCIAL STRUCTURE.....	10
A. BALANCE SHEET ASSETS-TRY	10
BALANCE SHEET LIABILITY-TRY	11
B. INCOME STATEMENT-TRY	12
VII. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT	13
VIII. CONCLUSION	14

I. INTRODUCTION

A. REPORTING PERIOD

01.01.2014 - 30.09.2014

B. CORPORATE'S NAME

Gübre Fabrikaları Türk Anonim Şirketi (Gübretaş)

C. BOARD OF DIRECTORS

Title	Name	Date of Appointment
Chairman	Ali Namık BOSTANCI	30.09.2014
Vice Chairman	Necdet DİRİK	25.10.2005
Member	Dr. Erol DEMİR	10.04.2009
Member	Mustafa ÇIRAK	16.04.2014
Member	İshak GÜNDÜZ	16.04.2014
Member	Osman BALTA	01.02.2012
Independent Member	Prof. Dr. Lokman DELİBAŞ	26.04.2012
Independent Member	Mustafa Fevzi YÜKSEL	16.04.2014
Independent Member	Aydın BEDİR	16.04.2014

Members of the Board of Directors quitting during the period:

Title	Name	Date of Appointment	Date of Completion
Chairman	Abdullah KUTLU	19.04.2011	30.09.2014
Member	Ahmet BOYRAZ	26.04.2012	16.04.2014
Member	Ali SARI	31.07.2012	16.04.2014
Member	Hamdi GÖNÜLLÜ	20.09.2012	16.04.2014
Independent Member	İsmail TEKİN	26.04.2012	16.04.2014

The members of Board have the rights which are noted in Articles of Association and Turkish Commercial Code.

D. TOP MANAGEMENT

Title	Name	Date of Appointment
General Manager	Osman BALTA	01.02.2012
Assistant General Manager (Finance)	Ferhat ŞENEL	09.02.2004
Assistant General Manager (Sales & Marketing)	Tahir OKUTAN	20.01.2006
Assistant General Manager (Supply Chain)	İsmail BABACAN	22.06.2009
Assistant General Manager (Facilities and Investments)	Yakup GÜLER	01.03.2012

E. CAPITAL STRUCTURE

As of 30.09.2014 registered capital of the company is 200.000.000 TRY and paid capital is 334.000.000 TRY.

Tablo 1 : CAPITAL STRUCTURE

Shareholders	Share Amount -TRY	Share
Central Union of Turkish Agricultural Credit Cooperatives	253.673.000	75,95%
Other	80.327.000	24,05%
Total	334.000.000	100,00%

F. SUBSIDIARIES AND AFFILIATES

Table 2 : SUBSIDIARIES

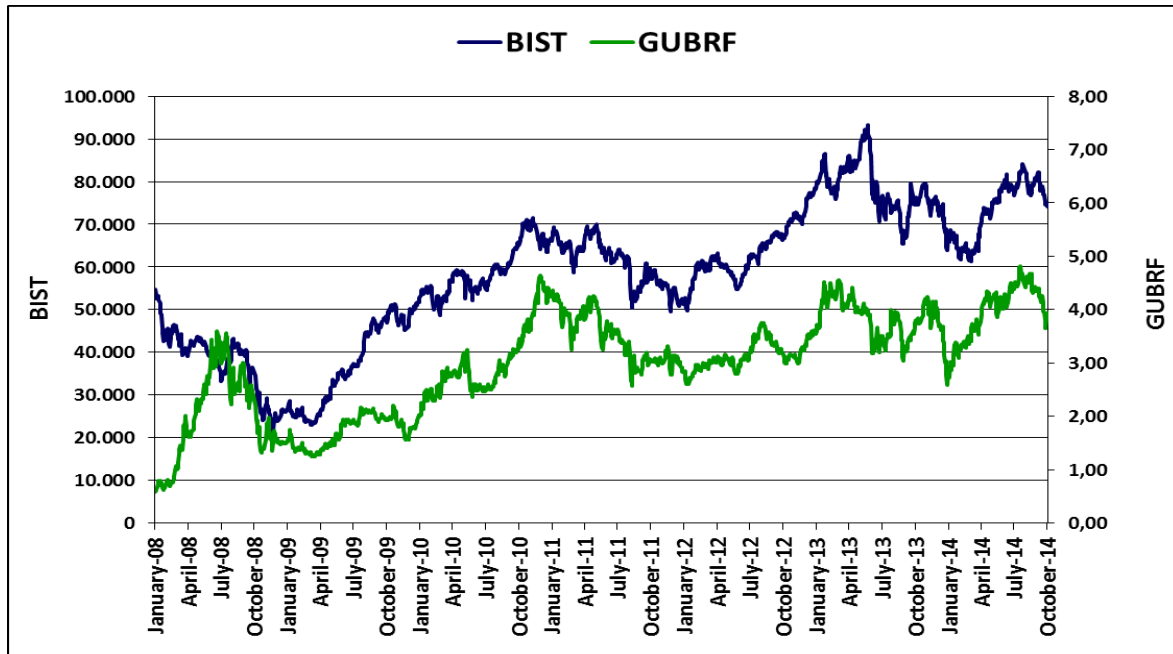
Company Name	Share %	Share Amount -TRY
Razi Petrochemical Co.	48,88	424.807.554

Table 3 : AFFILIATES

Company Name	Share %	Share Amount -TRY
Negmar Denizcilik Yatırım A.Ş.	40,00	22.800.000
Tarkim Bitki Koruma San. ve Tic. A.Ş.	40,00	6.400.000
Tarnet Tar. Kre.Bil .Hiz.San Tic .A.Ş.	17,00	425.000
İmece Pref. Yapı Tar.Mak.Tem.Güv. Hiz. San.Tic.A.Ş.	15,00	1.050.000

G. PERFORMANCE OF THE STOCK

Graph 1 : PERFORMANCE OF THE STOCK



II. TURKISH FERTILIZER INDUSTRY

A. PRODUCTION

Fertilizer production was 2.659.572 tons in the first nine months of 2013, it increased to 2.714.806 tons in the same period of 2014. While production increase was realized in AN, DAP and TSP production; Compound, CAN, UREA and AS production decreased. Compound fertilizers' production corresponded to 41,89 % of total production.

Table 4 : SECTOR PRODUCTION BY PRODUCT-TON

PRODUCT	2014/9	2013/9	Change
COMPOUND	1.137.278	1.158.825	-1,86%
CAN	522.793	531.367	-1,61%
AN	389.308	345.361	12,72%
UREA	238.285	255.531	-6,75%
AS	87.062	124.885	-30,29%
DAP	254.621	169.063	50,61%
TSP	85.460	74.540	14,65%
TOTAL	2.714.806	2.659.572	2,08%

B. SALES

According to 2014 3rd quarter data, fertilizer consumption was 4.068.040 tons recording a 4,91 % decrease while in the same period of the previous year, it was 4.278.097 tons.

Moreover our solid and liquid-powder fertilizer sales increased by 3,98 % and 10,89 % respectively. Our market share in the first nine months of 2014 was 30,20 % while it was 27,57 % in the same period of the previous year.

As of September 30, 2014 exports increased by 134 % to 231.341 tons and imports decreased by 3,34 % to 2.008.854 tons.

Table 5: SECTOR SALES BY PRODUCT

PRODUCT	2014/6	2013/6	Change
COMPOUND	1.139.251	1.204.848	-5,44%
AN	746.811	788.399	-5,27%
UREA	820.018	854.016	-3,98%
CAN	567.012	602.915	-5,95%
AS	378.896	396.115	-4,35%
DAP	370.738	386.370	-4,05%
OTHER	45.314	45.434	-0,26%
TOTAL	4.068.040	4.278.097	-4,91%

III. GÜBRE FABRİKALARI T.A.Ş. ACTIVITIES

A. PRODUCTION

Gübretaş produced 85.460 tons of TSP and 289.661 tons of compound fertilizers totaling 375.121 tons in the first nine months of 2014. In addition to solid fertilizers, 5.060 tons of liquid and powder fertilizer were also produced.

Solid fertilizer production increased by % 3,28 in 2014 compared to 2013. Total Fertilizer production including solid, liquid and powder increased by 3,48 % in 2014 compared to 2013.

325.615 tons of production were sold, 72.904 tons of production were used as raw material. Capacity utilisation rate was 73 % in the first nine months of 2014.

Table 6 : PRODUCTION BY PRODUCT-TON

Production	2014/9	2013/9	Change
Compound Fertilizer	289.661	289.124	0,19%
TSP	85.460	74.540	14,65%
Total Solid Fertilizer	375.121	363.200	3,28%
Total Liquid - Powder Fertilizer	5.060	4.208	20,25%
GRAND TOTAL	380.181	367.408	3,48%

B. SALES AND PURCHASES

Our Company sold 1.228.783 tons of solid, 13.956 tons of liquid and powder fertilizer in the first nine months of 2014. In the same period of 2013, 1.181.740 tons of solid, 12.585 tons of liquid and powder fertilizer were sold.

The volume of purchases was 1.130.428 tons in the first nine months of 2013, and it decreased by 3,6 % to 1.089.247 tons in first nine months of 2014. Export has been 2.057 tons in the first nine months of 2014, while it was 425 tons in the same period of 2013.

Table 7 : SALES BY PRODUCT GROUPS-TON

Solid Chemical Fertilizer	2014/9	2013/9	Change
COMPOUND	421.212	428.286	-2%
AN	186.799	190.490	-2%
CAN	149.843	144.055	4%
UREA	228.098	183.975	24%
AS	78.321	77.825	1%
DAP	161.562	142.297	14%
Other	2.948	14.813	-80%
Total Solid Fertilizer	1.228.783	1.181.740	3,98%
Total Liquid - Powder Fertilizer	13.956	12.585	11%
Grand Total	1.242.739	1.194.325	4,05%

Table 8 : SALES BY CUSTOMER TYPES-TON

Sales Group	2014/9	2013/9	Change
Corporate Sales	894.163	893.997	0,0%
Vendor Sales	343.021	288.079	19,1%
Export	2.057	425,37	383,6%
Other	3.498	11.824	-70,4%
Total	1.242.739	1.194.325	4,05%

Table 9 : SALES, IMPORT AND DOMESTIC PURCHASES-TON

	2014/9	2013/9	Change
Domestic Purchases	144.923	205.489	-29,5%
Import	944.324	924.939	2,1%
Total Purchases	1.089.247	1.130.428	-3,6%
Sales	1.242.739	1.194.325	4,05%

C. INVESTMENTS

Table 10 : INVESTMENTS-TRY

INVESTMENT	AMOUNT - TRY
Land	9.832.283
Surface and Underground, Improvements	60.166
Buildings	4.165.555
Facility, Machinery and Device	235.319
Vehicles	532.132
Fixtures	2.217.260
Special Costs	126.000
Ongoing investment	49.748.330
TOTAL	66.917.045

D. ADMINISTRATIVE ACTIVITIES

Number of Personnel

Table 11 : Personnel Status

PERSONNEL	2014/9	2013/9	Change
Head Office	91	87	4,6 %
Yarımca Facilities	259	271	-4,4 %
Regional Sales Directorates	75	67	11,9 %
TOTAL	425	425	0 %

Training Activities

Training activities are aimed at developing managerial, personal and professional capabilities of the staff. Education activities of 267 hours with participation of 3.259 employees were carried out in the first nine months of 2014.

IV. RAZİ PETROCHEMICAL CO. ACTIVITIES

A. PRODUCTION

In the first three quarters of 2014, 1.280.369 tons of fertilizer and fertilizer raw materials were produced, capacity utilization rate was 48 % in Razi Petrochemical Co. and its subsidiaries.

Table 12 : RAZİ PETROCHEMICAL CO. PRODUCTION-TON

Product	2014/9	2013/9	Change	Capacity	2014/9 CUR
Ammonia	563.388	485.809	16%	1.337.000	56%
Sulphur	272.582	264.107	3%	508.000	72%
Urea	239.448	324.197	-26%	594.000	54%
Sulphuric Acid	151.575	115.605	31%	560.000	36%
Phosphoric Acid	34.174	26.331	30%	125.000	36%
DAP	19.202	2.169	785%	450.000	6%
Total	1.280.369	1.218.218	5%	3.574.000	48%

B. SALES

In the first nine months of 2014, Razi Petrochemical Co. and its subsidiaries sold 998.650 tons of fertilizer and achieved 945.284.430 TRY of revenue. Razi Petrochemical Co. exported 723.660 tons and sold 274.990 tons in the domestic market in the first nine months of 2014. Share of export in total sales was 72,5 %.

Table 13 : RAZİ PETROCHEMICAL CO. SALES-TON

Product	2014/9	2013/9	Change
Ammonia	465.560	298.448	56%
Urea	229.212	331.267	-31%
Sulphur	222.786	229.130	-3%
Sulphuric Acid	44.553	32.099	39%
Phosphoric Acid	29.760	23.772	25%
DAP	6.779	6.256	8%
Total	998.650	920.972	8%

C. INVESTMENTS

Table 14 : INVESTMENTS-TRY

INVESTMENTS	AMOUNT-TRY
Buildings	266.780
Facility, Machinery and Device	58.536
Vehicles	30.849
Fixtures	370.729
Ongoing Investment	28.603.152
TOTAL	29.330.047

V. EVENTS AFTER BALANCE SHEET DATE

1. None.

VI. FINANCIAL STRUCTURE

A. BALANCE SHEET ASSETS-TRY

ASSETS	30 September 2014	31 December 2013
Current Assets	1.653.119.823	1.753.759.239
Cash and Cash Equivalents	341.851.792	568.223.098
Financial Investments	-	3.207.694
Trade Receivables	371.237.519	406.565.014
- <i>Trade receivables from related parties</i>	45.114.878	75.727.185
- <i>Other trade receivables</i>	326.122.641	330.837.829
Other Receivables	92.982.128	171.609.213
- <i>Other receivables from related parties</i>	1.177.195	93.882.615
- <i>Other receivables</i>	91.804.933	77.726.598
Inventories	715.678.645	505.850.794
Prepaid expenses	45.218.198	34.817.480
Current tax assets	6.367.807	4.761.811
Other Current Assets	79.783.734	58.724.135
Fixed Assets	1.195.998.141	1.185.149.985
Financial Investments	2.737.515	2.737.515
Other receivables	142.336.640	164.673.423
- <i>Other receivables from related parties</i>	120.887.849	118.039.402
- <i>Other receivables from third parties</i>	21.448.791	46.634.021
Investments Valued by Equity Method	7.586.515	7.057.522
Investment Properties	103.334.153	103.334.153
Tangible Fixed Assets	772.463.827	723.727.864
Intangible Fixed Assets	148.433.802	148.949.164
- <i>Goodwill</i>	148.157.170	148.811.828
- <i>Other intangible assets</i>	276.632	137.336
Prepaid expenses	-	30.143.512
Deferred Tax Assets	19.105.689	4.522.794
Other Fixed Assets	-	4.038
TOTAL ASSETS	2.849.117.964	2.938.909.224

BALANCE SHEET LIABILITY-TRY

LIABILITIES	30 September 2014	31 December 2013
Short-term Liabilities	1.613.165.899	1.622.217.340
Financial Liabilities	625.576.572	702.172.546
- <i>Short-term borrowings</i>	594.559.736	680.148.796
- <i>Short-term portion of long-term borrowings</i>	31.016.836	22.023.750
Trade payables	647.819.090	645.354.835
- <i>Trade payables to related parties</i>	5.515.059	9.259.739
- <i>Other trade payables to third payables</i>	642.304.031	636.095.096
Payables for Employment Termination Benefits	6.246.304	13.599.788
Other Payables	108.105.429	109.763.815
Deferred Incomes	111.096.356	48.927.711
Current Tax Liabilities	3.483.939	1.016.162
Short-term provisions	110.838.209	101.382.484
- <i>Short-term provisions for employee benefits</i>	18.339.859	13.321.706
- <i>Provisions for payables</i>	92.498.350	88.060.778
Long-term Liabilities	262.965.747	271.924.087
Long-term borrowings	139.575.764	179.982.133
Provisions for employee benefits	119.944.781	91.941.954
Deferred tax liabilities	3.445.202	-
EQUITY CAPITAL	972.941.767	1.044.767.797
Equities of Parent Company	752.219.809	741.173.533
Paid-in Capital	334.000.000	334.000.000
Foreign Currency Adjustments	(153.440.492)	(125.735.921)
Value Appreciation Funds	202.761.394	205.806.181
Restricted Reserves From Profit	28.477.401	18.082.652
- <i>Legal Reserves</i>	27.094.749	16.700.000
- <i>Gains from fixed asset sales</i>	1.382.652	1.382.652
Previous Years Profit / (Loss)	245.265.407	214.306.688
Net Period Profit / (Loss)	95.156.099	94.713.933
Minority Shares	220.766.509	303.594.264
TOTAL LIABILITIES	2.849.117.964	2.938.909.224

B. INCOME STATEMENT-TRY

CONTINUING OPERATIONS	30 September 2014	30 September 2013
Sales (net)	2.016.303.627	1.615.146.614
Costs of Sales (-)	(1.576.290.737)	(1.232.657.617)
GROSS PROFIT	440.012.890	382.488.997
Administrative Expenses (-)	(85.336.692)	(62.823.489)
Marketing, Sales and Distribution Expenses (-)	(138.247.703)	(124.558.550)
Other Operating Incomes	250.320.684	308.562.825
Other Operating Expenses (-)	(183.764.050)	(219.247.218)
OPERATION PROFIT/(LOSS)	282.985.129	284.422.565
Shares in Profit/Loss of Investments Valued by Equity Method	(750.842)	(9.740.597)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE	282.234.287	274.681.968
Finance Expenses (-)	(14.943.459)	(105.975.478)
PRE-TAX PROFIT / LOSS FROM CONTINUING OPERATIONS	267.290.828	168.706.490
Tax Expenses on Continuing Operations	(38.053.110)	2.655.306
- Period Tax Income / Expense (-)	(30.515.139)	(1.864.218)
- Deferred Tax Income / Expense(-)	(7.537.971)	4.519.524
PERIOD PROFIT/ (LOSS)	229.237.718	171.361.796
PERIOD PROFIT/ (LOSS)	229.237.718	171.361.796
Distribution of Period Profit / (Loss)		
Minority Shares	134.081.619	131.601.981
Parent Company's Shares	95.156.099	39.759.815
Earnings / (Loss) Per Share	0,002849	0,001190

VII. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

In accordance with Corporate Governance Communique numbered II-17.1 published by Capital Markets Board in 03.01.2014, within the first six months of 2014 covering the dates of 01.07.2014-30.09.2014, the following works have been realized by the Company in order to adjust to the principles issued in the related communique:

1. Regarding to the article 2.1.3 of Corporate Governance Principles, which are stated in the Annex-1 of the Corporate Governance Communique, our 2nd quarter financial statements expect footnotes have been announced in the Public Disclosure Platform both in Turkish and English simultaneously.

VIII. CONCLUSION

DEAR SHAREHOLDERS,

380.181 tons of various types of chemical fertilizer has been produced at our facilities in the first nine months of 2014 and 72.904 tons of produced fertilizer have been used as raw material. 1.089.247 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. On the other hand, 1.228.783 tons of solid, 13.956 tons of liquid and powder fertilizers has been sold in the first nine months of 2014. Net sale revenues realized as 1.095.980.786 TRY.

Also 1.280.369 tons of fertilizer has been produced, 945.284.430 TRY sale revenues has been got by sale of 998.650 tons of fertilizer and fertilizer raw material in Razi Petrochemical Co. and its subsidiaries.

Our company reached to 2.016.303.627 TRY consolidated sales revenue. Beside, by adding 1.576.290.737 TRY cost of goods sold, 223.584.395 TRY operation expenses, 66.556.634 TRY net financing income, 750.842 TRY shares in profit/loss of investments valued by equity method and 14.943.459 TRY financial expenses; 267.290.828 TRY profit have been occurred before tax. 229.237.718 TRY consolidated profit has been occurred after deducting 7.537.971 TRY deferred tax and 30.515.139 TRY current period tax. 95.156.099 TRY main shareholder profit has been occurred after deducting 134.081.619 TRY shares of minority shareholders.

We would kindly like to ask you to evaluate the results mentioned above regarding our first nine months of 2014 activities.

Best Regards,
BOARD OF DIRECTORS

Gübre Fabrikaları Türk Anonim Şirketi

**Condensed interim consolidated financial statements
1 January – 30 September 2014**

INDEX	PAGE
CONDENSED CONSOLIDATED BALANCE SHEET	1 - 2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	3 - 4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6
INTERPRETIVE FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS	7 - 35
FOOTNOTE 1 GROUP'S ORGANIZATION AND MAIN BUSINESS ACTIVITY	7 - 8
FOOTNOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	9 - 14
FOOTNOTE 3 OPERATING SEGMENTS	15 - 17
FOOTNOTE 4 CASH AND CASH EQUIVALENTS.....	18
FOOTNOTE 5 SHORT AND LONG TERM BORROWINGS.....	19 - 20
FOOTNOTE 6 TRADE RECEIVABLES AND PAYABLES.....	20 - 21
FOOTNOTE 7 OTHER RECEIVABLES AND PAYABLES.....	22
FOOTNOTE 8 TANGIBLE FIXED ASSETS	23 - 24
FOOTNOTE 9 INTANGIBLE FIXED ASSETS	25
FOOTNOTE 10 COMMITMENTS	25
FOOTNOTE 11 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	26- 28
FOOTNOTE 12 REVENUE AND COST OF SALES	28
FOOTNOTE 13 OTHER OPERATING INCOME AND EXPENSES	29
FOOTNOTE 14 EARNINGS PER SHARE.....	29
FOOTNOTE 15 STATEMENTS OF RELATED PARTIES.....	30-31
FOOTNOTE 16 THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS.....	31 - 35
FOOTNOTE 17 EVENTS AFTER BALANCE SHEET DATE	35

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

		Current Period	Prior Period
		Independent Limited Audited	Independent Audited
	Note	30 September 2014	31 December 2013
ASSETS			
Current Assets	3	1.653.119.823	1.753.759.239
Cash and cash equivalents	4	341.851.792	568.223.098
Financial investments		-	3.207.694
Trade receivables	6		
- Trade receivables from related parties	15	45.114.878	75.727.185
- Other trade receivables from third parties		326.122.641	330.837.829
Other receivables	7		
- Other receivables from related parties	15	1.177.195	93.882.615
- Other receivables from third parties		91.804.933	77.726.598
Inventories		715.678.645	505.850.794
Prepaid expenses		45.218.198	34.817.480
Current tax assets		6.367.807	4.761.811
Other current assets		79.783.734	58.724.135
Fixed Assets	3	1.195.998.141	1.185.149.985
Financial investments		2.737.515	2.737.515
Other receivables	7		
- Other receivables from related parties	15	120.887.849	118.039.402
- Other receivables from third parties		21.448.791	46.634.021
Investments valued by equity method		7.586.515	7.057.522
Investment properties		103.334.153	103.334.153
Tangible fixed assets	8	772.463.827	723.727.864
Intangible fixed assets			
- Goodwill	9	148.157.170	148.811.828
- Other intangible assets		276.632	137.336
Prepaid expenses		-	30.143.512
Deferred tax assets		19.105.689	4.522.794
Other fixed assets		-	4.038
TOTAL ASSETS	3	2.849.117.964	2.938.909.224

The condensed interim consolidated financial statements belonging to period of 1 January – 30 September 2014, have been approved for issue by the Board of Directors on November 10, 2014

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

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

		Current Period	Prior Period
		Independent	Independent
		Limited Audited	Audited
	Note	30 September 2014	31 December 2013
LIABILITIES			
Short-term Liabilities		1.613.165.899	1.622.217.340
Short-term borrowings	5	594.559.736	680.148.796
Short-term portion of long-term borrowings		31.016.836	22.023.750
Trade payables	6		
- Trade payables to related parties	15	5.515.059	9.259.739
- Other trade payables to third payables		642.304.031	636.095.096
Payables related to employee benefits		6.246.304	13.599.788
Other payables			
- Other payables to third parties	7	108.105.429	109.763.815
Deferred income		111.096.356	48.927.711
Current tax liability		3.483.939	1.016.162
Short-term provisions			
- Short-term provisions for employee benefits		18.339.859	13.321.706
- Provisions for payables	11	92.498.350	88.060.778
Long-Term Liabilities		262.965.747	271.924.087
Long-term borrowings	5	139.575.764	179.982.133
Long-term provisions			
- Provisions for employee benefits		119.944.781	91.941.954
Deferred tax liabilities		3.445.202	-
EQUITY CAPITAL		972.986.318	1.044.767.797
Paid-in capital		334.000.000	334.000.000
Other comprehensive income or expenses that will be reclassified subsequently to profit or loss			
- Foreign currency adjustments		(153.440.492)	(125.735.921)
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss			
- Value appreciation funds		202.761.394	205.806.182
Restricted reserves from profit			
- Legal Reserves		27.094.749	16.700.000
- Gains from fixed asset sales		1.382.652	1.382.652
Previous years profit / (loss)		245.265.407	214.306.688
Net period profit / (loss)		95.156.099	94.713.933
Minority Shares		220.766.509	303.594.264
TOTAL LIABILITIES		2.849.117.964	2.938.909.224

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

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
STATEMENT FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amount are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Notes	Current Period		Prior Period	
		Limited Audited		Limited Audited	
		1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July - 30 September 2013
Sales		2.016.303.627	777.732.718	1.615.146.614	505.784.316
Cost of sales	12	(1.576.290.737)	(610.516.554)	(1.232.657.617)	(385.844.918)
Gross Profit		440.012.890	167.216.164	382.488.997	119.939.398
Administrative expenses		(85.336.692)	(26.556.613)	(62.823.489)	(27.404.774)
Marketing, sales and distribution expenses		(138.247.703)	(50.720.118)	(124.558.550)	(43.626.229)
Other operating income	13	250.320.684	125.595.553	308.562.825	118.163.791
Other operating expenses	13	(183.764.050)	(139.020.388)	(219.247.218)	(67.143.680)
Operating Profit		282.985.129	76.514.598	284.422.565	99.928.506
Shares in profit/loss of investments valued by equity method		(750.842)	(1.594.798)	(9.740.597)	(4.173.935)
Operating Profit/Loss Before Finance Expense		282.234.287	74.919.800	274.681.968	95.754.571
Finance expenses		(14.943.459)	3.190.390	(105.975.478)	(81.703.050)
Pre-Tax Profit/Loss From Continuing Operations		267.290.828	78.110.190	168.706.490	14.051.521
Tax expense on continuing operations		(38.053.110)	1.035.825	2.655.306	5.217.116
- Period tax expense		(30.515.139)	2.348.947	(1.864.218)	3.508.422
- Deferred tax income / (expense)		(7.537.971)	(1.313.122)	4.519.524	1.708.694
Period Profit / (Loss)		229.237.718	79.146.015	171.361.796	19.268.637
Distribution of Period Profit / (Loss)					
Minority shares		134.081.619	48.533.402	131.601.981	26.323.804
Parent company's shares		95.156.099	30.612.613	39.759.815	(7.055.167)
Earnings per share (kr)	14	0,002849	0,000915	0,001190	(0,000211)

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

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
STATEMENT FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amount are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Current Period		Prior Period	
	Limited Audited		Limited Audited	
	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July - 30 September 2013
Period Profit	229.237.718	79.146.015	171.361.796	19.268.637
Other Comprehensive Income/(Expenses):				
Items that may be reclassified subsequently to profit or loss				
- Foreign currency adjustments	(21.284.569)	19.795.961	115.744.144	46.608.440
Other Comprehensive Income/(Expenses) (after tax)	(21.284.569)	19.795.961	115.744.144	46.608.440
Total Comprehensive Income	207.953.147	98.941.976	287.105.939	65.877.076
Distribution of total comprehensive income				
Minority shares	140.521.621	48.533.402	131.601.981	22.794.422
Parent company's shares	67.451.526	50.408.574	155.503.958	43.082.654
	207.953.147	98.941.976	287.105.939	65.877.076

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

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Paid-in capital	Accumulated other comprehensive income/expenses not to be Reclassified under Profit and Sales	Accumulated other comprehensive income/expenses to be Reclassified under Profit and Sales	Limited provisions segregated from profit	Gains from fixed asset sales	Accumulated Profits		Equities of Parent Company	Minority Shares	Total Equities
		Growth funds	Foreign currency conversion adjustments			Previous years profit	Net period profit			
1 January 2013	83.500.000	158.173.718	(187.038.318)	9.533.275	1.330.243	285.949.673	189.788.214	541.236.805	291.857.646	833.094.451
Previous year profit/(loss)transfer	-	-	-	7.166.725	-	182.621.489	(189.788.214)	-	-	-
Dividends paid to Minority Shares	-	-	-	-	-	-	-	-	(29.070.307)	(29.070.307)
Gains from fixed asset sales	-	-	-	-	52.409	(52.409)	-	-	-	-
Total comprehensive income	-	-	115.744.143	-	-	-	39.759.815	155.503.958	131.601.981	287.105.939
30 September 2013	83.500.000	158.173.718	(71.294.175)	16.700.000	1.382.652	468.518.753	39.759.815	696.740.763	394.389.320	1.091.130.083
1 January 2014	334.000.000	205.806.182	(125.735.921)	16.700.000	1.382.652	214.306.688	94.713.933	741.173.534	303.594.264	1.044.767.798
Previous year profit/(loss)transfer	-	-	-	-	-	94.713.933	(94.713.933)	-	-	-
Capital Increase	-	-	-	10.394.749	-	-	-	10.394.749	-	10.394.749
Dividends paid to Minority Shares	-	-	-	-	-	-	-	-	(223.329.375)	(223.329.375)
Dividends paid by Parent’s Company	-	-	-	-	-	(66.800.000)	-	(66.800.000)	-	(66.800.000)
Other comprehensive income/expense	-	(3.044.787)	-	-	-	3.044.786	-	-	-	-
Total comprehensive income	-	-	(27.704.571)	-	-	-	95.156.099	67.451.528	140.501.620	207.953.146
30 September 2014	334.000.000	202.761.395	(153.440.492)	27.094.749	1.382.652	245.265.407	95.156.099	752.219.809	220.766.509	972.986.318

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

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Notes	Independent Limited Audited	
		1 January – 30 September 2014	1 January – 30 September 2013
Cash Flow resulted from the operations:			
Net period profit/ (loss)		229.237.717	171.361.796
<i>Adjustments related to reconciliation between cash gained from operations and net income:</i>			
Tax Expenses		38.053.111	(2.655.306)
Depreciation and Amortization		48.799.504	39.062.882
Salary provisions for termination indemnitiesa and early retirement		37.319.144	53.783.955
Interest Income/ Expense		(8.828.917)	18.973.260
Conversion difference		750.843	57.038.343
Expenses from subsidiaries valued by Equity Method		-	9.740.597
Deferred Financial Income / Expense		-	82.562
Gain on sales of tangible assets		2.994.350	-
Provisions for doubtful trade receivables/Cancellation		-	(641)
Cash flows resulted from the operations before the change in working capital		348.325.752	347.387.448
Changes in working capital of the company (net):			
Increase / Decrease in Trade Receivables		41.915.221	(77.532.682)
Increase / Decrease in Other Receivables		100.963.869	(111.690.166)
Increase / Decrease in Other Current / Fixed Assets and Liabilities		(21.055.562)	6.401.543
Increase / Decrease in Inventories		(213.594.880)	(162.688.309)
Increase / Decrease in Trade Payables		2.326.444	26.248.385
Increase / Decrease in Liabilities Related To Employee Benefits		(7.353.482)	2.746.649
Deferred Income		62.168.645	(13.897.437)
Increase / Decrease in Prepaid Expenses		19.742.794	(46.010.532)
Increase / Decrease in Other Payables		(1.658.384)	(26.389.156)
Increase / Decrease in Provisions for Payables		4.437.572	11.518.765
Cash resulted from the operations after the changes in working capital		336.217.989	(43.905.492)
Paid-up interest		(25.596.736)	(41.693.203)
Paid-up taxes		(28.154.639)	(5.375.559)
Paid-up termination indemnities		(25.993.004)	(18.828.057)
Net cash resulted from the operations		256.473.610	(109.802.311)
Cash flows used in investments			
Purchase of Tangible and Intangible Assets		(96.432.411)	(143.772.109)
Cash gained from sales of tangible and intangible assets		150.150	28.356.780
Cash gained from financial investments		3.207.694	25.179.454
Cash used for investment activities		(93.074.567)	(90.235.875)
Financial activities:			
Dividends paid to shareholders		(66.800.000)	
Collected Interests		7.991.386	33.706.033
Dividends paid to the minority shares		(223.329.375)	(29.070.306)
Cash inflows related to financial payables		-	385.760.213
Capital expenses related to financial payables		(117.002.343)	(153.947.264)
Net Cash used for / gained in financial activities		(399.140.332)	236.448.676
Net increase/decrease in cash and cash equivalents		(235.741.289)	36.410.490
Balance of Cash and Cash Equivalents at beginning of the year		568.223.098	430.098.290
Foreign currency adjustments		9.369.984	
Balance of Cash and Cash Equivalents at the period-end		341.851.792	466.508.780

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

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 1 - GROUP’S ORGANIZATION AND MAIN BUSINESS ACTIVITY

Gübre Fabrikaları T.A.Ş. and its subsidiary company (together referred as” Group”) consists of Gübre Fabrikaları T.A.Ş. (“Gübretaş” or “Company”), its three subsidiary companies 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 significant 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 Directorate of Sales	Sales-Marketing / Warehousing
İskenderun Regional Directorate of Sales	Sales-Marketing / Warehousing
Tekirdağ Regional Directorate of Sales	Sales-Marketing / Warehousing
Ankara Regional Directorate of Sales	Sales-Marketing
Diyarbakır Regional Directorate of Sales	Sales-Marketing
Antalya Regional Directorate of Sales	Sales-Marketing

The Company and its subsidiaries have 1.470 employees as of 30 September 2014 (31 December 2013: 1.534)

% 24,05 of the total shares of the Company is traded on Borsa İstanbul (BIST) and recorded at Capital Markets Board (SPK).

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

Name	30 September 2014		31 December 2013	
	Share Rate	Share Amount	Share Rate	Share Amount
Turkish Agricultural Credit Cooperatives Central Union	75,95%	253.684.607	75,95%	253.684.607
Other	24,05%	80.315.393	24,05%	80.315.393
TOTAL	100,00%	334.000.000	100,00%	334.000.000

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 2013: %48,88). Gübretaş has right to assign 3 names for the 5-member executive committee of Razi. So Razi is considered as an subsidiary company because Gübretaş controls the operational management.

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

In 2012, Razi Petrochemical Co. has purchased 87,5% of Arya Jonoob Co. (Arya), located on the same site with Razi. Arya has a phosphoric acid production facility with a capacity of 126.000 tons/year. In 2013, Razi had 100% share of Arya Phosphoric Jonoob Co. by purchasing the 12,5% remaining part of Arya. Thus, Arya Phosphoric Jonoob Co. has become affiliate of Razi Petrochemical Co. Indirect ownership ratio of the Group is 48,88%.

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 1 - GROUP’S ORGANIZATION AND MAIN BUSINESS ACTIVITY (Cont.)

Affiliates

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 2013: %40).

The Company participated in Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. (“Tarkim”) which produces and sells agricultural pesticide in Turkey in 13 April 2009. The participant rate is %40 as the balance sheet date. (31 December 2013: %40).

Available financial assets for sale

Except its subsidiaries and participants, Group participated in İmece Prefabrik Yapı Tarım Makineleri Temizlik ve Güvenlik Hizmetleri Tic. A.Ş. as %15, Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş. as %17 which are subsidiaries of the controlling shareholder established in Turkey.

Approval of financial statements

The financial statements were approved to be disclosed 10 November 2014 by the Board of Directors. The General Board is authorized to amend the consolidated financial statements.

Going Concern Principle

The group has prepared its consolidated financial statements according to the going concern principle.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

Financial Reporting Standards

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. The subsidiary company operating in Iran drafts its accounting records and financial statements in currency of Iranian Rial (“IRR”) and in compliance with Iranian legislation.

The accompanying condensed consolidated financial statements have been prepared in accordance with the Communiqué Series II, 14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) on 13 June 2013 which is published on Official Gazette numbered 28676 and based on Turkish Accounting Standards/Turkish Financial Reporting Standards and additions and interpretations regarding these standards, which are adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”) and are in accordance with the international standards. TAS/TFRS are updated through communiques to be able to be parallel with the changes in International Financial Reporting Standards (IFRS).

Group has prepared its financial tables for the interim period, which ends as of 30th September 2014, according to the TAS 34, Interim Period Financial Reporting Standard.

Financial statements are drafted in line with historical cost accounting, apart from appraisal of fixed assets and investment properties. To determine the historical cost, The fair value of the amount paid for the assets are taken as basis.

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
2.1. Basis of Presentation (Cont.)

Going Concern Principle

The group has prepared its consolidated financial statements according to the going concern principle.

Current Currency in Use

The financial statements of each of the group companies are drafted with the currency of the economic environment where they are operational (functional currency). The financial statements and operational results of each of the companies are stated in “Turkish Lira” (“TL”), which is the functional currency of the company and is the currency that the consolidated financial tables are presented.

The functional currency is Iranian Rial (“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.

The income and expenses accounts are converted into Turkish Lira with the average currency rate of the period. Foreign currency conversion losses or gains, which are related with the use of balance sheet date currency rate and average currency rate of the period, 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.

The rates used are:

<u>Foreign Currency</u>	<u>30 September 2014</u>		<u>31 December 2013</u>	
	<u>End of Period</u>	<u>Grade Point Average</u>	<u>End of Period</u>	<u>Grade Point Average</u>
IRR	0,00008545	0,00008437	0,0000858	0,0000769

2.2 Amendments to IFRS

New and revised standards and interpretations

Accounting policies, which are taken as basis for the preparation of consolidated financial statements for the period ending 30 September 2014, are implemented consequently with the policies of the previous year, with the exceptions of new and revised TFRS standards and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations over Group’s financial state and performance are explained in the related paragraph.

i) The new standards, amendments and interpretations which are effective as of 1 January 2014

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amendment)

The amendment clarifies the meaning of “currently has a legally enforceable right to set-off” and also clarifies the application area of the TAS 32 offsetting criteria in settlement systems (such as central clearing house systems) ,which apply gross settlement mechanisms and that are not simultaneous. The amendment did not have an significant impact over the financial situation or performance of the Group.

TRFS Interpretation 21 Levies

This interpretation clarifies that an entity should recognize a liability for a levy just as the activity that triggers Payment, as identified by the relevant legislation, occurs. This interpretation also clarifies that a levy liability can be accrued gradually if only the activity that triggers payment occurs gradually, in accordance with the relevant legislation. For a levy that arises upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. The interpretation is not valid for the Group or did not have any impact on the financial position or performance of the Group.

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont.)

2.2 Amendments to IFRS (Cont.)

New and revised standards and interpretations (Cont.)

i) The new standards, amendments and interpretations which are effective as of 1 January 2014 (Cont.)

TAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment)

As a consequential amendment to amendment in TFRS 13 “Fair Value Measurement”, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendment brought additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount, which is based on fair value minus costs of disposal. This amendment did not have any impact on the financial position or performance of the Group.

TAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

The amendment to the standard provides a narrow exception to the requirement for the obligatory discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. This amendment did not have any impact on the financial position or performance of the Group.

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. This exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS 9 Financial Instruments. This amendment does not have any impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

The new standards, interpretations and amendments, which are issued at the date of the approval of consolidated financial statements but not yet effective and not early adopted by the Group are as follows. Unless indicated otherwise, the Group will make the necessary changes which will effect its consolidated financial statements, after the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

Following the amendment in December 2012, the new standard will become effective for annual periods beginning on 1 January 2015. Phase 1 of this standard introduces new judgments for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and financial liabilities, whose fair value difference is measured with being reflected to profit or loss and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income.

The Group will evaluate the effects of this standard to its financial position and performance, after other phases will also be issued.

The new and revised standards and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

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

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont.)

2.2 Amendments to IFRS (Cont.)

New and revised standards and interpretations (Cont.)

ii) Standards issued but not yet effective and not early adopted (Continued)

Improvements to IFRSs

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010–2012 Cycle and IFRSs – 2011–2013 Cycle. Other than the amendments that only affect the standards’ Basis for Conclusions, the changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements– 2010–2012 Cycle

IFRS 2 Share-based Payment

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

IFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

IFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows: i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

Annual Improvements to IFRSs – 2010–2012 Cycle

IAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont.)

2.2 Amendments to IFRS (Cont.)

New and revised standards and interpretations (Cont.)

ii) Standards issued but not yet effective and not early adopted (Cont.)

Improvements to IFRSs (Cont.)

Annual Improvements – 2011–2013 Cycle

IFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

IFRS 13 Basis for Decisions on Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

IAS 40 Investment Property

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

Significant impact is not expected on the financial position or performance of the Group because of these amendments.

IAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Group.

IFRS 11 - Acquisition of an Interest in a Joint Operation (Amendment)

In May 2014 the IASB amended IFRS 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont.)

2.2 Amendments to IFRS (Cont.)

New and revised standards and interpretations (Cont.)

ii) Standards issued but not yet effective and not early adopted (Cont.)

Improvements to IFRSs (Cont.)

IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

In May 2014, the IASS issued amendments to IAS 16 and IAS 38, prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The impact of the standard on financial position or performance of the Group is in the process of assessing.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASS issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The impact of the standard on financial position or performance of the Group is in the process of assessing.

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture (Amendment)– Bearer Plants

In June 2014, the IASB issued amendments that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in IAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of IAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont.)

2.2 Amendments to IFRS (Cont.)

New and revised standards and interpretations (Cont.)

ii) Standards issued but not yet effective and not early adopted (Cont.)

Improvements to IFRSs (Cont.)

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called ‘own credit’ issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.3 Summary of Significant Accounting Policies

There is not any significant change about accounting policies announced in financial statements for the period of 30 September 2014.

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 3 - OPERATING SEGMENTS

Group started to implement IFRS 8 Operating Segments 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 TFRS, TFRS financial statements are used to prepare reports by departments.

The amounts of domestic and export sales for period that ended as of 30 September 2014 and 30 September 2013 are given in note 12. The distribution of department assets and liabilities pertaining to the periods ending on 30 September 2014 and 31 December 2013 is as follows:

As of 30 September 2014 and 31 December 2013, the distribution of balance sheet by departments is as follows:

	Turkey	Iran	Consolidation Adjustments	Total
	30 September 2014	30 September 2014	30 September 2014	30 September 2014
ASSETS				
Current Assets	814.981.793	838.138.030	-	1.653.119.823
Fixed Assets	952.661.180	519.987.345	(276.650.384)	1.195.998.141
TOTAL ASSETS	1.767.642.973	1.358.125.375	(276.650.384)	2.849.117.964
LIABILITIES				
Short Term Liabilities	886.470.960	726.694.939	-	1.613.165.899
Long Term Liabilities	150.223.775	112.741.972	-	262.965.747
Equities	730.948.238	518.688.464	(276.650.384)	972.986.318
TOTAL LIABILITIES	1.767.642.973	1.358.125.375	(276.650.384)	2.849.117.964

	Turkey	Iran	Consolidation Adjustments	Total
	31 December 2013	31 December 2013	31 December 2013	31 December 2013
ASSETS				
Current Assets	962.182.913	890.453.142	(98.876.816)	1.753.759.239
Fixed Assets	920.772.585	546.224.813	(281.847.413)	1.185.149.985
TOTAL ASSETS	1.882.955.498	1.436.677.955	(380.724.229)	2.938.909.224
LIABILITIES				
Short Term Liabilities	1.041.329.042	659.467.037	(78.578.739)	1.622.217.340
Long Term Liabilities	180.631.376	91.292.711	-	271.924.087
Equities	660.995.084	685.918.203	(302.145.490)	1.044.767.797
TOTAL LIABILITIES	1.882.955.502	1.436.677.951	(380.724.229)	2.938.909.224

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 3 - OPERATING SEGMENTS (Cont.)

The distribution of income statements by departments for the periods ending on 30 September 2014 and 30 September 2013 is as follows:

	Türkiye	İran	Konsolidasyon Düzeltilmeleri	Toplam
	1 Ocak 2014 30 Eylül 2014	1 Ocak 2014 30 Eylül 2014	1 Ocak 2014 30 Eylül 2014	1 Ocak 2014 30 Eylül 2014
OPERATING INCOME				
Sales (Net)	1.095.980.786	945.284.430	(24.961.589)	2.016.303.627
Cost of Sales (-)	(966.621.246)	(634.631.080)	24.961.589	(1.576.290.737)
Gross Profit	135.406.455	310.653.350	-	440.012.890
Marketing, sales and distribution expenses (-)	(66.313.681)	(71.934.022)	-	(138.247.703)
Administrative expenses (-)	(20.244.986)	(65.091.706)	-	(85.336.692)
Other operating income / expenses (-) (net)	(18.628.078)	85.184.712	-	66.556.634
OPERATING PROFIT	24.172.795	258.812.334	-	282.985.129
Incomes from investment activities	169.814.084	-	(169.814.084)	-
Shares in profit/loss of investments valued by equity method	(750.842)	-	-	(750.842)
OPERATING PROFIT BEFORE FINANCE EXPENSE	193.236.037	258.812.334	(169.814.084)	282.234.287
Finance expenses (-)	(21.582.220)	6.638.759	-	(14.943.459)
Pre-Tax Profit	171.653.817	265.451.093	(169.814.084)	267.290.828
Period tax expense	(27.456.333)	(3.058.806)	-	(30.515.139)
Deferred tax income / (expense)	(7.444.329)	(93.642)	-	(7.537.971)
Period Profit / (Loss)	136.753.155	262.298.645	(169.814.084)	229.237.718

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 3 - OPERATING SEGMENTS (Cont.)

	Türkiye	İran	Konsolidasyon Düzeltilmeleri	Toplam
	1 Ocak 2013 30 Eylül 2013	1 Ocak 2013 30 Eylül 2013	1 Ocak 2013 30 Eylül 2013	1 Ocak 2013 30 Eylül 2013
OPERATING INCOME				
Sales (Net)	996.332.420	644.852.156	(26.037.962)	1.615.146.614
Cost of Sales (-)	(900.100.746)	(358.594.833)	26.037.962	(1.232.657.617)
Gross Profit	96.231.674	286.257.323	-	382.488.997
Marketing, sales and distribution expenses (-)	(61.776.444)	(62.782.106)	-	(124.558.550)
Administrative expenses (-)	(17.768.322)	(45.055.167)	-	(62.823.489)
Other operating income / expenses (-) (net)	(31.838.356)	115.043.536	6.110.427	89.315.607
OPERATING PROFIT	(15.151.448)	293.463.586	6.110.427	284.422.565
Incomes from investment activities	(9.740.597)	-	(55.799.087)	-
Shares in profit/loss of investments valued by equity method	55.799.087	-	-	(9.740.597)
OPERATING PROFIT BEFORE FINANCE EXPENSE	30.907.042	293.463.586	(49.688.660)	274.681.968
Finance expenses (-)	(80.369.464)	(34.155.059)	8.549.045	(105.975.478)
Pre-Tax Profit	(49.462.422)	259.308.527	(41.139.615)	168.706.490
Period tax expense	-	(1.864.218)	-	(1.864.218)
Deferred tax income / (expense)	4.516.005	3.519	-	4.519.524
Period Profit / (Loss)	(44.946.417)	257.447.828	(41.139.615)	171.361.796

Capital Expenditures

Capital expenditures pertaining to department assets for the periods ending on 30 September 2014 and 30 September 2013 are as follows:

	1 January 2014- 30 September 2014	1 January 2013- 30 September 2013
Turkey	66.917.045	113.158.615
Iran	29.330.047	30.557.898
	96.247.092	143.716.513

Depreciation/Amortization

Amortization/Depreciation expenses pertaining to department assets for the periods ending on 30 September 2014 and 30 September 2013 are as follows:

	1 January 2014- 30 September 2014	1 January 2013- 30 September 2013
Turkey	11.593.822	7.545.764
Iran	37.178.985	31.826.954
	48.772.807	39.372.719

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 September 2014	31 December 2013
Cash	404.796	108.246
Bank		
- demand deposits	108.174.801	13.796.139
- time deposits	219.034.827	541.363.180
Government bonds ve treasury bills	7.690.903	7.206.460
Other liquid assets	6.546.465	5.749.073
Cash and cash equivalents in statement of Cash Flows	341.851.792	568.223.098

Time Deposits (TRY):

The maturities of time deposits as of 30 September 2014 and 31 December 2013 are shorter than 3 months; their values assessed according to effective interest method are as follows:

Interest Rate (%)	Maturity	30 September 2014	31 December 2013
7,50	Oct 2014	600.000	268.670.000
		600.000	268.670.000

Time Deposits (Foreign Exchange):

Interest Rate (%)	Maturity	Foreign Currency	30 September 2014		31 December 2013	
			Amount	Amount in TRY	Amount	Amount in TRY
0,5-Libor+0,5	Oct 2014	EUR	214.360	619.801	131.444	385.987
10,00-22,00	Oct 2014	Mil. IRR	978.635	83.699.659	549.069	47.127.723
6,00	Oct 2014	YEN	2.715.101	56.571	-	-
0,5 - 4,65	Oct 2014	USD	58.826.098	134.058.796	105.505.070	225.179.470
				218.434.827		272.693.180

Government Bonds:

Interest Rate (%)	Foreign Currency	30 September 2014		31 December 2013	
		Amount	Amount in TRY	Amount	Amount in TRY
17,00 - 20,00	Milyon IRR	90.000	7.690.903	83.960	7.206.460
			7.690.903		7.206.460

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 5 – SHORT AND LONG TERM BORROWINGS

a) Short Term Borrowings

	30 September 2014	31 December 2013
Short Term Loans (Gübretaş)	349.575.446	438.740.736
Other (Razi)	276.001.126	263.431.810
Total Short Term Borrowings	625.576.572	702.172.546

As of 30 September 2014, the details of short-term Loans are as follows:

Loans:

Currency	Interest Rate (%)	Original Amount	Amount in TRY
EURO	2,40 - 5,10	51.208.377	148.063.901
USD	2,60 - 2,80	65.361.159	148.951.545
TRY	10		52.560.000
			349.575.446

Other Financial Borrowings (*):

Currency	Interest Rate (%)	Original Amount	Amount in TRY
Euro	(*) Libor+0,5	88.391.269	255.574.516
IRR (million)	12-16%	239.034	20.426.610
			276.001.126

(*) 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.

As of 31 December 2013, the details of short-term Loans are as follows:

Loans:

Currency	Effective interest rate per annum (%)	Original Amount	Amount in TRY
Euro	3,56 – 5,76	31.271.957	91.830.101
USD	3,35 – 4,18	162.540.709	346.910.635
			438.740.736

Other Financial Borrowings (*):

Currency	Effective interest rate per annum (%)	Original Amount	Amount in TRY
Euro	Libor + 0,5	78.963.040	231.874.967
IRR (million)	12,00 – 16,00	367.658	31.556.843
			263.431.810

(*) 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.

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 5 - SHORT AND LONG TERM BORROWINGS (Cont.)

b) Long Term Borrowings

	30 December 2014	31 December 2013
Long Term Loans (Gübretaş)	139.575.764	173.253.500
Other (Razi)	-	6.728.633
	139.575.764	179.982.133

As of 30 September 2014, the details of long-term Loans are as follows:

Other Financial Borrowings(*):

Currency	Ortalama etkin yıllık Faiz oranı (%)	Original tutar	TL tutar
Euro	5,10	48.272.727	139.575.764
			139.575.764

As of 31 December 2013, the details of long-term Loans are as follows:

Loans:

Currency	Effective interest rate per annum (%)	Original Amount	Amount in TRY
Euro	5,16 - 5,68	59.000.000	173.253.500
			173.253.500

Other Financial Borrowings (*):

Currency	Effective interest rate per annum (%)	Original Amount	Amount in TRY
Euro	4,5	2.291.378	6.728.633
			6.728.633

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

	30 September 2014	31 December 2013
Short Term Trade Receivables:		
Trade receivables	270.087.890	280.928.014
Trade receivables from related parties (Note 15)	45.114.877	75.727.185
Note receivable	-	501.520
Receivables from National Petrochemical Company ("NPC") (Razi)	57.941.810	52.335.755
Short Term Trade Receivables (Gross)	374.144.577	409.492.474
Provisions for doubtful trade receivables	(2.907.058)	(2.927.460)
Short Term Trade Receivables (Net)	371.237.519	406.565.014

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 6 – TRADE RECEIVABLES AND PAYABLES (Cont.)

The company allocates provisions for doubtful receivables in case the receivables which are considered to be doubtful being without collateral and having a risk of collection. The data of the company regarding the doubtful receivables and provisions allocated regarding these receivables are as follows:

Overdue following the maturity	30 September 2014	31 December 2013
More than 9 months	(2.907.058)	2.927.460
Total	(2.907.058)	2.927.460

Movements in the provision for doubtful receivables for the nine months periods ended September 30 are as follows:

	2014	2013
As of January 1	(2.927.460)	(1.957.054)
Provisions no longer required	-	8.568
As of September 30	(2.927.460)	(1.948.486)

As of 30 September 2014, the collaterals related to receivables which are not due, are as follows:

	30 September 2014	31 December 2013
Letters of Guarantee	255.134.983	240.924.896
Collateral Checks/Notes	60.932.521	3.171.401
	316.067.504	244.096.297

Short Term Trade Payables:

	30 September 2014	31 December 2013
Suppliers (Gübretaş)	430.372.765	439.424.356
Suppliers (Razi)	125.890.767	90.099.287
Payables to related parties (Note 15)	5.515.059	9.259.739
Payables to NPC (Razi)	80.451.887	69.555.812
Other Trade Payables	5.588.612	37.015.641
	647.819.090	645.354.835

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other Short Term Receivables:

	30 September 2014	31 December 2013
Receivables From Minority Shares (Razi) (*) (Note 15)	-	91.937.552
Other Various Receivables (Tabosan) (**)	48.026.573	48.722.651
Tax Receivables (Razi)	34.320.398	20.569.052
Other Various Receivables	6.002.885	5.855.260
Receivables From Staff	3.455.077	2.579.635
Receivables From Subsidiaries (Note 15)	1.177.195	1.945.063
Other Short Term Receivables	92.982.128	171.609.213

(*) Amount of Razi’s receivables from minority shares, which are paid to Iranian Privatization Organization.

(**) Tabosan Mühendislik İmalat ve Montaj A.Ş. (“Tabosan”), which is one of the consortium partners of the Group at the acquisition of Razi shares, have filed a petition for adjournment of bankruptcy in 2011 but the bankruptcy court rejected the petition and decided on the bankruptcy of Tabosan and formation of a trustee committee to manage the assets of Tabosan. The Group was the joint and several guarantor of Tabosan for the loans obtained from financial institutions and Iran Privatization Organization during the acquisition of Razi shares. The group has paid 47.857.627 TL for the loan of Tabosan as the guarantor and recognized this amount under other receivables account. Group management, considering the right of purchasing the shares with the initial share price regarding the protocol done with Tabosan at the time of Razi acquisition, and mortgages and guarantees that has been transferred from the financial institutions, has not made any provisions for these receivables. The group management has made claims to the administration of bankruptcy for the realization of Razi’s %1,31 shares’ transfer, which belongs to Tabosan, corresponding to a part of payments that has been done as the guarantor. This claim has not been accepted by the administration, so a lawsuit has been filed, and according to this appeal, at 27th of June, 2013, a temporary injunction has been decided not to distribute Tabosan’s %1,31 Razi shares to creditors and not to have any authority over these shares. At the creditors meeting in 12th of July, 2013, it has been decided to wait for the final decision of the lawsuit about the Tabosan’s %1,31 Razi shares, which has a temporary jurisdiction in favor of the Group, and liquidize the rest of the shares through a sale. The negotiations are currently on going as of the date of this report.

Other Long Term Receivables

	30 September 2014	31 December 2013
Given Deposits and Guaranties to Related Parties (Note 15) (*)	120.887.849	118.039.402
Given Deposits and Guaranties	61.500	37.372.915
Receivables From Staff (**)	10.207.025	9.261.106
Other Long Term Receivables	142.336.640	164.673.423

(*) Given deposits and guarantees to related parties include the amount of deposits and guarantees given to related parties from Group for shipping of Razi’s products.

(**) Long term receivables from staff are the financial facilities provided to staff .

Other Short Term Payables

	30 September 2014	31 December 2013
Dividend Payables to Minority Shares	83.313.855	77.400.777
Liability related to Financial Assets Accounted by the Method of Share Receiving from Equity	10.556.245	9.272.385
Other Payables and Liabilities	11.613.174	23.090.653
Taxes and Funds Payables	2.622.155	-
Other Short Term Payables	108.105.429	109.763.815

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 8 – TANGIBLE FIXED ASSETS

	Land	Surface and Underground, Improvements	Building	Facility, Machinery and Device	Vehicles	Fixtures	Special Costs	Ongoing investment	Total
Cost Value									
1 January 2014 Opening Balance	162.713.457	27.926.580	362.391.454	715.857.878	7.714.375	10.819.354	192.680	169.016.740	1.456.632.517
Conversion differences	652	(10.117.625)	(182.999)	26.768.905	(415.814)	455.794	(1)	(12.840.263)	3.668.649
Purchases	9.832.283	60.166	4.432.335	293.856	562.981	2.587.989	126.000	78.351.482	96.247.092
Sales / Cancellation	-	(450.470)	(663.808)	(4.371.708)	(167.266)	(379.645)	(166.492)	-	(6.199.389)
Transfer from ongoing investments	-	-	-	1.991.773	36.404	606.726	-	(2.634.903)	-
30 September 2014 Closing Balance	172.546.392	17.418.651	365.976.981	740.540.704	7.730.680	14.090.219	152.187	231.893.056	1.550.348.870
Accrued Depreciation									
1 January 2014 Opening Balance	-	(11.848.753)	(278.235.884)	(432.838.428)	(4.025.672)	(5.858.272)	(97.733)	-	(732.904.742)
Conversion differences	-	-	543.006	(2.584.701)	(52.702)	(8.746)	2	-	(2.103.141)
Period Expenses	-	(512.499)	(11.233.392)	(35.249.879)	(709.912)	(1.018.531)	(2.571)	-	(48.726.784)
Sales	-	684.668	260.737	4.371.708	124.786	334.119	73.606	-	5.849.624
30 September 2014 Closing Balance	-	(11.676.584)	(288.665.533)	(466.301.300)	(4.663.500)	(6.551.430)	(26.696)	-	(777.885.043)
30 September 2014 Net Value	172.546.392	5.742.067	77.311.448	274.239.404	3.067.180	7.538.790	125.491	231.893.056	772.463.827

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 8 – TANGIBLE FIXED ASSETS (Cont.)

	Land	Surface and Underground, Improvements	Building	Facility, Machinery and Device	Vehicles	Fixtures	Special Costs	Ongoing investment	Total
Cost Value									
1 January 2013 Opening Balance	110.083.158	15.876.775	216.455.117	631.665.519	5.859.053	8.104.285	192.679	26.797.803	1.015.034.390
Conversion differences	260.735	-	3.399.412	76.360.715	437.409	713.917	-	3.627.475	84.799.663
Purchases	295.800	52.750	24.215.367	339.242	857.234	481.448	-	117.474.673	143.716.513
Sales / Cancellation	-	-	(2.998.649)	-	(544.445)	(44.378)	-	(26.516.026)	(30.103.498)
Transfer from TGA to goodwill	(213.082)	-	(1.028.911)	(5.105.463)	71.585	81.964	-	-	(6.193.907)
30 September 2013 Closing Balance	110.426.611	15.929.525	240.042.336	703.260.012	6.680.837	9.337.235	192.679	121.383.925	1.207.253.160
Accrued Depreciation									
1 January 2013 Opening Balance	-	(10.478.737)	(151.689.058)	(334.567.806)	(3.363.911)	(4.760.145)	(63.805)	-	(504.923.461)
Conversion differences	-	-	(1.849.778)	(39.225.951)	(313.807)	(444.628)	-	-	(41.834.165)
Period Expenses	-	(541.413)	(6.758.217)	(30.826.948)	(512.833)	(687.319)	(30.991)	-	(39.357.721)
Sales	-	89.671	776.562	(246)	381.744	498.987	-	-	1.746.718
Transfer from TGA to goodwill	-	-	57.341	559.101	(8.116)	(3.775)	-	-	604.551
30 September 2013 Closing Balance	-	(10.930.479)	(159.463.150)	(404.061.849)	(3.816.924)	(5.396.880)	(94.797)	-	(583.764.078)
30 September 2013 Net Value	110.072.985	5.086.614	83.779.651	291.754.798	2.458.515	3.483.125	106.567	56.444.857	623.489.082

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 9 – OTHER INTANGIBLE FIXED ASSETS

Rights:

	<u>30 September 2014</u>	<u>30 September 2013</u>
1 January Opening Balance	453.386	378.658
Purchases	185.319	55.597
30 September Closing Balance	638.705	434.255
<hr/>		
Accured Depreciaton		
1 January Opening Balance	(316.050)	(227.465)
Amortization expenses for Current period	(72.720)	(14.998)
30 September Closing Balance	(362.073)	(242.463)
Net Book Value	276.632	191.792

Goodwill:

	<u>30 September 2014</u>	<u>30 September 2013</u>
1 January Opening Balance	148.811.828	120.811.461
Conversion difference	(654.658)	16.035.102
Arya goodwill	-	5.294.555
Amount as of 30 September 2014	148.157.170	142.141.118

NOTE 10 - COMMITMENTS

Razis’ Share Purchase

Regarding to Razis’ purchase agreement, all shares of Razi are put in pledge by Iranian Privatization Organisation until Group and other consortium members pay all of their debts. Group and consortium members have agreed that they have no right to make any implement or change within period of pledge. Moreover, Group and consortium members gave right to Iran Privatization Organisation for selling or taking over companys’ shares without any condition if any contrary to the agreement like abusing companys’ rights and harm to collection of its receivables happens, with an unsubmitted notarised letter of attorney. Group and consortium members have no right for changing articles of association of company, transferring and selling assets unless they pay all of debts or have written permission from Iranian Privatization Organization. At the balance sheet date, the group and other consortium members have paid all of their debts to the Iran Privatization Organization related to the share purchase. Application for the cancellation of pledges on shares was implemented and the process continues as of report date.

Purchasing commitment

As of 30 September 2014, Group has raw materials and trade goods purchasing commitment which is planned to import after giving order which amount in 19.617.288 USD (31 December 2013: USD 15.449.501).

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short Term Debt Provision

	30 September 2014	31 December 2013
Provisions for Cost Expenses	74.027.002	69.065.196
Provisions for Other Social Security Premium (*)	17.347.259	17.423.908
Provisions for Lawsuit and other debts	1.124.089	1.571.674
Other Short Term Liabilities	92.498.350	88.060.778

Lawsuit Provision

	30 September 2014	30 June 2013
As of 1 January 2014	1.571.674	1.920.233
Addition / Provision Cancellation	(447.585)	(348.559)
As of 30 September 2014	1.124.089	1.571.674

The total lawsuit amount commenced against the group is 8.427.139 in the current period. (2013: 7.728.600 TL). A lawsuit was commenced by the Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi against the Group related to the 6.215.243 TL profit loss. The Group management has not provided any provision in the consolidated financial tables by taking the uncertainties related to this lawsuit into consideration as a result of the legal negotiations it made, 1.124.089 TL (2013: 1.571.674 TL) of provision was made related to other lawsuits. .

As of 30 September 2014 and 31 December 2013, the tables related to the Group’s Assurance- Pledge-Hypothecs position are as follows:

	30 September 2014			31 December 2013		
	Currency	Currency Amount	Amount in TL	Currency	Currency Amount	Amount in TL
APH Given by the Company						
A. Total amount of APH's given for own legal entity (Assurance)	TL	-	5.667.652	TL	-	5.463.494
B. Total amount of APH's given for the partnerships included to full consolidation (Hypothecs)	IRR milyon	1.870.000	159.799.873	IRR milyon	1.870.000	160.505.952
C. APH given for guaranteeing the debts of other 3rd parties for the performance of ordinary business activities (*)	USD	39.815.526	90.735.602	USD	43.783.492	93.447.106
D. Total amount of other APH’s given	-	-	-	-	-	-
i. Total amount of APH’s given for main partner	-	-	-	-	-	-
ii. Total amount of APH’s given for other group companies not falling into the scope of articles B and C (Assurance)	-	-	-	-	-	-
iii. Total amount of APH’s given for 3rd parties not falling in to the scope of article C	-	-	-	-	-	-
Total			256.203.127			259.416.552

(*) There isn’t any amount of joint and several guarantee issued by the Group on behalf of the consortium partners for the acquisition of Razi.

There is no other APH given by the Group. (31 December 2013: None).

**FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT
ENDED AS OF 30 SEPTEMBER 2014**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont.)

Contingent Liabilities

Natural gas expenses, which are a significant part of manufacturing costs in Razi Petrochemical Co. (“Razi”), are invoiced by Iran National Petroleum Company (“NIOC”). Every March, NIOC decides on the gas prices for that year. On 21 March 2010, NIOC have decided that the price of natural gas will be fifteen times the previous year’s price and made the invoicing using this price. Razi has objected to this price increase and have not recognized the additional 62 Million TL liability, which is related to the price difference as of balance sheet date, in the previous period. On 19 December 2010 the natural gas prices have been reassessed in Iran and the new gas price has been set at seven times the previous year’s price. There has not been any controversy in the pricing of natural gas expenses since 19 December 2010. At 13th of November, 2011, special delegate of Iran Islamic Republic presidency Petroleum affairs has decided a billing that is around %67 more than the original cost for the period between 21st of March, 2010 and 19th of December, 2010. According to this decision, Razi has recorded the impact of this rise in the current period. But NIOC hasn’t yet put this decision into practice and realized the billing over new prices for this period. Both the continuation of this process and there is no possibility for additional cash outflow about this liability after the decision taken in 13 November 2011, Group did not account any provision for this amount.

Iran Tax Authority has performed tax assessments for the tax filings of Razi for the previous years. As a result of these assessments, it has been identified that Razi has recognized export sales as non-taxable income. The export sales were considered as taxable by the Iran Tax Authority and Razi was imposed to a total of 51 million TL additional tax charge. Razi has protested against this claim. Based on the opinions of legal advisors and tax experts, the Group Management has not provided any provisions in the consolidated financial statements hence the judicial process has not been finalized yet.

The sanctions imposed on Iran by United Nations since 2010 may have an effect on the future operations of the subsidiary of the Group. The economic stability of the Iran depends on the measures that will be taken by the government and the outcome of the legal, administrative and political processes. These processes are beyond the control of the companies established in the country. Consequently, the entities operating within Iran must consider some risks that may not necessarily be observable in other markets. These consolidated financial statements contain the Group management’s estimations related to the effects of sanctions to the economic and financial positions of the group. The future economic situation of Iran might differ from the Group’s expectations.

İskenderun State Treasury Office (“Treasury”) has filed a lawsuit against the Group in November 2011 for the cancellation of its title deed and demanded enforced evacuation of Group’s 79.350 m2 property located in the Sariseki province of İskenderun within the city of Hatay claiming that the property is within the shoreline, according to the Shore Law sentences and Regulation for the implementation of Shore Law. The net book value of the property at the balance sheet date is 103.334.153 TL . The Group has objected the lawsuit, asked for a new expert report for the determination of shoreline, which is the basis for the evacuation demand and at the same time filed another lawsuit for a compensation of its ownership right of the property, considering the probability that the lawsuit will be resulted in favor of Treasury. The litigation process is ongoing as of the balance sheet date. Based on the opinions of legal advisors, the Group Management has not provided any provisions in the consolidated financial statements for this lawsuit.

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont.)

Contingent Liabilities (Cont.)

Tabosan Mühendislik İmalat ve Montaj A.Ş. ("Tabosan"), which is one of the consortium partners of the Group at the acquisition of Razi shares, have filed a petition for adjournment of bankruptcy in 2011 but the bankruptcy court rejected the petition and decided on the bankruptcy of Tabosan and formation of a trustee committee to manage the assets of Tabosan. The Group was the joint and several guarantor of Tabosan for the loans obtained from financial institutions and Iran Privatization Organization during the acquisition of Razi shares. The group has paid 48.026.573 TL for the loan of Tabosan as the guarantor and recognized this amount under other receivables account. Group management, considering the right of purchasing the shares with the initial share price regarding the protocol done with Tabosan at the time of Razi acquisition, and mortgages and guarantees that has been transferred from the financial institutions, has not made any provisions for these receivables. The group management has made claims to the administration of bankruptcy for the realization of Razi's %1,31 shares' transfer, which belongs to Tabosan, corresponding to a part of payments that has been done as the guarantor. This claim has not been accepted by the administration, so a lawsuit has been filed, and according to this appeal, at 27th of June, 2013, a temporary injunction has been decided not to distribute Tabosan's %1,31 Razi shares to creditors and not to have any authority over these shares. At the creditors meeting in 12th of July, 2013, it has been decided to wait for the final decision of the lawsuit about the Tabosan's %1,31 Razi shares, which has a temporary jurisdiction in favor of the Group, and liquidize the rest of the shares through a sale. The negotiations are currently on going as of the date of this report.

NOTE 12 – REVENUE AND COST OF SALES

	1 January- 30 September 2014	1 July- 30 September 2014	1 January- 30 September 2013	1 July- 30 September 2013
Sales Income:				
Domestic Sales	1.243.216.840	389.725.065	1.081.097.759	286.757.254
Overseas Sales	783.108.233	365.833.797	547.050.713	221.652.674
Sales Returns(-)	(259.677)	(160.469)	(282.733)	(65.330)
Sales Discounts (-)	(7.705.022)	(2.339.653)	(6.767.260)	(2.359.439)
Other discounts from sales (-)	(2.056.747)	(287.610)	(5.951.865)	(200.843)
Net Sales	2.016.303.627	752.771.130	1.615.146.614	505.784.316

	1 January- 30 September 2014	1 July- 30 September 2014	1 January- 30 September 2013	1 July- 30 September 2013
Cost of Goods Produced	756.551.956	354.437.483	517.415.232	184.795.844
Change in the goods inventory	(23.788.062)	(27.252.240)	17.463.268	9.639.818
-Goods at the beginning of the period	70.119.344	66.655.165	82.084.413	74.260.963
- Goods at the end of the period	(93.907.406)	(93.907.405)	(64.621.145)	(64.621.145)
Cost of Goods Sold	732.763.894	327.185.243	534.878.500	202.434.288
- Trade goods at the beginning of the period	264.799.911	259.411.485	142.037.341	147.339.786
-Purchases	994.124.915	439.444.116	811.874.996	292.327.414
- Trade goods at the end of the period	(415.524.289)	(415.524.289)	(256.003.628)	(256.003.628)
Cost of Merchandise Sold	843.400.537	283.331.312	697.908.709	183.663.572
Cost of other sales	126.305	-	(129.592)	(252.942)
Total Cost of Sales	1.576.290.737	610.516.555	1.232.657.617	385.844.918

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 13 – OTHER OPERATING INCOME AND EXPENSES

	1 Jan- 30 Sept 2014	1 July- 30 Sept 2014	1 Jan- 30 Sept 2013	1 July- 30 Sept 2013
Other Operating Income:				
Foreign currency exchange gain from operations	220.597.903	112.836.472	258.886.597	100.725.425
Interest Income	7.853.575	2.708.335	34.419.281	11.215.254
Maturity Diference Income of Trade Payables	6.587.726	1.651.225	-	-
Other operating income	15.281.480	8.399.521	15.256.947	6.223.112
	250.320.684	125.595.553	308.562.825	118.163.791
Other Operating Expenses (-):				
Foreign currency exchange loss from operations	151.143.113	120.097.684	194.699.712	56.325.660
Interest Expenses of Trade Payables	1.275.733	136.389	82.562	(204.698)
Maturity Diference Expenses of Trade Payables	5.267.251	663.997	10.986.091	6.061.953
Other expenses	26.077.953	18.166.869	13.478.853	4.960.765
	183.764.050	139.064.939	219.247.218	67.143.680

NOTE 14 - EARNINGS PER SHARE

Earning per share, which is shown in consolidated statements of profit or loss, is calculated by dividing the net profit to the number of weighted average of shares in the period.

Companies can increase their capitals by distributing shares (“bonus share”) to their current shareholders from retained earnings, corresponding to their share. While calculating the earning per share, these bonus shares are treated as issued shares. Therefore, while calculating the earning per share, the weighed average number of share is achieved by practicing the bonus share issues in a retrospective way.

Earnings per share and gross dividends per share are as follows;

	1 Jan- 30 Sept 2014	1 July- 30 Sept 2014	1 Jan- 30 Sept 2013	1 July- 30 Sept 2013
Period Net Profit	95.156.099	30.568.060	39.759.815	(7.055.167)
Number of weighted average of ordinary shares issued (each one 1 kr)	33.400.000.000	33.400.000.000	33.400.000.000	33.400.000.000
Profit per share (kr) (*)	0,002849	0,000915	0,001190	(0,000211)
Dividends distributed to shareholders	66.800.000	-	-	-
Gross dividend distributed per share (kr) (*)	0,002	-	-	-

(*) Based upon the situation that all of the shareholders have the same and equal rights and there is not any preference shares, the ordinary and the diluted earnings per share and dividends per shares figures do not differ.

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 15 -STATEMENTS OF RELATED PARTIES

(i) Balances of related parties

(a) Trade receivables:

	30 September 2014	31 December 2013
<i>Main Partner</i>		
Central Union of Turkish Agricultural Credit Cooperatives	35.472.957	67.249.148
Other Related Parties	9.641.921	8.478.037
	45.114.878	75.727.185
<i>Subsidiaries and other related parties (Short Term)</i>		
Negmar Denizcilik A.Ş.	1.177.195	1.945.063
	1.177.195	1.945.063
<i>Minority Shares (Short Term)</i>		
Dividend Advances	-	91.937.552
	-	91.937.552
<i>Subsidiaries and other related parties (Long Term)</i>		
Negmar Denizcilik A.Ş.	80.006.644	70.147.828
Other Related Parties	40.881.205	47.891.574
	120.887.849	118.039.402

b) Trade payables:

	30 September 2014	31 December 2013
<i>Subsidiaries and other related parties</i>		
Negmar Denizcilik A.Ş.	5.263.939	9.182.646
Tarnet A.Ş.	226.794	67.172
Tarkim Bitki Koruma San. ve Tic. A.Ş.	24.326	9.920
	5.515.059	9.259.738

Average maturity of sales to Central Union of Turkish Agricultural Credit Cooperatives are about 25 days. Hence there aren't any delays in collection of revenues, there is not any interest rate implemented. Other receivables are amount of Razi's receivables paid to Iranian Privatization Organization on behalf of minority shares, and therefore Razi is a debtor from minority shares. Receivables from subsidiaries and other related parties include deposits and guarantees which is given by the Group for the transportation of Razi's productions.

c) Advanced Recieved / Deferred Incomes:

	30 September 2014	31 December 2013
<i>Subsidiaries and other related parties</i>		
Central Union of Turkish Agricultural Credit Cooperatives	76.400.442	-
	76.400.442	-

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 15 -STATEMENTS OF RELATED PARTIES (Cont.)

(ii) Related party transactions (Cont.)

Sales:

	1 January- 30 Sept 2014	1 July- 30 Sept 2014	1 January- 30 Sept 2013	1 July- 30 Sept 2013
Main Partner				
Central Union of Turkish Agricultural Credit Cooperatives	916.584.684	314.548.211	757.256.936	239.885.946
Subsidiaries				
Negmar Denizcilik A.Ş. and Subsidiaries	1.679.845	844.634	1.119.672	425.878
Tarkim Bitki Koruma San. ve Tic. A.Ş.	19.300	11.200	82.368	552
Tarnet A.Ş.	83.450	83.013	-	-
	918.367.279	315.487.058	758.458.976	240.312.376

Purchases:

	1 January- 30 Sept 2014	1 July- 30 Sept 2014	1 January- 30 Sept 2013	1 July- 30 Sept 2013
Main Partner				
Central Union of Turkish Agricultural Credit Cooperatives	-	-	23.311	23.311
Subsidiaries				
Negmar Denizcilik A.Ş. and Subsidiaries (*)	98.554.848	34.479.779	74.452.403	29.287.950
Tarkim Bitki Koruma San. ve Tic. A.Ş.	223.994	54.216	162.131	109.951
Tarnet A.Ş.	2.214.581	1.210.432	333.349	158.177
	100.993.423	35.744.427	74.971.194	29.579.389

(*) Group receives service for logistics and handling from Negmar Denizcilik A.Ş. and its affiliates. Service’s due payment is 7 days.

Benefits Provided to Top Management

The total benefits the company has provided to its members of BoD, general manager and deputy general managers for 9 months interim period that ended as of 30 September 2014 shown below table:

	30 September 2014		30 September 2013	
	Gübretaş	Razi	Gübretaş	Razi
Short Term Benefits to Employees (*)	1.256.196	3.153.882	1.131.009	1.218.305
	1.256.196	3.153.882	1.131.009	1.218.305

(*) It also includes attendance fee payings to Board of Directors.

NOTE 16 - THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group is focused on managing a variety of financial risks , including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. With its risk management program, the Group focuses on minimizing potential adverse effects related to the unpredictability of financial markets.

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 16 - THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS(con.)

Hedging operations and derivative financial instruments

Liquidity Risk

The risk of failure in settling financial liabilities is eliminated by managing the balance sheet and expected cash flows in harmony. In this context; the maturities of the financial liabilities are kept in line with the maturities of assets and in order to maintain short term liquidity, net working capital objectives are set and balance sheet ratios are aimed to be kept at particular levels.

Cash flow estimations for midterm and long term liquidity management of the Group are made by taking into account financial market and sector dynamics and cash flow cycle is observed and is tested by various scenarios.

Interest Rate Risk

Changes in interest rates create significant risks over financial results with due to the impact on interest sensitive assets and liabilities. These exposures are managed by maintaining a balance between interest rate sensitive assets and liabilities and using derivative instruments when considered necessary.

In this context, matching of not only maturities of receivables and payables but also contractual re- pricing dates is crucial. In order to minimize the exposures to interest rate volatility, contractual re- pricing date of financial liabilities and receivables and "fixed interest/ floating interest", "short-term/ long-term" balance within liabilities are structured coherently.

NOTE 16 - THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Hedging operations and derivative financial instruments(Cont.)

Funding risk

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

Credit risk

The Group is exposed to credit risk arising from receivables from credit financed sales and deposits with banks.

Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are as follows:

- Bank guarantees (guarantee letters, letter of credits etc.),
- Credit insurance (Global insurance policies, Eximbank and factoring insurance etc.),
- Mortgages,
- Cheques-notes.

In credit risk control, for the customers which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors. Individual risk limits are set in accordance and the utilization of credit limits is regularly monitored.

For banks, the ratings of the independent rating institutions are taken into consideration.

Same credit risk management principles are used for the management of the financial assets. Investments are made to instruments with highest liquidity and credit note of the company of transaction is taken into consideration.

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 16 - THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Currencies, other than the functional currencies of the Company and its’ subsidiaries are accepted as foreign currencies. The original currencies are presented in thousands (‘000).

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at September 30, 2014 are as follows:

	Euro	US Dollar	Iranian Rial (million)	Japanese Yen	Amount in TRY
Current Assets	18.757.842	88.788.349	4.580.278	42.645.101	648.843.722
Trade Receivables	15.282.700	28.200.007	2.303.811	39.930.000	306.140.588
Monetary financial assets	494.985	60.012.609	2.276.467	2.715.101	332.774.270
Non-monetary financial assets	2.980.157	575.733	-	-	9.928.865
Fixed Assets	4.747.188	53.046.579	119.462	-	144.821.936
Trade Receivables	-	53.046.579	119.462	-	131.095.917
Monetary financial assets	-	-	-	-	-
Non-monetary financial assets	4.747.188	-	-	-	13.726.019
Total Assets	23.505.030	141.834.928	4.699.741	42.645.101	793.665.659
Short Term Liabilities	144.045.509	260.652.334	3.990.897	-	1.351.515.954
Trade Payables	4.445.863	194.237.698	3.751.850	-	776.098.611
Financial liabilities	139.599.646	65.361.158	239.048	-	573.016.571
Other Non-monetary liabilities	-	1.053.478	-	-	2.400.771
Long Term Liabilities	48.272.727	-	-	-	139.575.763
Financial liabilities	48.272.727	-	-	-	139.575.763
Total Liabilities	192.318.236	260.652.334	3.990.897	-	1.491.091.716
Amount of off-balance sheet derivative assets in foreign currency	-	28.000.000	-	-	63.809.200
Amount of off-balance sheet derivative liabilities in foreign currency	-	28.000.000	-	-	63.809.200
Statement of Net Financial Position					
Net Asset/(Liabilities) Position of Foreign Currency	(168.813.206)	(118.817.406)	708.844	42.645.101	(697.426.058)
Net Asset / (Liabilities) Position of Foreign Currency Monetary Items	(176.540.551)	(118.817.406)	708.844	42.645.101	(697.426.058)

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 16 - THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at December 31, 2013 are as follows:

	Euro	US Dollar	Iranian Rial (million)	Japanese Yen	Amount in TRY
Current Assets	16.376.268	141.028.252	3.500.336	2.715.101	649.581.521
Trade Receivables	14.602.867	25.724.832	1.495.061	-	226.109.987
Monetary financial assets	340.250	107.530.707	755.358	2.715.101	295.390.810
Non-monetary financial assets	1.433.151	7.772.713	1.249.917	-	128.080.723
Fixed Assets	8.994.164	55.305.909	107.289	-	153.659.622
Non-monetary financial assets	8.994.164	55.305.909	107.289	-	153.659.622
Total Assets	25.370.432	196.334.161	3.607.625	2.715.101	803.241.143
Short Term Liabilities	118.161.188	360.858.155	3.625.129	-	1.428.312.169
Trade Payables	7.926.191	198.308.246	3.257.471	-	726.119.987
Financial liabilities	110.234.997	162.540.709	367.658	-	702.172.547
Other Non-monetary liabilities	-	9.200	-	-	19.636
Long Term Liabilities	61.291.378	-	-	-	179.982.131
Financial liabilities	61.291.378	-	-	-	179.982.131
Total Liabilities	179.452.566	360.858.155	3.625.129	-	1.608.294.301
Statement of Net Financial Position					
Net Asset/(Liabilities) Position of Foreign Currency	(154.082.134)	(164.523.994)	(17.504)	2.715.101	(805.053.158)
Net Asset / (Liabilities) Position of Foreign Currency Monetary Items	(164.509.449)	(227.602.617)	(1.374.710)	2.715.101	(1.086.793.503)

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

FOOTNOTES FOR FINANCIAL STATEMENTS FOR PERIOD THAT ENDED AS OF 30 SEPTEMBER 2014

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 16 - THE CHARACTERISTICS AND THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

As of September 30, 2014 and December 31, 2013, if related currencies had appreciated/depreciated by 10% against TRY with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange gains/losses on the translation of foreign exchange position is presented in the tables below. Hedged portions include impact of derivative instruments.

	Profit/(Loss)	
	Foreign exchange	
	Appreciation by %10	Depreciation by %10
30 September 2014		
USD net asset/liability	(27.077.299)	27.077.299
Hedged portion from USD risk		
USD net effect	(27.077.299)	27.077.299
EUR net asset/liability	(48.810.650)	48.810.650
Hedged portion from EUR risk		
EUR net effect	(48.810.650)	48.810.650
IRR net asset/liability	6.057.068	(6.057.068)
Hedged portion from IRR risk		
IRR net effect	6.057.068	(6.057.068)
Other currency net asset/liability	88.275	(88.275)
Hedged portion from other currency risk		
Other currency net effect	88.275	(88.275)
	(69.742.606)	69.742.606

	Profit/(Loss)	
	Foreign exchange	
	Appreciation by %10	Depreciation by %10
31 December 2013		
USD net asset/liability	(48.577.226)	48.577.226
Hedged portion from USD risk	-	-
USD net effect	(48.577.226)	48.577.226
EUR net asset/liability	(48.308.200)	48.308.200
Hedged portion from EUR risk		
EUR net effect	(48.308.200)	48.308.200
IRR net asset/liability	(12.120.189)	12.120.189
Hedged portion from IRR risk		
IRR net effect	(12.120.189)	12.120.189
Other Currency Asset net effect	5.493	(5.493)
	(109.000.122)	109.000.122

NOTE 17 - EVENTS AFTER BALANCE SHEET DATE

None.