2013
ANNUAL 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 2
E. CAPITAL STRUCTURE 3
F. INFORMATION ABOUT OUR FACILITIES 3
G. AFFILIATES AND SUBSIDIARIES 4
H. DISTRIBUTION OF DIVIDENDS 6
İ. PERFORMANCE OF THE STOCK 6
II. TURKISH FERTILIZER INDUSTRY AND POSITION OF GÜBRETAŞ 7
A. TURKISH FERTILIZER SECTOR PRODUCTION 7
B. TURKISH FERTILIZER SECTOR SALES 8
III. GÜBRE FABRİKALARI T.A.Ş. ACTIVITIES 9
A. PRODUCTION 9
B. SALES AND PURCHASES 10
C. INVESTMENTS 12
D. RESEARCH AND DEVELOPMENT ACTIVITIES 12
E. ADMINISTRATIVE ACTIVITIES 13
IV. ACTIVITIES OF RAZİ PETROCHEMICAL CO. 15
A. PRODUCTION 15
B. SALES 15
C. INVESTMENTS 16
V. FINANCIAL STRUCTURE 17
A. BALANCE SHEET ASSETS-TRL 17
B. BALANCE SHEET LIABILITY-TRL 18
C. INCOME STATEMENT-TRL 19
D. RATIOS 20
VI. EVENTS AFTER BALANCE SHEET DATE 20
VII. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 21
A. SECTION I – SHAREHOLDERS 21
B. SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY 23
C. SECTION III – STAKEHOLDERS 24
D. SECTION IV – BOARD OF DIRECTORS 27
VIII. CONCLUSION 46

I. INTRODUCTION

A. REPORTING PERIOD

01.01.2013 - 31.12.2013

B. CORPORATE'S NAME

Gübre Fabrikaları Türk Anonim Şirketi (Gübretaş)

C. BOARD OF DIRECTORS

Title	Name	Start date of employment
Chairman	Abdullah KUTLU	19.04.2011
Vice Chairman	Necdet DİRİK	25.10.2005
Member	Dr. Erol DEMİR	10.04.2009
Member	Ahmet BOYRAZ	26.04.2012
Member	Ali SARI	31.07.2012
Member	Hamdi GÖNÜLLÜ	20.09.2012
Member	Osman BALTA	01.02.2012
Independent Member	Prof. Dr. Lokman DELİBAŞ	26.04.2012
Independent Member	İsmail TEKİN	26.04.2012

The members of Board of Director belong benefits which are noted in Articles of Association and Turkish Commercial Code.

D. TOP MANAGEMENT

Title	Name	Start date of employment
General Manager	Osman BALTA	01.02.2012
Assistant General Manager (Administration & Financing)	Ferhat ŞENEL	09.02.2004
Assistant General Manager (Sales & Marketing)	Tahir OKUTAN	20.01.2006
Assistant General Manager (Supply Chain & Purchasing)	İsmail BABACAN	22.06.2009
Assistant General Manager (Facilities)	Yakup GÜLER	01.03.2012

E. CAPITAL STRUCTURE

As of 31.12.2013 registered capital of the company is 200.000.000 TRL and paid capital is 334.000.000 TRL.

Tablo 1 : CAPITAL STRUCTURE

Shareholders	Share Amount -TRL	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. INFORMATION ABOUT OUR FACILITIES

Our Company reached a total real estate area of 340.634 m², out of which is 134.372 m² closed area including warehouses, business buildings and lands, convenient to be improved.

Yarımca Facilities has 685.000 tons/year fertilizer production capacity, İzmir Facilities has 25.000 tons/year liquid and powder fertilizer production capacity, Gübretaş has 710.000 tons/year fertilizer production capacity in total.

The total capacity of our warehouses is 368.000 tons.

Table 2 : REAL ESTATES

Office	Closed Area m²
Head Office	1.592
Yarımca Facilities - Office	2.145
İzmir Facilities - Office	570
Akçay - Office	180
Ankara Office	120
Samsun Office	210
Total	**4.817**
Production Facilities	**Closed Area m²**
Kocaeli Yarımca Facilities	23.616
İskenderun Facilities	15.581
İzmir Facilities	1.750
Foça Facilities	200
Total	**41.147**

Warehouses	Closed Area m²
Kocaeli Yarımca Warehouses	22.381
Samsun Warehouses	6.324
Kocaeli Köseköy Warehouses	6.664
İzmir Helvacı Warehouses	14.720
İskenderun Akçay Warehouses	10.923
İskenderun Sarıseki Warehouses	18.474
Tekirdağ Warehouses	7.189
İzmir Foça Warehouses	1.733
Total	**88.408**

Grand Total	**134.372 m²**

Table 3 : GÜBRETAŞ FERTILIZER PRODUCTION CAPACITY

Yarımca	Capacity-Tons
TSP	185.000
NPK 1 (Compound Fertilizer)	200.000
NPK 2 (Compound Fertilizer)	300.000
Total	**685.000**
İzmir	**Capacity-Tons**
Liquid and Powder Fertilizer	25.000
Grand Total	**710.000**

Table 4 : GÜBRETAŞ WAREHOUSE CAPACITY-TONS

Region	Capacity-Tons
Yarımca Warehouses	121.000
İskenderun Warehouses	119.000
İzmir Warehouses	65.000
Samsun Warehouses	30.000
Tekirdağ Warehouses	30.000
İzmir Liquid Warehouses	3.000
Total	**368.000**

G. AFFILIATES AND SUBSIDIARIES

Razi Petrochemical Co. (RAZI)

Razi Petrochemical Co., founded in 1968, is one of the leading companies in Iran which produces fertilizers and fertilizer raw materials. Razi has 3.515.000 tons/year production capacity of both fertilizers and fertilizer raw materials and exports most of its products.

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

Razi Petrochemical Co.'s İstanbul based affiliate company Raintrade Petrokimya ve Dış Ticaret A.Ş. manages Razi's foreign trade. (Razi Petrochemical Co.'nun %100 sermayesine sahip olduğu bağlı ortaklığı olan Raintrade Petrokimya ve Dış Ticaret A.Ş. İstanbul'da yerleşik olup, Razi Petrochemical Co.'nun dış ticaret işlemlerini yürütmektedir.)

In 2012, Razi Petrochemical Co. has purchased 87,5% of Arya Jonoob Co. (Arya), located on the same site with Razi. Arya has started its operations in 2010 and 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 became affiliate of Razi Petrochemical Co.

Negmar Denizcilik Yatırım A.Ş.

Established in 2008, Negmar Denizcilik Yatırım A.Ş. operates in shipping industry.

In addition, İstanbul Lines Denizcilik Yatırım A.Ş., operating in Ro-Ro shipping, and Etis Lojistik A.Ş., operating in logistics business are also Negmar Denizcilik ve Yatırım A.Ş.' affiliates.

Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.

Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş., was established in 2009 and is operating in the field of plant protection products. Tarkim has a production capacity of 12.000 tons/year.

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

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

Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.

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

Table 5 : AFFILIATES

Company Name	Share %
Razi Petrochemical Co.	48,88

Table 6: SUBSIDIARIES

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

H. DISTRIBUTION OF DIVIDENDS

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

Table 7 : DISTRIBUTION OF DIVIDENDS AS PER YEAR

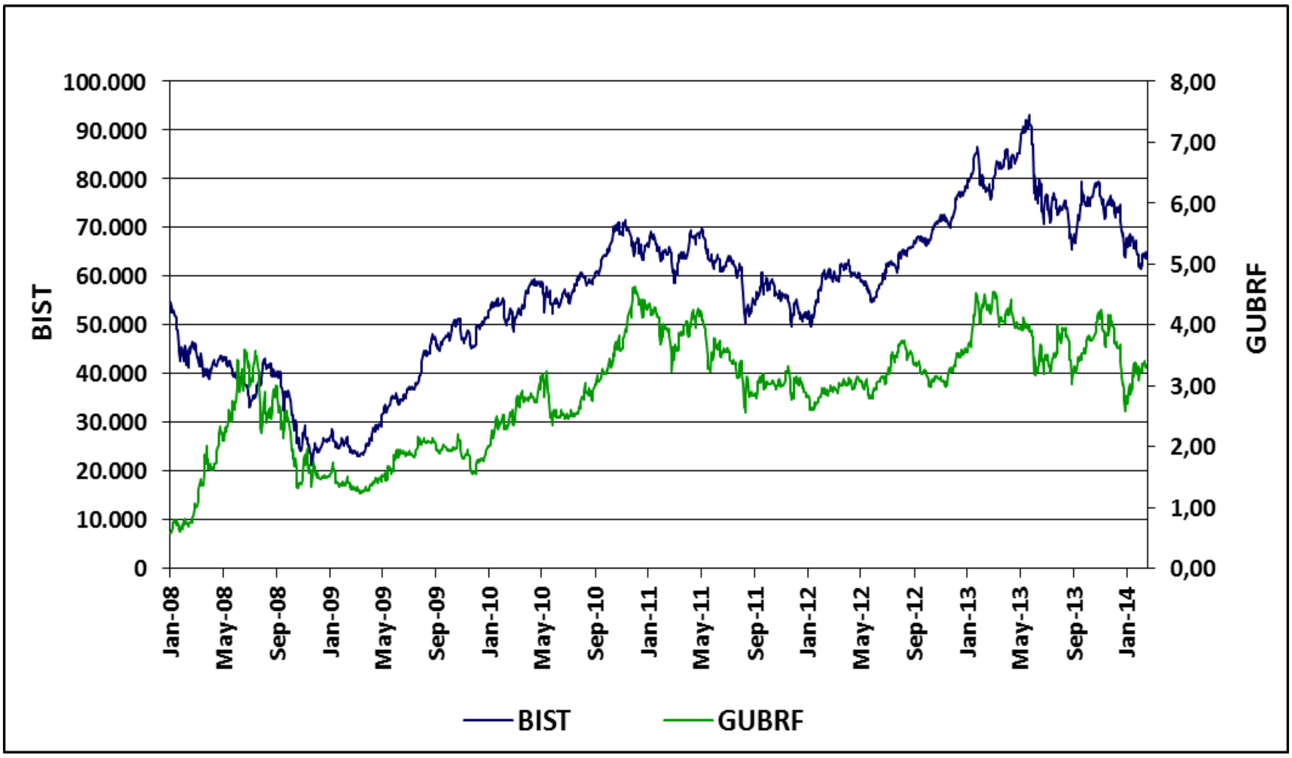
2012	2011	2010	2009	2008
-	-	-	-	-

İ. PERFORMANCE OF THE STOCK

Our shares, traded on the Istanbul Stock Exchange, closing prices of three month periods in 2013 are as follows:

02.01.2013	29.03.2013	28.06.2013	30.09.2013	31.12.2013
3,60	4,16	3,42	3,67	2,76

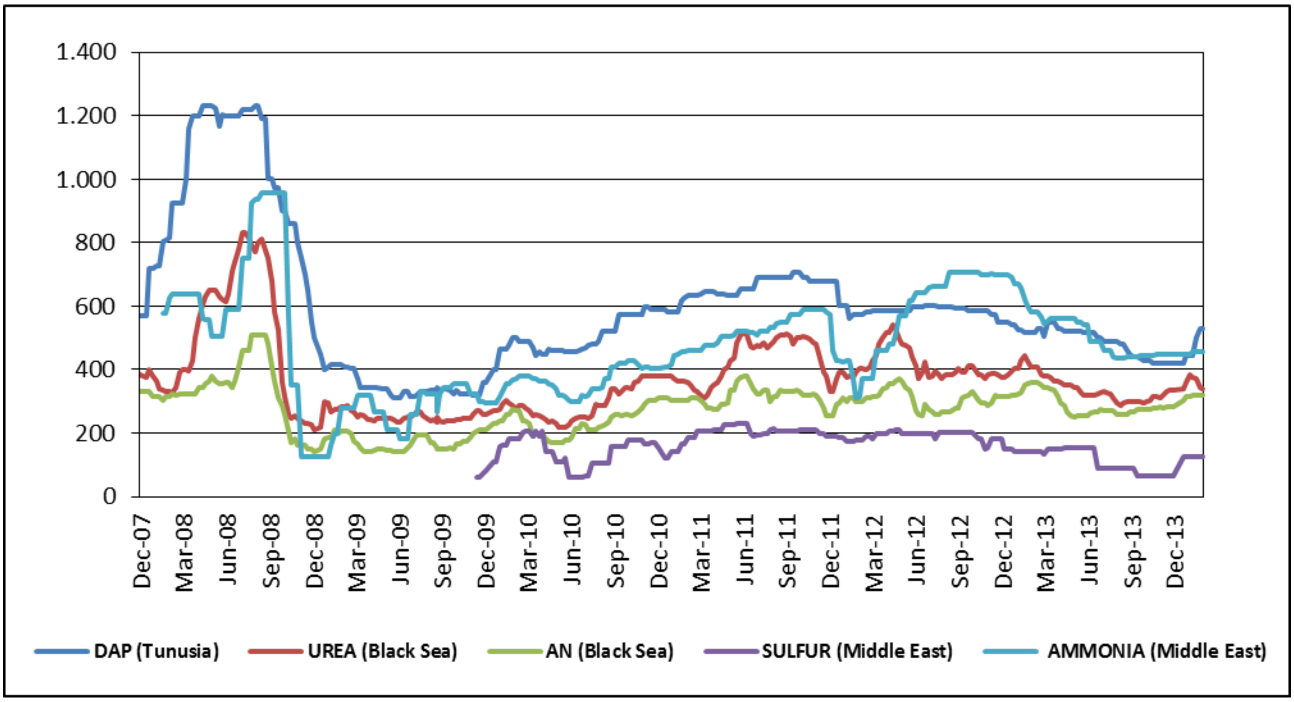
Graph 1 : PERFORMANCE OF THE STOCK



II. TURKISH FERTILIZER INDUSTRY AND POSITION OF GÜBRETAŞ

Turkey does not have the raw material resources used in production of chemical fertilizers. 95% of main inputs such as natural gas, phosphate rock, potassium salts are procured from foreign markets. International market conditions and exchange rates, due to dependence on foreign markets, are major effects on our sector.

Graph 2 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - FOB US$/TON



A. TURKISH FERTILIZER SECTOR PRODUCTION

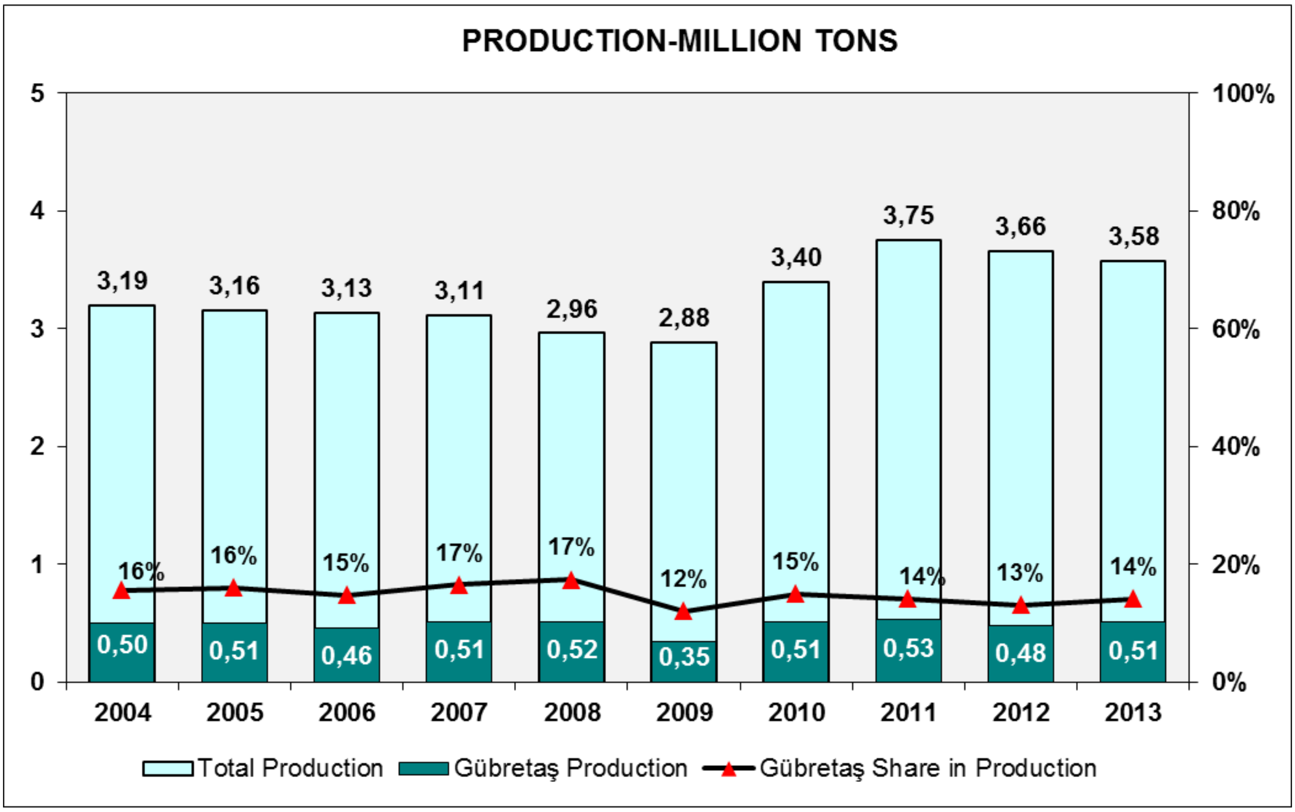
Turkey produces intermediate goods and compound fertilizers; however, inputs for these are imported since Turkey lacks the needed natural resources.

Table 8 : TURKISH FERTILIZER SECTOR PRODUCTION CAPACITY –TONS

Year	2013	2012	2011	2010	2009	2008
Capacity	5.714.000	5.714.000	5.714.000	5.474.000	5.474.000	5.553.200

Fertilizer production was 3.661.156 tons in 2012; however, at the end of year 2013 it drops by 2,31% to 3.576.598 tons. Compound fertilizers represent 42,37% of total production.

Graph 3 : TURKISH FERTILIZER PRODUCTION AND GÜBRETAŞ' SHARE IN PRODUCTION



B. TURKISH FERTILIZER SECTOR SALES

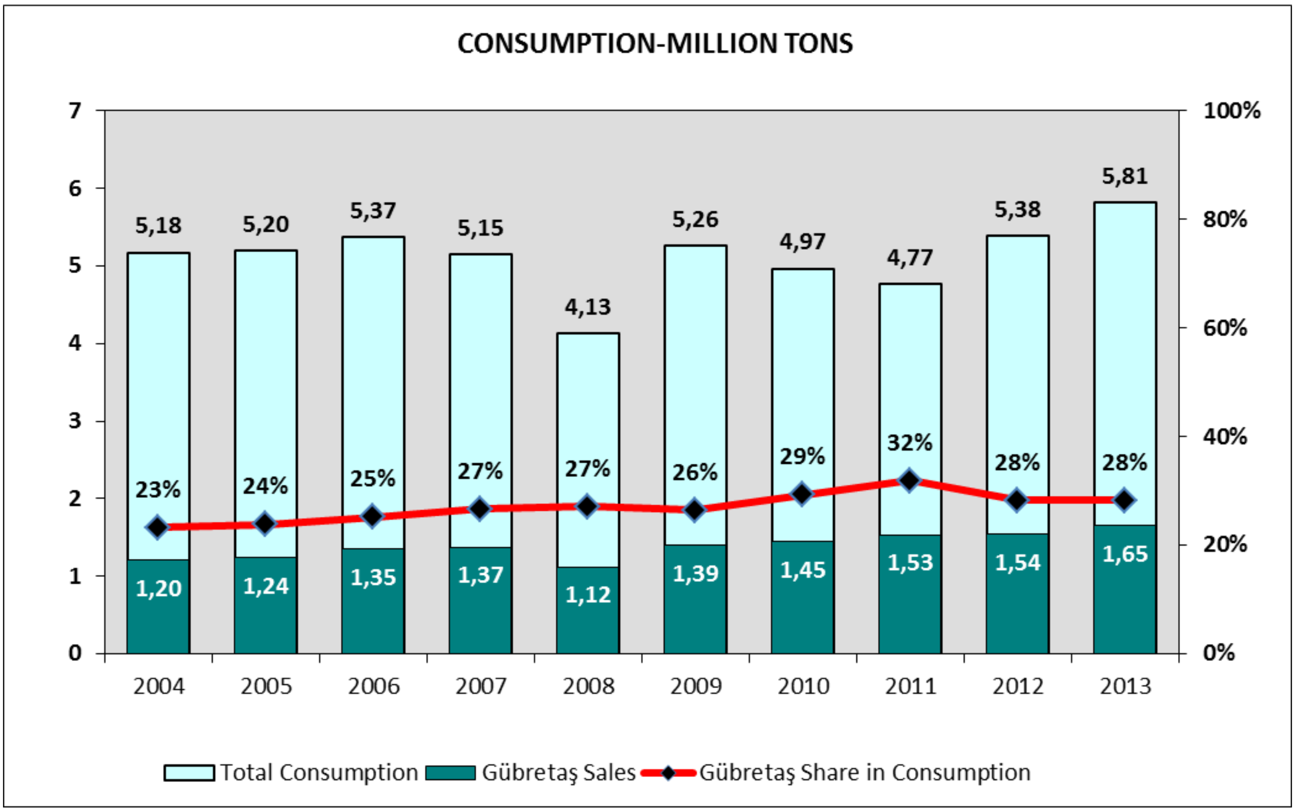
According to 2012 data, fertilizer consumption was 5.383.867 tons. In the end of 2013, this figure has augmented to 5.813.612 tons, recording a 7,98% increase.

Table 9 : SECTOR SALES BY PRODUCT

Product	2013	2012	Change
COMPOUND	1.694.630	1.602.286	5,76%
AN	1.040.160	1.000.390	3,98%
UREA	1.100.864	887.792	24,00%
CAN	798.594	895.635	-10,83%
AS	499.101	468.292	6,58%
DAP	615.745	460.678	33,66%
P. NITRATE	22.700	25.865	-12,24%
TSP	26.166	24.222	8,03%
P. SULPHATE	13.707	15.719	-12,80%
NSP	1.945	2.988	-34,91%
Total	**5.813.612**	**5.383.867**	**7,98%**

Moreover our sales increased by 7,3% and our market share in 2013 was 28,22% while it was 28,26% in 2012. In 2013, exports decreased by 42,46 % to 181.560 tons and imports increased by 40,67 % to 2.934.152 tons.

Graph 4 : FERTILIZER CONSUMPTION IN TURKEY AND GÜBRETAŞ' SHARE IN SALES



III. GÜBRE FABRİKALARI T.A.Ş. ACTIVITIES

Gübretaş is the first and pioneer company in chemical fertilizer industry established in Turkey. An important portion of the sales of the company, which has a 28,22% market share, is realized through Agricultural Credit Cooperatives. There are 7 regional sales directorates throughout Turkey. Gübretaş sells to every corner where there is agricultural production via 2.539 dealers, 1.639 of which belongs to Agricultural Credit Cooperatives, 900 private distributors.

A. PRODUCTION

Gübretaş produced 111.000 tons of TSP and 396.000 tons of compound fertilizers, totaling 507.000 tons in 2013. In addition, 1.097.890 litres of liquid fertilizer and 4.244.354 kg powder fertilizer were produced.

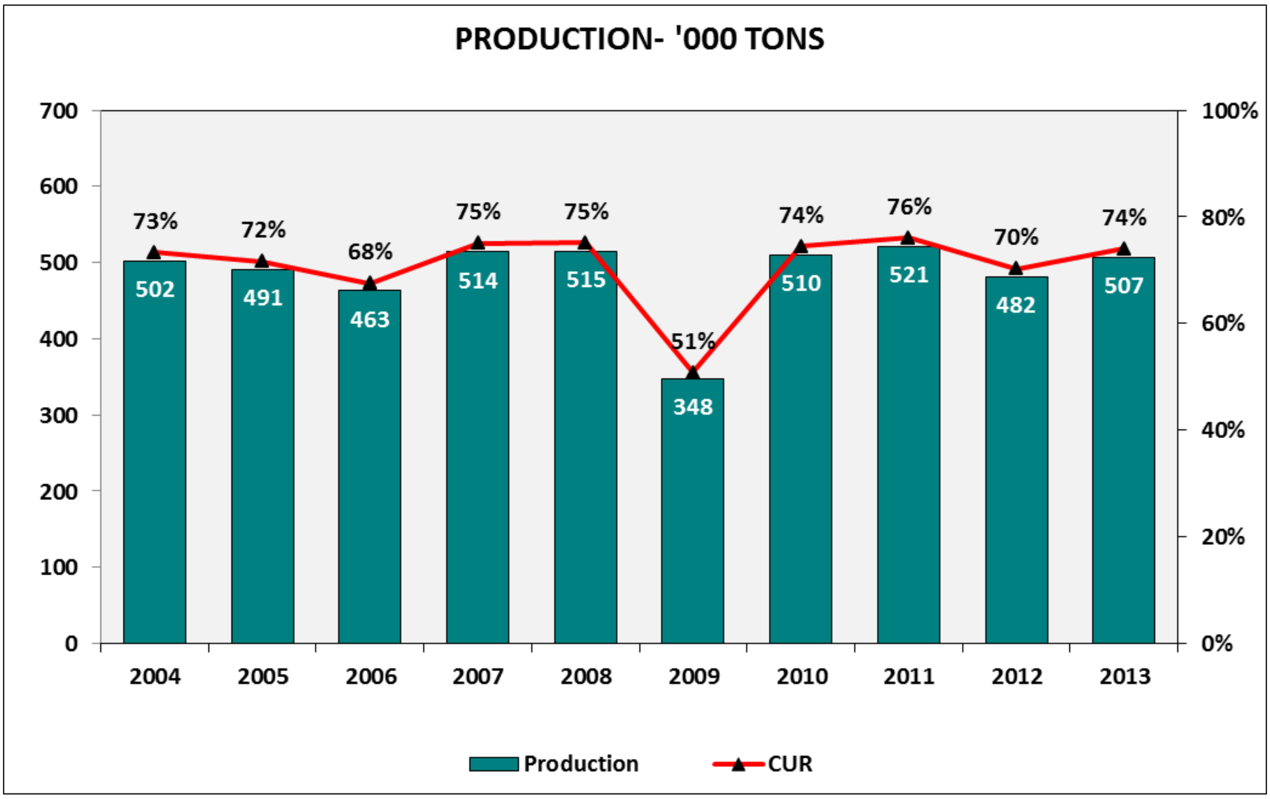
Solid fertilizer production increased by 5,29% in 2013 compared with 2012. Total fertilizer production including solid, liquid and powder increased by 5,20% in 2013 compared with 2012.

416.681 tons of production sold, 90.319 tons of production were used as raw material. Capacity utilisation rate was 74% in 2013.

Table 10: PRODUCTION BY PRODUCT-TONS

Product	2013	2012	Change
Solid Fertilizer Total	507.000	481.533	5,29%
Liquid Fertilizer	1.098	1.261	-12,93%
Powder Fertilizer	4.244	4.240	0,09%
Grand Total	**512.342**	**487.034**	**5,20%**

Graph 5 : PRODUCTION AND CAPACITY UTILIZATION RATES BY YEARS



B. SALES AND PURCHASES

Our Company sold 1.651.237 tons of solid, 1.826.930 litres of liquid and 14.342.919 kgs of powder fertilizer in 2013. 1.538.196 tons of solid, 1.332.952 litres of liquid, 11.900.683 kgs of powder fertilizer were sold in 2012.

The volume of purchases reached 1.315.452 tons in 2012, and it decreased by % 44,8 to 1.904.845 tons in 2013. Export was 16.684 tons in 2012, while it was 10.908 tons in 2013.

Table 11: SALES, IMPORT AND DOMESTIC PURCHASES-TONS

	2013	2012	Change
Domestic Purchases	309.006	402.818	-23,3%
Import	1.595.839	912.634	74,9%
Total Purchases	**1.904.845**	**1.315.452**	**44,8%**
Sales	**1.651.237**	**1.538.196**	**7,3%**

Table 12 : SALES BY PRODUCT GROUPS-TONS

Solid Chemical Fertilizers	2013	2012	Change
COMPOUND	587.737	555.776	6%
AN	306.597	262.549	17%
CAN	214.380	236.637	-9%
UREA	258.330	229.671	12%
DAP	186.654	149.847	25%
AS	91.611	97.555	-6%
Other	5.929	6.161	-4%
Solid Fertilizer Total	**1.651.237**	**1.538.196**	**7,3%**
Liqiud Fertilizer- 000 lt	1.827	1.333	37%
Powder Fertilizer-000 kg	14.343	11.901	20%
Grand Total	**1.667.407**	**1.551.432**	**7,5%**

Table 13 : SALES BY CUSTOMER TYPES-TONS

Sales Group	2013	2012	Change
Corporate Sales	1.215.361	1.138.358	7%
Distributor Sales	412.184	360.461	14%
Export	10.908	16.684	-35%
Other	12.784	22.693	-44%
Total	**1.651.237**	**1.538.196**	**7,3%**

C. INVESTMENTS

In Yarımca Facility, twin NPK-DAP plant whose production capacity is 500.000 tons/year and ammonia tank whose capacity is 25.000 tons are under construction. It is planning to launch Twin NPK-DAP plant in August 2014.

Table 14 : INVESTMENTS IN 2013-TL

Investment	Amount
Lands and Parcels	6.963.846
Land Improvements	52.750
Buildings	20.404.574
Plants Machinery and Equipment	676.873
Vehicles	1.257.285
Fixtures	479.354
Ongoing Investments	140.653.522
Total	**170.488.204**

D. RESEARCH AND DEVELOPMENT ACTIVITIES

Turkey Soil Productivity Map

Studies aiming to form Turkish soil fertility map within the framework of “Soil Map Project” is continued. In this respect, current qualitative and quantative information is categorized according to locational data, by means of a mapping software and is input as data into subcategorizes under each different location. GPS device is used for position detection and analyses from a total 5.800 locations are completed. Also, soil samples that are received from farmers are being analyzed, Reports that include fertilization suggestions are sent to landowners.

Product Development and Quality Studies

In the context of product development works, the studies for “ALTIN TURUNÇ”, the fertilizer specific for citrus, have been completed. The studies for slow release fertilizers and aminoacid, organomineral organic ones continue. There have been new registry studies about our solid, liquid and powder fertilizers.

Izmir Laboratory continues to serve with its recently added analysis features. The work about the replacement of our İskenderun laboratory also continues.

E. ADMINISTRATIVE ACTIVITIES

Company's Top Management

Osman BALTA–General Manager (since 01.02.2012)

Mechanical Engineer - Manager

Osman Balta was born on 01.09.1963 in Erzurum. After receiving his university degree from Istanbul Technical University Sakarya Engineering Department, he worked as production and planning engineer in private sector until 1988's end. After completing military service, he began to work in Camialti Navy Yard in Türkiye Gemi Sanayi A.Ş., a subsidiary of ministry of transportation. Until 2009 he has been in various high rank positions. In 2009 August, he joined Gübre Fabrikaları T.A.Ş. as Assistant General Manager and thereafter he was assigned as General Manager as of February 1, 2012. He is the Chairman of the Board of Directors of Razi Petrochemical Co., a member of Board of Directors of Negmar Denizcilik ve Yatırım A.Ş., and the Vice Chairman of the Board of Directors of Raintrade Petrokimya ve Dış Ticaret A.Ş. He is married, with three children; he knows English and Arabic.

Ferhat ŞENEL – Deputy General Manager

Manager

Ferhat Şenel was born on 01.12.1960 in Tokat. He graduated from the Istanbul University Business Administration Faculty in 1984. He started his career at Turkish Development Bank and served at several positions until 1998. He assumed top management position in several organizations between 1998-2004 and started to serve as Assistant General Manager at Gübre Fabrikaları T.A.Ş. in 2004. Mr. Şenel is the Chairman of the Board of Directors of Arya Phosphoric Jonoob Co., a member of the Board of Directors of Razi Petrochemical Co.. He is married, with two children; he knows English.

Tahir OKUTAN – Deputy General Manager

Agricultural Engineer – Manager

Tahir Okutan was born in Afyon on 03.02.1966. After finishing his university education at Atatürk University Agricultural Faculty in 1988, he graduated from Anadolu University Faculty of Economics in 1998. He then completed master study at Dumlupınar University Institute of Social Sciences Business Administration Management and Organization department. He started his career at Turkish Agriculture Credit Cooperatives and served at several positions till 2006 and started to serve as Assistant General Manager to Gübre Fabrikaları T.A.Ş in 2006. Tahir OKUTAN is also a member of the Board of Directors Tarkim Bitki Koruma San. Ve Tic. A.Ş. He is married, with two children; he knows English.

İsmail BABACAN – Deputy General Manager

Educator - Manager

İsmail Babacan was born in Malatya on 01.05.1963. He got his university degree from Marmara University, Department of Theology. He has done his master's degree in Marmara University, Department of Theology between 1985-1987. He has started his career as a teacher and then continued his career in private sector. Until 2009 he has been in various high rank positions. In 2009, he joined Gubre Fabrikalari T.A.S team as an Assistant General Manager. He is also a member of the Board of Directors of Etis Lojistik A.Ş. and Raintrade Petrokimya ve Dış Ticaret A.Ş. He is married, with three children; he knows English and Arabic.

Yakup GÜLER – Deputy General Manager

Mechanical Engineer - Manager

Yakup Güler was born in Bayburt on 20.09.1964. After completing his undergraduate level of education in Yıldız Technical University Engineering Faculty Mechanical Engineering, he went England for language education between the years 1987 and 1989. He completed his graduation degree in Business Administration between the years 1998 and 1999. He started to work by establishing his own company in 1990 and until 2012 he has been in various high rank positions in private sector. In March 2012 he began to work as Assistant General Manager in Gübretaş. He is also a member of Board of Directors of İstanbul Lines Denizcilik Yatırım A.Ş. He is married, with four children; he knows English.

Number of Personnel

In 2013, changes in number of personnel are shown below in Table 15:

Table 15 : Personnel Status

PERSONNEL	2013	2012	Change
Head Office	89	86	3,5%
Yarımca Facilities	271	261	3,8%
Regional Sales Directorates	68	68	0%
TOTAL	**428**	**415**	**3,1%**

Collective Labor Agreement

Current collective bargaining agreement contains 2013-2014. Collective Bargaining Agreement was signed in 2013 for 2 years. In 2013 nothing negative was experienced in the employer union – worker relationship.

Training Activities

Training activities are aimed at developing managerial, personal and professional capabilities of the staff. Education activities of 2.157 hours with participation of 209 employees were carried out in 2013.

IV. ACTIVITIES OF RAZİ PETROCHEMICAL CO.

A. PRODUCTION

Razi Petrochemical Co. is the biggest fertilizer and fertilizer raw materials production facility with 877.000 m2 total area. Total established capacity of Razi Petrochemical that was acquired in February 2008 reachs 3.515.000 tons/year. In Razi, total production was 1.601.228 tons and the capacity utilisation rate was 46% in 2013.

Table 16 : RAZİ PETROCHEMICAL CO. PRODUCTION-TONS

Product	2013	2012	Change	Capacity	2013 CUR
Ammonia	674.620	738.601	-9%	1.336.000	50%
Urea	424.880	336.170	26%	594.000	72%
Sulphur	355.717	350.950	1%	508.000	70%
Sulphuric Acid	143.842	126.101	14%	627.000	23%
DAP	2.169	0	-	450.000	0%
Total	**1.601.228**	**1.551.822**	**3%**	**3.515.000**	**46%**

B. SALES

In 2013, Razi Petrochemical Co. sold 1.297.144 tons of fertilizer and achieved a revenue of 753.996.206 TL. Razi exported 906.522 tons and domesticly sold 390.622 tons in 2013. Share of export in total sales was 70%.

Table 17 : RAZİ PETROCHEMICAL CO. SALES-TONS

Ürün	2013	2012	Change
Ammonia	441.356	496.105	-11%
Urea	449.292	364.588	23%
Sulphur	261.127	319.801	-18%
Sulphuric Acid	136.025	126.874	7%
DAP	9.344	1.551	502%
Total	**1.297.144**	**1.308.919**	**-1%**

C. INVESTMENTS

In 2013, Razi has had 100% share of Arya Phosphoric Jonoob Co. by purchasing 12,5% of Arya. In Razi Petrochemical Co. Facilities, it has realized the renovation investments and the investments relating to the productivity increase of current facilities. In addition, ammonia tank, which has 30.000 tons capacity, is presently under construction.

Table 18 : RAZİ PETROCHEMICAL CO. INVESTMENT-TRL

INVESTMENT	AMOUNT-TRL
Buildings	4.109.398
Plants Machinery and Equipment	3.469.675
Vehicles	193.122
Fixtures	1.281.080
Ongoing Investments	36.897.400
TOTAL	**45.950.675**

V. FINANCIAL STRUCTURE

A. BALANCE SHEET ASSETS-TRL

ASSETS	31 December 2013	31 December 2012
Current Assets	**1.753.759.239**	**1.299.976.936**
Cash and Cash Equivalents	568.223.098	430.098.290
Financial Investments	3.207.694	29.665.189
Trade Receivables	406.565.014	381.204.373
- Trade receivables from related parties	*75.727.185*	*167.732.649*
- Other trade receivables	*330.837.829*	*213.471.724*
Other Receivables	171.609.213	101.789.202
- Other receivables from related parties	*93.882.615*	*43.842.069*
- Other receivables	*77.726.598*	*57.947.133*
Inventories	505.850.794	315.403.041
Prepaid expenses	34.817.480	11.923.583
Corporate Tax Assets	4.761.811	2.805.800
Other Current Assets	58.724.135	27.087.459
Fixed Assets	**1.185.149.985**	**854.918.341**
Other receivables	164.673.423	100.603.112
Financial Investments	2.737.515	2.737.515
Investments Valued by Equity Method	7.057.522	14.207.046
Investment Properties	103.334.153	82.819.021
Tangible Fixed Assets	723.727.864	510.110.928
Intangible Fixed Assets	148.949.164	120.962.654
Prepaid expenses	30.143.512	23.240.046
Deferred Tax Assets	4.522.794	234.629
Other Fixed Assets	4.038	3.390
TOTAL ASSETS	**2.938.909.224**	**2.154.895.277**

B. BALANCE SHEET LIABILITY-TRL

LIABILITIES	31 December 2013	31 December 2012
Short-term Liabilities	**1.622.217.340**	**1.201.514.640**
Financial Liabilities	702.172.546	576.969.706
Trade payables	645.354.835	478.075.573
- Payables to related parties	*9.259.739*	*4.738.896*
- Other trade payables	*636.095.096*	*473.336.677*
Payables for Employment Termination Benefits	13.209.172	10.462.523
Other Payables	109.763.815	55.486.457
Deferred Incomes	48.927.711	20.936.061
Tax Liability for Current Period Profit	1.016.162	7.438.706
Short Term Provisions	101.382.484	52.145.615
- Short-term provisions for employee benefits	13.321.706	8.547.043
- Other Short Term Provisions	88.060.778	43.598.571
Long-term Liabilities	**271.924.087**	**120.286.185**
Financial Liabilities	179.982.133	57.145.402
Provisions for Employee Benefits	91.941.954	61.711.396
Deferred Tax Liabilities		1.429.387
EQUITY CAPITAL	**1.044.767.797**	**833.094.452**
Equities of Parent Company	**741.173.533**	**541.236.806**
Paid-in Capital	334.000.000	83.500.000
Value Appreciation Funds	205.806.181	158.173.718
Foreign Currency Adjustments	(125.735.921)	(187.038.317)
Restricted Reserves From Profit	18.082.652	10.863.518
Previous Years Profit / (Loss)	214.306.688	285.949.673
Net Period Profit / (Loss)	94.713.933	189.788.214
Minority Shares	**303.594.264**	**291.857.646**
TOTAL LIABILITIES	**2.938.909.224**	**2.154.895.276**

C. INCOME STATEMENT-TRL

CONTINUING OPERATIONS	31 December 2013	31 December 201
Sales (net)	2.265.437.409	2.226.819.536
Costs of Sales (-)	(1.683.267.296)	(1.579.614.777)
GROSS PROFIT	**582.170.113**	**647.204.759**
Administrative Expenses (-)	(84.344.878)	(47.299.084)
Marketing, Sales and Distribution Expenses (-)	(166.243.163)	(118.334.983)
Other Operating Incomes	361.102.384	207.014.704
Other Operating Expenses (-)	(293.898.582)	(69.884.676)
OPERATION PROFIT/(LOSS)	**398.785.874**	**618.700.720**
Income from Investment Activities	52.814.347	61.868.087
Expenses from Investment Activities (-)	(61.666.133)	(30.401.278)
Shares in Profit/Loss of Investments Valued by Equity Method	(16.421.908)	(7.534.678)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE	**373.512.180**	**642.632.851**
Financial Expenses (-)	(97.451.106)	(170.192.169)
PRE-TAX PROFIT/LOSS FROM CONTINUING OPERATIONS	**276.061.074**	**472.440.682**
Tax Expenses on Continuing Operations	4.690.544	(42.407.514)
- Period Tax Expense (-)/Income	(3.315.313)	(37.834.305)
- Deferred Tax Expense(-)/Income	8.005.857	(4.573.209)
PERIOD PROFIT/ (LOSS)	**280.751.618**	**430.033.168**

Distribution of Period Profit / (Loss)		
Minority Shares	186.037.684	240.244.955
Parent Company's Shares	94.713.933	189.788.214
Earnings / (Loss) Per Share	**0,28**	**0,57**

D. RATIOS

	2013	2012	2011	2010	2009
LIQUIDITY RATIOS					
Current Ratio	1,08	1,08	1,12	0,93	0,81
Acid Test Ratio	0,77	0,82	0,77	0,60	0,53
FINANCIAL RATIOS					
Financial Leverage Ratio	0,64	0,61	0,60	0,62	0,67
Equity / Asset	0,36	0,39	0,40	0,38	0,33
VERİMLİLİK ORANLARI					
Inventory Turnover	4,10	3,72	3,58	5,08	3,88
Debt Collection Period	63,46	78,33	68,44	57,32	62,18
Asset Turnover	0,66	0,62	0,61	0,70	0,57
KARLILIK ORANLARI					
Gross Profit Ratio	0,26	0,29	0,31	0,31	0,11
Operating Profit Ratio	0,15	0,22	0,23	0,24	0,03
EBITDA Ratio	0,17	0,24	0,27	0,29	0,10

VI. EVENTS AFTER BALANCE SHEET DATE

1) None

VII. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Corporate Governance Principles Compliance Statement

The Company has carried out its activities in accordance with the Corporate Governance Principles issued by the Capital Market Board.

A. SECTION I – SHAREHOLDERS

2. Shareholders Relations Department

Shareholders Relations is maintained by our Budget, Reporting, Investor and Affiliate Relations Directorate. The department has undertaken company responsibilities for Capital Market Board (SPK), Istanbul Stock Exchange (BIST) and Central Registry Agency (MKK) to handle shareholders' transactions at capital increase, dividend disbursement, to follow operations with stock broker, reply and inform shareholders' written and verbal requests.

In 2013, a lot of meetings held for giving detailed information to investors about the activities of the company and we have been participated to three investor conferences. The investor demands also responded via telephone and internet.

The list of responsible employees and their contact information is as follows:

Name	Title	Phone	E-mail
Hüseyin Karakuş	Manager	+90 212 376 50 27	hkarakus@gubretas.com.tr
Kadir Budak	Asistant Specialist	+90 212 376 50 08	kbudak@gubretas.com.tr

3. Use of Shareholders' Rights to Obtain Information

All written and verbal information requests from the shareholders are replied, except conFİdential business information and the information which is not publicly announced. Also information related to shareholders and investors has been announced through Public Disclosure Platform (www.kap.gov.tr), company's website (www.gubretas.com.tr), Central Registry Agency e-Compnay Portal and newspapers in accordance with Turkish Trade Law and Capital Market Code.

There is no clause about assigning a special auditor in the articles of association and we have not received any request from investors on this subject.

4. Information on General Assembly

General Assembly Meetings of the company are held in accordance with the Turkish Commercial Code and the Capital Market Law.

61th Ordinary General Assembly Meeting for the accounting period 2012 was held at 10:00 a.m. on 8 May 2013 in the Meeting Hall of our Head Office located at the address of Kasap Sk. Hilmi Hak İş Merkezi No: 22 Esentepe, Şişli - İstanbul with participation of about 81.7 % of the total Company capital of 83.500.000,00 TL. 61th Ordinary General Assembly Meeting was firstly held in electronic media synchronically with physical media according to the regulation of Capital Market Law.

Stakeholders and media representatives also attended the assembly meeting.

Invitation for the meeting was made within its deadline; i.e. in the issue 8304 of Trade Registry Gazette of Turkey dated 19 April 2013, Dünya and Star newspapers on 13 April 2013, and the web addresses www.kap.gov.tr of Public Disclosure Platform and www.gubretas.com.tr of Gübre Fabrikaları T.A.Ş.

24 days before the General Assembly, the General Assembly Information Document which includes information on Board Member nominees, final version of the articles of association and modified text of the articles of association and the reasons for the modifications was disclosed at the web address of www.gubretas.com.tr and were made available at the head office of our company.

24 days before the General Assembly, annual report, financial statements, auditor reports, proposal of dividend distribution was disclosed at the web addresses of www.kap.gov.tr and www.gubretas.com.tr and were made available at the head office of our company.

During the general assembly meeting, shareholders are asked if they have a say on the article discussed before the voting takes place. At the 'wishes and recommendations' session of the meeting, questions of the participants are answered by the company authorities on the matters discussed.

Information was given as a separate agenda item at the General Assembly regarding donations and aids during the period 01.01.2012-31.12.2012, which includes 1.969.764,53 TL for building Gübretaş Primary School, locating İskenderun Denizciler, which was donated to Ministry of National Education; 204.217,00,-TL as educational grant to 100 students from Agriculture Faculties of various universities for 2011-2012 education period; 76.719,00 TL for education seminar intending to the students of Agriculture Faculties; 22.400,00 TL as food aid for subcontractors who are implementing company operations. In addition to these donations and aids, it was relieved in the amount of 10.000 TL to other institutions for social aid.

Minutes of the General Assembly were published in the issue 8326 of the Trade Registry Gazette dated 23 May 2013 and they are also made available to stakeholders at the web address of www.gubretas.com.tr.

5. Voting Rights and Minority Rights

There are no privileged rights on voting because there is no preferential stock issued.

6. Dividend Policy and Deadline for Dividend Distribution

Dividend distribution policy of our company is determination of the dividend amount as per the decision taken at the General Assembly in line with the provisions of the Turkish Commercial Code, Capital Markets Law and articles of incorporation, and distribution of such amount within legal deadline defined by the Capital Markets Board.

There is no privilege in our company regarding dividend distribution.

7. Transfer of Shares

There is no clause that restricts transfer of shares in articles of association of the company.

B. SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Information Disclosure Policy

In terms of informing investors, our company acts within the framework of the present legislation. Information can obtained through Public Disclosure Platform's website at: www.kap.gov.tr, our company's website at: www.gubretas.com.tr and Central Registry Agency e-Company Portal.

Personnel who are in charge of the conduct of the information policy and their communication information are as follows:

Name	Title	Phone	E-mail
Hüseyin Karakuş	Manager	+90 212 376 50 27	hkarakus@gubretas.com.tr
Nihat Vuran	Manager	+90 212 376 50 28	nvuran@gubretas.com.tr

9. The Company's Website and Its Contents

Website of our Company can be accessed through the address of www.gubretas.com.tr both in Turkish and English.

Information regarding Gübretaş and its affiliates, mission and vision of our company, board of directors and top management, articles of association, shareholding structure, corporate governance compatibility report, corporate social responsibility, information policy, documents of the general assembly, profit distribution policy, information on the share certificates, annual reports, financial and operational results, investor presentations, information society services, trade registry informations, quality policy, company values, our products, our services, announcements, publishments and articles are provided in the company's website.

10. Annual Report

Our company annual report includes information mentioned in Capital Markets Board's Corporate Governance Principles.

C. SECTION III – STAKEHOLDERS

11. Informing Stakeholders

Gübre Fabrikaları T.A.Ş. provides guarantee in order to protect the interests of the parties and investors who are involved in the process of reaching Gübretaş' goals, whether their rights are protected by legislations or not.

Stakeholders consist from shareholders, employees, creditors, customers, suppliers, trade unions, non-governmental organizations and savers who consider to invest or to do business with the state and the company. In order to minimize the conflict of interests between company and the stakeholders or among the stakeholders, a balanced approach is adopted and their rights are considered independently.

The company develops mechanisms and models, without blocking company activities, for participation of stakeholders to company management.

The members of the Board of Directors and Managers avoid from disposals that will inflict loss on the stakeholders or reduce assets. They manage the business based on coherent balance between the company and stakeholders benefits.

12. Participation of the Stakeholders in the Management

The company holds meetings in order to exchange ideas with stakeholders. The outcome of the meetings is used to shape the company decisions and policies to provide more effective, efficient, better quality products and services.

13. Human Resources Policy

We do not discriminate on the ground of ethnic, language, religion, gender, color or political opinion when hiring personnel. Our only criterion is to find people who can share the sense of us which Gübretaş adopts, take responsibility, have business ethics, are idealist, are captious, are suitable for team work, renew and improve himself, have analytical thinking.

We do evaluate people according to their productivity, their adoption to the corporate culture and objective success criteria. When we encounter the lack of knowledge and experience among our employees after applying professional methods and techniques, we provide all the necessary activities to develop their skills and educations.

We encourage personnel who demonstrate development horizontally and vertically, reward them materially and spiritually.

We give importance to exchanging ideas with personal and trade union representatives when taking decisions on personnel.

We prepare social and physical place that our personnel can realize their duties at highest level by meeting requirements of all their material and spiritual needs.

Our human resources policy in Gübretaş is based on five fundamental principles:

-Equality

-Participative management and transparency

-Continious improvement of working conditions

-Productivity-based fees

-Respecting human rights

14. Ethical Rules and Social Responsibility

Operations of our company are conducted within the framework of the following ethical rules, prepared by the Board of Directors and are communicated to our employees:

-Deep respect to human and consciousness of “human first”,

-Customer oriented thinking and working,

-Sense of responsibility towards the society and respect to the environment,

-Continuous improvement, systematical and logical thinking,

-Having a free atmosphere where opinions are expressed freely,

-Equality at management, transparency, accountability and responsibility,

-Merging high ethical and moral values with the corporate identity,

-Service without discrimination on religious, language, race and gender,

-Forming a corporate and corporate culture that is remembered with the word of 'Trust'

Turkey Soil Efficiency Map Project

The Project initiated in 2005 as a social responsibility project of Gübretaş, has been carried out with all own opportunities.

The main objectives of Gübretaş in this Project are:

1) To provide conscious fertilizer consumption to partners of Turkish Agricultural Cooperatives and determine fertilizer type regarding to land type. To provide Farmers solutions if there is a problem in their land accourding to soil analysis report conclusion.

2) To provide data to Gübretaş's product specialized fertilizers to develop new formulates in R&D studies.

3) To create a database of efficiency map regarding to macro and micro nutrient elements by our Country's geographic regions and be a source for further studies.

4) To combine Gübretaş's studies conclusions with studies of Ministry of Agriculture and Universities and contribute to build a huge database for our Country s agriculture.

5) To provide applied training to minimum 10 tousand major farmers about agricultural issues like getting soil examples, fertilizer and fertilizer use with this project.

Scholarships

Gübretaş is granting scholarships to the students of 27 Agricultural Faculties in Turkey, 107 of beneficiaries in total.

Training

Our training activities aimed at supporting Turkish Farmers agricultural knowledge for more efficient agricultural production and raising profilibility via optimizing costs of inputs such as fertilizers continued. Company's Regional Sales Directorates informed farmers in all aspects of agriculture in seminar meetings organized in cooperation with Turkish Agricultural Credit Cooperatives. Specialist agricultural engineers enlightened farmers in these meetings on principles of balanced and regulary fertilizer usage, plant nutriation techics and also soil analysis.

School Buildings

In Hatay, İskenderun county-Denizciler town, "Denizciler GÜBRETAŞ Secondary School", which has 32 classrooms with 1920 student capacity, was builded for in the memory of 60th anniversary of GÜBRETAŞ in 2013 and it was put into service with ceremony.

Similarly, in Kocaeli, Başiskele county,"Başiskele GÜBRETAŞ Primary School", which has 24 classrooms with 720 student capacity, was finished and it will be put into service in 2014.

D. SECTION IV – BOARD OF DIRECTORS

15. The Structure and Composition of the Board of Directors and Independent Members

In our company; Board of Directors are elected under the framework of the Articles of Association, Turkish Commercial Code and Capital Market Law during the General Assembly. They fulfill their duties in accordance with Turkish Commercial Code and Capital Market Law. Current members of the Board of Directors are:

Title	Name	Start date of employment
Chairman	Abdullah KUTLU	19.04.2011
Vice Chairman	Necdet DİRİK	25.10.2005
Member	Dr. Erol DEMİR	10.04.2009
Member	Ahmet BOYRAZ	26.04.2012
Member	Ali SARI	31.07.2012
Member	Hamdi GÖNÜLLÜ	20.09.2012
Member	Osman BALTA	01.02.2012
Independent Member	Prof. Dr. Lokman DELİBAŞ	26.04.2012
Independent Member	İsmail TEKİN	26.04.2012

ABDULLAH KUTLU

Chairman

He completed his license degree in the Culture Technical Department of Agriculture Faculty of Atatürk University and after his graduation he did his masters degree in the Sciences Institution of Trakya University.

Abdullah KUTLU started his business life as an engineer in Erzurum Regional Directorate of Köy Hizmetleri, then he took office as a Senior Engineer in Regional Directorate of Agriculture Credit Cooperatives, later on while he was working as chief in the same region, he was appointed as Regional Assistant Manager of Erzurum Regional Union in 1992. In 1995, he became the Regional Manager of the same Regional Union. In 1997 he was appointed as Consultant of the General Directorate of Central Union and on 25.02.2003 he was appointed as Regional Manager of Izmir Regional Union. While Abdullah KUTLU was carrying out this duty, he was appointed as the Assistant General Manager of the General Directorate of Central Union on 01.08.2008 and then he was appointed as the General Manager on 19.04.2011.

Duties Carried Out Within The Last 10 Years

A. Ongoing Duties

2003-2005 and 2008-2011, as the Chairman of the Board of Directors of İmece Plastik A.Ş.

2003-2006, as the Chairman of the Board of Directors of Denizli Yem A.Ş.

2007-2008, as the Vice Chairman of the Board of Directors of Tareks A.Ş.

24.03.2011-10.05.2011, as the Chairman of the Board of Directors of Tareks A.Ş.

2009-2011, as the Chairman of the Board of Directors of Tarkim A.Ş.

2010-2012, as the Chairman of the Board of Directors of the Foundation of Pension Fund,

2006-2007-2008, as the Member of the Board of Directors of Gübre Fabrikaları T.A.Ş.

He has been carrying out his duty as the Chairman of the Board of Directors of Gübre Fabrikaları T.A.Ş. since 19.04.2011 up to this day.

NECDET DİRİK

Vice Chairman

Necdet Dirik completed his license degree in Economics and Administrative Sciences Faculty of Marmara University (1982). Necdet Dirik started business life in an Accountant Office and then he continued his career in Manisa Branch of the Turkish Religious Foundation and in 1985 in General Directorate of Central Union of Turkish Agriculture Credit Cooperatives, in 1989 he became chief, in 1994 he became Manager and then he worked respectively as the Coordination Manager of Administrative and Agricultural Affairs, Trade Manager and Domestic Purchases Manager, in 2003 he became expert, in 2005 he was appointed as the Chairman of the Supply and Marketing Department and currently he has been carrying out the same duty.

As of 1994 he worked in the following entities which are a participant of the Agriculture Credit Cooperatives;

As a Member of the Board of Directors of Tareks A.Ş.,

As a Member of the Board of Directors of Toros Gübre ve Pazarlama companies,

As the Chairman of the Board of Directors of Delice Feed Factory,

As a Member of the Board of Directors of imece Feed Factory,

As a Member and Managing Member of the Board of Directors of Tarım Kredi Sigortacılık ve Aracılık Şirketi,

As a Member and Managing Member of the Board of Directors of Tareks A.Ş. (second time),

As a Member of the Board of Directors of Poyraz Feed Factory,

As a Member and Vice Chairman of the Board of Directors of Gübre Fabrikaları T.A.Ş.,

As a Member, Vice Chairman and Chairman of the Board of Directors of Tarkim

Duties Carried Out Within The Last 10 Years

A. Ongoing Duties

Head of Supply and Marketing Department

Vice Chairman of the Board of Directors of Gübre Fabrikaları T.A.Ş

Chairman of the Board of Directors of Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.

B. Duties Ended

Domestic Purchases Manager	2003	(Duty change)
Expert	2005	(Duty change)

Dr. Erol DEMİR

Member

Mr. Demir was born on 13.05.1968 in Kahramanmarafi; he started his business life in 1988 in Turkish Credit Cooperatives. In 1997 he did his masters degree in Business Administration-Cooperation Business Department of Social Sciences Institution, in 2003 he did his Phd in Agriculture Economics Department of Sciences Institution of Ankara University. He took Office in various examination and research commissions which were established within the body of Turkish Cooperation Agency.

He worked in the regulation committee of the International Cooperation Congre for two periods. He worked for the project of preparation of the Uniform Chart of Account for Turkish Agriculture Credit Cooperatives. Besides, from time to time he participated as lecturer in the training courses provided for the personnel of the agency. Currently, he has been working as the Chairman of the Department of Fund Management and Accounting of the General Directorate of the Turkish Agriculture Credit Committee.

Duties Carried Out Within The Last 10 Years

A. Ongoing Duties

Member of the Board of Directors of Gübre Fabrikaları T.A.Ş.

Member of the Board of Directors of Tarım Kredi Süt Sanayi ve Tic. A.Ş.

Member of the Board of Audit of Turkish Cooperation Agency

Member of the Board of Audit of Tareksav Education Foundation

B. Duties Ended

Vice Chairman of the Board of Directors of Tareks A.Ş. 2003-2007 (Resignation)

Member of the Board of Directors of Güven Sigorta Türk A.Ş. 2004-2008 (Resignation)

Ahmet BOYRAZ

Member

He graduated from Business Administration of Anadolu University. Ahmet BOYRAZ started his business life as a clerk (1986-1991) in the Organization of the Agriculture Credit Cooperatives, then he worked as Regional Chief of Malatya Regional Union of Agriculture Credit Cooperatives (1991-1994), Regional Assistant Manager of Mersin Regional Union of Agriculture Credit Cooperatives (1994-1999), Regional Assistant Manager of Malatya Regional Union of Agriculture Credit Cooperatives (1999-2003), Regional Manager of Malatya Regional Union of Agriculture Credit Cooperatives (2003-2009), Manager of the Administration and Technical Department of General Directorate of Turkish Central Union of Agriculture Credit Cooperatives (2009-2011), Regional Manager of Kayseri Regional Union of Agriculture Credit Cooperatives (2011-2012). Ahmet BOYRAZ worked as Company and Foundation Chairman and Vice Chairman of Board of Directors of; İmece Plastik A.Ş. which is a participant of Turkish Agriculture Credit Cooperatives and operating in Antalya city, Altınova Yem ve Hayvancılık Sanayi A.Ş. which is operating in Elazığ city, İmece Yem A.Ş. which is operating in Ankara city, Foundation of Pension Fund of the Agriculture Credit Cooperatives which is operating in Ankara city, imece Prefabrik A.Ş. which is operating in Ankara city, Başak Yem Sanayi ve Ticaret A.Ş. and Başak Tarım İşletmeleri A.Ş. which are operating in Yozgat city.

Ahmet BOYRAZ attended in various seminars and investigations regarding Agriculture and Animal Breeding in Japan, Switzerland, Germany, Holland, France, Iran and Dubai and he is still working as the Regional Manager of Ankara Regional Union of Agriculture Credit Cooperatives.

Duties Carried Out Within The Last 10 Years

A. Ongoing Duties

Regional Manager of Ankara Regional Union of Agriculture Credit Cooperatives

Member of the Board of Directors of Gübre Fabrikaları T.A.Ş.

Member of the Board of Directors of Tarım Kredi Yem Sanayi Ticaret A.Ş.

B. Duties Ended

Regional Chief of Malatya Regional Union of the Agriculture Credit Cooperatives 1991-1994 Appointment

Regional Assistant Manager of Mersin Regional Union of the Agriculture Credit Cooperatives 1994-1999 Appointment

Regional Assistant Manager of Malatya Regional Union of the Agriculture Credit Cooperatives 1999-2003 Appointment

Regional Manager of Malatya Regional Union of the Agriculture Credit Cooperatives 2003-2009 Appointment

Head of the Department of General Directorate of Turkish Central Union of the Agriculture Credit Cooperatives 2009-2011 Appointment

Regional Manager of Kayseri Regional Union of the Agriculture Credit Cooperatives 2011-2012 Appointment

As the Chairman or the Vice Chairman in; Başak Yem A.Ş., Başak Tarım İşletmeleri A.Ş. İmece Plastik, Altınova Yem, İmece Yem, Foundation of Pension Fund, İmece Prefabrik A.Ş.

Ali SARI

Member

He completed his Masters Degree in Business Administration of Economics and Administrative Sciences Faculty of Atatürk University in 1986. Ali SARI started his business life as an independent accountant in 1986 and he took office as a clerk in Antalya Regional Union of the Agriculture Credit Cooperatives in 1987. After working in various Agriculture Credit Cooperatives of Isparta city (1989-2005), he was appointed as Chief of Antalya Regional Union in 2005.

He was appointed as Regional Assistant Manager in 2008. He was appointed as Regional Manager of Kayseri Regional Union of the Agriculture Credit Cooperatives in 2012 and currently he has been working in the same position.

Duties Carried Out Within The Last 10 Years

A. Ongoing Duties

Vice Chairman of the Board of Directors of Başak Tarım İşletmeleri A.Ş.

Member of the Board of Directors of Gübre Fabrikaları Türk A.Ş.

Manager of Kayseri Regional Union of the Agriculture Credit Cooperatives

B. Duties Ended

Member of Board of Directors of Denizli Yem A.Ş. 2008-2009 (Resignation)

Member of Board of Audit of 0mece Plastik San. ve Tic. A.Ş. 2009-2010 (Resignation)

Member of Board of Directors of 0mece Plastik San. ve Tic. A.Ş. 2010-2012 (Resignation)

Hamdi GÖNÜLLÜ

Member

He completed his license degree in financial Sciences Faculty of Afyon-Anadolu University in 1984. Hamdi Gönüllü started his business life as Assistant Controller of the General Directorate of Turkish Central Association of the Agriculture Credit Cooperatives in 1987 and he became a Controller in the same Association by being successful in the qualifying exam in 1991. He worked as Controller until 1997.

He took office as the Credits Manager between the years 1997-2005 in the same Association and then he worked as the Head of the Department of Accounting and Financing between the years 2005-2006. Hamdi Gönüllü was appointed as the Head of the Department of

Credits in 2006 and still he has been working in the same position. Besides his aforementioned positions; he worked as a Member of the Board of Audit of Güven Sigorta Türk A.Ş. (2001-2002), as a Member of the Board of Audit of Poyraz Gıda Tarım Hayvancılık Sanayi ve Ticaret A.Ş.(2003), as a Member of the Board of Directors of İmece Prefabrik Yapı Tarım Makinaları Temizlik ve Güvenlik Hizmetleri A.Ş. (2003-2004) and as the Chairman of the Board of Directors of İmece Yem Tarım Ürünleri ve Hayvancılık Sanayi Ticaret A.Ş. (2012).

He worked as a Member of the Board of Directors (1998-2001) and Member of the Board of Audit (2009) of the Foundation of Social Aid For the Personnel of the Agriculture Credit Cooperatives and Unions. He has been working as a Member of the Board of Directors of Gübre Fabrikaları Türk A.Ş. since 2004, as the Vice Chairman of the Board of Directors of Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri Sanayi ve Ticaret A.Ş.. since 2012 and as the Vice Chairman of the Board of Directors of Tarnet iletişim Hizmetleri A.Ş. since 2012.

He has been working as a Member of the Board of Audit of the Foundation of Education, Culture and Health of the Agriculture Credit Cooperatives since 2012.

Duties Carried Out Within The Last 10 Years

A. Ongoing Duties

Head of the Department of Credits of Central Union of the Agriculture Credit Cooperatives; continuing.

Member of the Board of Directors of Gübre Fabrikaları T.A.Ş.; continuing.

Vice Chairman of the Board of Directors of Tarnet İletişim Hizmetleri A.Ş.; continuing.

Member of the Board of Audit of he Foundation of Education, Culture and Health of the Agriculture Credit Cooperatives; continuing.

B. Duties Ended

Member of the Board of Directors of the Foundation of Social Aid For the Personnel of the Agriculture Credit Cooperatives and Unions; 1998-2001 (Resignation)

Member of the Board of Audit of the Foundation of Social Aid For the Personnel of the Agriculture Credit Cooperatives and Unions; 2009 (Resignation)

Member of the Board of Audit of Güven Sigorta Türk A.Ş.; 2001-2002 (Resignation)

Member of the Board of Audit of Poyraz Gıda Tarım Hayvancılık Sanayi ve Ticaret A.Ş.; 2003 (Resignation)

Member of the Board of Directors of 0mece Prefabrik Yapı Tarım Mak. Tem. ve Güv. Hiz. A.Ş.; 2003-2004 (Resignation)

Chairman of the Board of Directors of İmece Yem Tarım Ürünleri ve Hayv. San. Tic. A.Ş.; 2012 (He has not been a candidate)

Osman BALTA

Member

Osman Balta was born on 01.09.1963 in Erzurum. After receiving his university degree from Istanbul Technical University Sakarya Engineering Department, he worked as production and planning engineer in private sector until 1988's end. After completing military service, he began to work in Camialti Navy Yard in Türkiye Gemi Sanayi A.Ş., a subsidiary of ministry of transportation. Until 2009 he has been in various high rank positions. In 2009 August, he joined Gübre Fabrikaları T.A.Ş. as Assistant General Manager and thereafter he was assigned as General Manager as of February 1, 2012. He is the Chairman of the Board of Directors of Razi Petrochemical Co., a member of Board of Directors of Negmar Denizcilik ve Yatırım A.Ş., and the Vice Chairman of the Board of Directors of Raintrade Petrokimya ve Dış Ticaret A.Ş. He is married, with three children; he knows English and Arabic.

Duties Carried Out Within The Last 10 Years

A. Ongoing Duties

General Manager and Member of the Board of Directors of Gübre Fabrikaları T. A.Ş.

Chairman of the Board of Directors of Razi Petrochemical Co.

Member of the Board of Directors of Negmar Denizcilik Yatırım A.Ş.

Vice Chairman of the Board of Directors of Raintrade Petrokimya ve Dış Ticaret A.Ş.

Prof. Dr. Lokman DELİBAŞ

Independent Member

Lokman DELİBAŞ completed his license degree in Agriculture Faculty of Ataturk University in 1980 and he worked as Senior Agriculture Engineer in the 9th Regional Directorate of Erzurum Topraksu for 6 months and then he started to work as an assistant in Agriculture Faculty of Ataturk University in 1981 and he completed his Phd education in Culture-technic Department of Sciences Institution of Ataturk University in 1984.

In 1987 he was appointed as the Vice Assistant Professor to the Department of Culture-technic Department of Tekirdağ Agriculture Faculty of Trakya University. On 20 October 1989 he was granted the title of Assistant Professor of the University due to his studies which he performed regarding Culture-technic matters and accordingly he was appointed as Assistant Professor to the Culture-technic Department of Tekirdağ Agriculture Faculty of Trakya University.

He conducted his duties as a member of the Commission of Purchase of the Faculty and as a member of the Commission of Education-Learning in Tekirdağ Agriculture Faculty between the years 1988 - 1990.

In 1993 he was appointed as the Founding Manager to the Lüleburgaz Vacational School of Higher Education which was established under the Trakya University and he held office until 1996. He was appointed as the Professor on 13 January 1995. He took office as the Head of the Department of Agricultural Constructions and Irrigation of Tekirdağ Agriculture Faculty between the years 1995-1997.

Lokman DELİBAŞ took office as Faculty Member under the title of Assistant Docent between the years 1987-1990, under the title of Assistant Professor between the years 1990-1995, under the title Professor between the years 1995-2006 in Tekirdağ Agriculture Faculty of Trakya University. He was appointed to Namık Kemal University by transfer in 2006 and he has been carrying out the duty of Faculty Member in Tekirdağ Agriculture Faculty which has been joined to Namık Kemal University.

He has made a range of scientific publishing since 1987 and taught a range of license and masters degree lectures. In the same period, several times he worked as a jury member regarding foreign language and science, as a jury member regarding the duty of assistant professor, as a director for masters degrees and Phd thesis and as a arbitrator in various scientific magazines.

Duties Carried Out Within The Last 10 Years

A. Ongoing Duties

Faculty Member in Namık Kemal University

Independent Member of the Board of Directors of Gübre Fabrikaları T.A.Ş.

İsmail TEKİN

Independent Member

İSMAİL TEKİN finished his License Education in the Machine Department of Turkish Military Academy and graduated as Tanker Lieutenant in 1986 and he finished the class-school training ranking first in Armoured Forces School and Training Division Command. Following that, he worked as Student and Course Batt, Sub-lieutenant Main Course Company Platoon Commanderand Division Operation and Training Branch Plan Military Officer in the same unit between the years 1987-1994.

He worked as 70th Mechanized Brigade Tank Batt, Tank Company Commander (Cizre) between the years 1994-1997, Class-Military Officer and Class Authority in Ncos Preparatory School Command (Balıkesir) between the years 1997-2001, Tank Company Commander in the Turkish Batt Task Force of Kosovo in 2000 within the same period, Support Troops Commander in the 172nd Mechanized Infantry Brigade (Islahiye) between the years 2001-2003, Tank Batt Task Force Commander of the 9th Motorized Infantry Brigade (Sarıkamış) between the years 2003-2006, Maneuver Lecturer in Battle Simulation Training Center of Command of the Cyprus-Turkish Peace Forces between the years 2006-2008.

İsmail TEKİN completed his Masters Degree in the International Relations Department of Girne American University between the period of 2007-2008, following that he was appointed as the Chairman of the Tactics Board and General Matters of Armoured Forces School and Training Division Command, he worked as Teacher, Military Officer of Plan and Chairman of the Board for three years and he retired from Armed Forces in August 2011 and he worked as manager in a Ankara-based Private Security company for one year in 2012.

İsmail TEKİN who has an authorization certificate of Documentation and Internal Controller from TSE ISO 9001 Quality Assurance System and has attended the Teacher Trainee Course which was established by the Educational Sciences Faculty of Ankara University and Command of Armoured Forces School, is currently working as an Operating Manager in a business center.

Duties Carried Out Within The Last 10 Years

A. Ongoing Duties

Gübre Fabrikaları T.A.Ş.	Independent Member of the Board of Directors
Bayraktar İnşaat Via Twins Business Center	Operating Manager

B. Duties Ended

9th Motorized İnfantry Brigade Tank Battalion Command Battalion Duty Forces Command (Sarıkamış),	2003-2006	Appointment
Cyprus Turkish Peace Forces Command Coaching Combat Simulation Classroom	2006-2008	Appointment
Armoured Forces School and Education Chairman Division Command Tactics and General Issues Board Chairmanship	2008-2011	Retired
Onur-Alp Özel Güvenlik Ltd.Şti. ANKARA Management	2011-2012	Resignation

Collective Declaration of Independency of our Independent Members of the Board of Directors has been set forth as follows:

Declaration Of Independency

I hereby declare that I am a candidate to take office as an independent member of the Board of Directors of Gübre Fabrikaları T.A.Ş. (the Company) within the scope of the criteria specified under the Corporate Governance Principals which have been published by the legislation, the articles of association and the Capital Market Board and in this context I declare that;

a) Within the last five years; I, my wife and my third degree consanguine and my relatives by marriage have not, directly or indirectly, been in a relationship of employment or substantial trading with the Company, one of the parties which are in a relationship with the company or the legal entities which are, in terms of management and capital, related to the shareholders, who directly or indirectly hold 5% or more shares of the company capital.

b) Within the last five years, I have not worked in the companies which have been conducting all or a part of the activities and organizations of the Company, primarily the companies which conduct auditing, ranking and consultancy of the Company.

c) Within the last five years, I have not been a shareholder, an employee or a member of the board of directors of any firm which provide substantial service and product to the company,

d) I am not a shareholder of the company capital,

e) As it is seen from my attached resume, I have the professional education, knowledge and experience to conduct the duties which I will undertake due to being an independent member of the board of directors,

f) I do not work full-time in the public agencies and institutions due to the current situation,

g) I am respected as a resident of Turkey under the Income Tax Law,

h) I can provide positive contributions to the activities of the company, I will remain objective in cases of conflicting interests to be emerged between of the shareholders of the company, I will make my decision freely taking into account the interests of the stakeholders,

i) I will allocate time for the company works to be able to follow up the the processes of the company's activities and fullfil the duties which I have undertaken to the fullest extent.

16. Principles of Activity of the Board of Directors

Provisions of the Articles of Association, Turkish Commercial Code and Capital Market Law are complied with for the meetings and meeting quorums of the Board of Directors. Office Directorate has been constituted to conduct the works with regard to the meetings of the Board of Directors of the Company and to service the members of the board of directors under the General Manager. They prepare their motions for the works regarding which resolutions (which are regarding the departments of the Company) are needed and they transmit it to the Office Directorate upon obtaining the approval of the General Directorate. An agenda regarding these motions is formed and it is transmitted to the chairman of the board of directors with the invitation letter for the meeting of the board of directors. The chairman of the board of directors signs the invitation letter and sends the invitation letter to the members together with the agenda. The resolutions which were taken in the meeting are sent to the relevant departments after the meeting. 25 meetings of the board of directors have been made within the year. The members of the board of directors do not have dominant voting right and negative veto right. Principally, the members of the board of directors attend each meeting. The Board of Directors meets regularly and within the framework of the provisions of the articles of association at least once a month and the Board of Directors meets when necessary without complying with such timetable. Besides, the members of the Board of Audit attend the meetings of the Board of Directors from time to time.

17. Numbers, Structures And Independencies Of The Committees Constituted By The Board Of Directors

The Board of Directors has formed Committee of Audit, Committee of Corporate Governance, Committee of Nomination, Committee of Early Determination of the Risk, and Committee of Remuneration for the purposes of performance of its duties and responsibilities wholesomely in accordance with the current position of the company and the needs of the company. These Committees conduct their activities in accordance with the communiqués of the Capital Market Board.

Committee of Audit

Name	Title	Duty
Prof. Dr. Lokman DELİBAŞ	Head of Committee	Board Member -Independent
İsmail TEKİN	Committee Member	Board Member –Independent

Committee of Audit has been constituted by the resolution of the Board of Directors dated 26.04.2012 pursuant to the Turkish Commercial Law, articles of association of the Company and the Communiqué regarding Corporate Governance Principals of the Capital Market Board. The Committee is composed of two members of the Board of Directors. Independent member Prof. Dr. Lokman Delibaş is the Chairman of the Committee. Other member of the Committee is İsmail Tekin.

Duties and responsibilities of the Committee are as follows;

- To audit the financial statements and footnotes, both of which are disclosed to public, in terms of compliance with the current legislation and international accounting standards,
- To review the activity report and to review the information indicated in the activity report in terms of their accuracy and consistency compared to the information of the Committee,

- To examine the complaints which are serious enough to affect the financial statement submitted by the shareholders and stakeholders,
- To review the efficiency of the internal audit activities,
- To make sure that the important problems which are determined during or as a result of the audits of the internal audit department of the company and to m**ake sure that relevant proposals for elimination of these problems are notified to the Committee on time,
- To observe whether the activities of the company are conducted in accordance with the current legislation and internal regulations of the company

Committee of Corporate Governance

Name	Title	Duty
Prof. Dr. Lokman DELİBAŞ	Head of Committee	Board Member -Independent
Dr. Erol DEMİR	Committee Member	Board Member
Hamdi GÖNÜLLÜ	Committee Member	Board Member

Committee of Corporate Governance has been constituted by the resolution of the Board of Directors dated 26.04.2012 pursuant to the Turkish Commercial Law, articles of association of the Company and the Communiqué regarding Corporate Governance Principals of the Capital Market Board.

The Committee is composed of three members of the Board of Directors. Independent member Prof. Dr. Lokman Delibafl is the Chairman of the Committee. Other members of the Committee are Dr. Erol Demir and Hamdi Gönüllü.

Duties and responsibilities of the Committee are as follows;

- To provide the constitution and adaptation of the importance and benefits of the Corporate Governance Principals within the structure of the company,
- To determine whether the Corporate Governance Principals are being applied and if they are not applied to determine the reasons and to determine the conflicting interests due to noncompliance with these principals accurately and to submit reformatory recommendations to the Board of Directors regarding the procedures of the corporate governance applications.

Committee of Nomination

Name	Title	Duty
İsmail TEKİN	Head of Committee	Board Member -Independent
Ahmet BOYRAZ	Committee Member	Board Member
Ali SARI	Committee Member	Board Member

Committee of Nomination has been constituted by the resolution of the Board of Directors dated 26.04.2012 pursuant to the Turkish Commercial Law, articles of association of the Company and the Communiqué regarding Corporate Governance Principals of the Capital Market Board.

The Committee is composed of two members of the Board of Directors. Independent member İsmail Tekin is the Chairman of the Committee. Other member of the Committee is Ahmet Boyraz.

Duties and responsibilities of the Committee are as follows;

- To form a transparent system for the determination, assessment and training of the appropriate candidates for the Board of Directors and to determine policies and strategies in this regard,
- To make regular assessments regarding the structure and efficiency of the board of directors and to submit recommendations to the Board of Directors regarding changes in this regard,
- To determine approaches, principals and procedures regarding the performance assessment and career planning of the members of the Board of Directors and the senior managers and to make supervision in this regard,

Committee of Early Determination of The Risk

Name	Title	Duty
Prof. Dr. Lokman DELİBAŞ	Head of Committee	Board Member-Independent
Dr. Erol DEMİR	Committee Member	Board Member
Hamdi GÖNÜLLÜ	Committee Member	Board Member

Committee of Early Determination of the Risk has been constituted by the resolution of the Board of Directors dated 26.04.2012 pursuant to the Turkish Commercial Law, articles of association of the Company and the Communiqué regarding Corporate Governance Principals of the Capital.

Market Board, for the purposes of early determination of the risks which may jeopardize existence, development and continuance of the Company, application of the necessary measures regarding the determined risks and management of the risk.

The Committee is composed of three members of the Board of Directors. Independent member Prof. Dr. Lokman Delibaş is the Chairman of the Committee. Other members of the Committee are Dr. Erol Demir and Hamdi Gönüllü.

Duties and responsibilities of the Committee are as follows;

To prepare the risk management strategies and policies to be followed up by the Company and to submit them for the approval of the Board of Directors and to follow up the applications closely,

To submit proposals to the Board of Directors in order to determine the limits with regard to the major risks that the Company carries and track the limit violations,

To submit proposals to the Board of Directors with regard to making changes in the risk management policies,

To provide the conduct of the tracking and communication during the process of risk determination, identification, measurement, assessment and management.

To form a basis for the provision of the accuracy and reliability of the method and results and of the risk.

The Committee has made 5 meetings in 2013 activity year.

Committee of Remuneration

Name	Title	Duty
İsmail TEKİN	Head of Committee	Board Member - Independent
Ahmet BOYRAZ	Committee Member	Board Member
Ali SARI	Committee Member	Board Member

Committee of Remuneration System has been constituted by the resolution of the Board of Directors dated 26.04.2012 pursuant to the Turkish Commercial Law, articles of association of the

Company and the Communiqué regarding Corporate Governance Principals of the Capital Market Board.

The Committee is composed of two members of the Board of Directors. Independent member İsmail Tekin is the Chairman of the Committee. Other member of the Committee is Ahmet Boyraz.

Duties and responsibilities of the Committee are as follows;

To determine the proposals regarding the principals of the remuneration system of the members of the Board of Directors and the senior managers taking into consideration the long term targets of the company,

To determine the criteria which may be used for the remuneration system taking into account the performance of the Company and the member,

To submit the proposals regarding the remunerations which will be paid to the members of the Board of Directors and the senior managers, to the Board of Directors, taking into consideration their level of meeting with the criteria.

18. Risk Management and Internal Control Mechanism

Department of Risk Management has been constituted for the purposes of early determination of the risks which may jeopardize existence, development and continuance of Gübre Fabrikaları T.A.Ş. application of the necessary measures regarding the determined risks and management of the risk. Companywide, risks are tracked on the basis of four categories which are financial risks, strategic risks, operational risks and other risks. Daily and monthly reports are produced with regard to the risk management. Moreover Department of Internal Audit exists which conducts its activities under the General Directorate of the Company and this Department periodically audits the activities of our company and submits its reports to the General Directorate.

19. Strategic Goals Of The Company

To be a company that benefits from contemporary technological changes as much as possible, grounding on quality consciousness, efficient resource management, continous improvement, productivity and customer oriented management; to be a leading company for Turkish agriculture by creating synergy together with the academic world, relevant institutions and Agriculture Credit Cooperatives.

To become the leading company that can drive its sector with its infrastructure and well known trademark name “Gübretaş”; to attain global competitive power with its production technology.

Adopting the motto of ‘Human First’, to be a company which provides physical and social facilities to its workers, both spiritual and material, keeps environment consciousness and human health foreground, supports social projects.

To be a company which provides to customers different possibilities and alternatives in agriculture sector, to provide product variety, information bank and accredited laboratories for the need of farmers, to emphasize R & D works by following up the modern developments in the world.

Encouraged by the company’s origin and past, to make manufacturing and procuring of chemical fertilizer with best quality at our well equipped factories with our expert staff and managements, creating the best marketing and distribution network to our customers,

To keep market advantage and preserving sustainable growth trend in accordance with “highest quality, reasonable cost” approach.

To emphasize advertisement and public relations works by establishing communication channels and bridges between Gübretaş - Public and Farmers and to do image development activities convenient to Gübretaş’s corporate structure and spread them in and outside the company,

To reach the quality that could compete with the world in sense of productivity, efficiency and the world standards, procuring its raw material needs itself, efficient resource management, having production and infrastructure establishments within the country and abroad and adopting relevant policies.

To be a company that measures its success with the customer satisfaction who could find a fast and best quality solutions to the needs of the customers.

20. Remuneration of the Board of Directors

The amounts of the attendance fees and and travel allowances to be paid to the Members of the Board of Directors of our Company are determined by the General Assembly, and such amounts are determined in accordance with the international standards and legal liabilities and taking into account the members of the board of directors, top managers, economic data in the market, current remuneration system policies in the market, company size and experiences, education levels and of the people, their contributions to the company and their current positions. Options of the share certificates or payment plans based on the performance of the company are not used for the remuneration system of the independent members of the board of directors. Also any charges such as credit or lend have not been paid to the members of the Board of Directors.

VIII. CONCLUSION

DEAR SHAREHOLDERS,

507.000 tons of various types of chemical fertilizer has been produced at our facilities in 2013 and 90.319 tons of produced fertilizer have been used as raw material. 1.904.845 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, 1.651.237 tons of solid, 1.826.930 tons of liquid and 14.342.919 tons of powder fertilizers has been sold in 2013. Net sale revenues realized as 1.367.557.790 TRL.

Also 1.601.228 tons of fertilizer has been produced, 922.314.666 TRL sale revenues has been got by sale of 1.297.144 tons of fertilizer and fertilizer raw material in our affiliated company Razi Petrochemical Co.

Our company reached to 2.265.437.409 TRL consolidated sales revenue. Beside this by adding 1.683.267.296 TRL cost of goods sold, 187.382.039 TRL operation expenses, 97.451.106 TRL financial expenses and 41.930.108 TL net effect of other income and expenses, 276.061.074 TRL profit have been occurred before tax. 280.751.618 TRL net consolidated profit has been occured after adding 8.005.857 TRL deferred tax and 3.315.313 TRL current period’s tax. 94.713.933 TRL main shareholder profit has been occured after deducting 186.037.684 TRL shares of minority shareholders.

We would kindly like to ask you to evaluate the results mentioned above regarding 2013 activities.

Best Regards,

BOARD OF DIRECTORS

GÜBRE FABRİKALARI T.A.Ş.
AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013

CONVENIENCE TRANSLATION OF
INDEPENDENT AUDIT REPORT
INTO ENGLISH ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Gübre Fabrikaları T.A.Ş.

We have audited the accompanying consolidated financial statements of Gübre Fabrikaları T.A.Ş. ("Company") and its subsidiaries (together "the Group"), which comprise of the consolidated balance sheet as of 31 December 2013 and the consolidated statement of profit of loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Group Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards published by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statement give a true and fair view of consolidated financial position of Gübre Fabrikaları T.A.Ş., its subsidiaries and joint ventures as at 31 December 2013, and their financial performance and cash flows for the year then ended in accordance with TMS (Note 2)

Reports on Other Legal and Regulatory Requirements

In accordance with Article 402 of Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors provided us all the required information and documentation in terms of audit; and nothing has come to our attention that may cause us to believe that the Group's set of accounts prepared for the period 1 January-31 December 2013 does not comply with the code and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with Article 378 of Turkish Commercial Code No. 6102, in publicly traded companies, the board of directors is obliged to establish a committee consisting of specialized experts, to run and to develop the necessary system for the purposes of early identification of any risks that may compromise the existence, development and continuation of the company; applying the necessary measures and remedies in this regard and managing such risks. According to paragraph 4 of Article 398 of the same code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include the evaluation of the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report, yet. Therefore, no separate report has been drawn up regarding this matter. On the other hand, the Company established the mentioned committee in 20 April 2012, and the committee is comprised of 3 members. Since the date of its establishment, the committee has held six meetings for the purposes of early identification of any risks that may compromise the existence and development of the Company, applying the necessary measures and remedies in this regard and managing such risks, and has submitted the relevant reports to the Board of Directors.

Other Matters

Without qualifying our opinion we would like to emphasise the following matters:

As explained in Note 18, Iran Tax Authority has performed tax assessments for the tax filings of Razi for the years ended in 2012. As a result of these assessments, the Iran Tax Authority has 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 TRY 13 million 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.

As explained in Note 18, the sanctions imposed on Iran by United Nations and recently suspended at a certain level for a period of six months, may have an effect on the 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 risks that may not necessarily be observable in other markets. These consolidated financial statements contain the Group management's estimations on the economic and financial positions of its subsidiaries and affiliates operating in Iran. The future economic situation of Iran might differ from the Group's expectations.

As explained in Note 18, 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 Sarıseki province of İskenderun within the city of Hatay claiming that the property is within the shoreline. The net book value of the property is TRY 82.819.021 and has been accounted as investment property in the accompanying consolidated financial statements. The Group has objected the lawsuit asked for a new expert report for the determination of shoreline and at the same time filed another lawsuit for a compensation of its ownership right of the property. The litigation process is ongoing as of the report date. Based on the opinions of legal advisors, the Group Management has not provided any provisions in the consolidated financial statements for this lawsuit.

As explained in Note 9 and 18, Tabosan Mühendislik İmalat ve Montaj A.Ş. (“Tabosan”), 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 guarantor of Tabosan for the loans obtained from financial institutions during the acquisition of Razi shares. The group has paid 48.722.651 TL for the loan of Tabosan as the guarantor and and recognized this amount as other receivable from Tabosan. The Group has not provided any provision for this receivable considering its right to buy Razi shares at the initial acquisition share price and the pledged assets of Tabosan which are transferred from the financial institutions. The negotiations between the Group and the trustee committee are ongoing as of the date of this report.

As explained in Note 2 and 35, Central Bank of Iran Islam Republic has been applying a fixed exchange rate regime since 28 January 2012. All foreign currency transactions are accounted using the fixed exchange rate which differs significantly from the market exchange rates in current period. In September 2012 Iran Islam Republic government has incorporated a Foreign Exchange Center (“Center”) monitored by Central Bank of Iran Islam Republic which announce foreign currency rates that are more close to the market rates. IAS 21 requires companies to use the rate that the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. The Group management, considering the unreliability of the market rates and the uncertainty in determining the rate that the future cash flows will be settled has used the indicative rates published by the Center. Similarly market rates and the Center rates are used in determining the average rate.

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

Ferda Elerman, SMMM
Partner

İstanbul, 11 March 2014

INDEX	PAGE

CONSOLIDATED BALANCE SHEET **1- 2**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS **3**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME **4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **5**

CONSOLIDATED STATEMENTS OF CASH FLOWS **6**

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1	ORGANIZATION AND OPERATIONS OF THE GROUP	7-8
NOTE 2	BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	8 - 24
NOTE 3	BUSINESS COMBINATIONS	24
NOTE 4	SHARES IN OTHER BUSINESSES	25
NOTE 5	OPERATING SEGMENTS	25 - 28
NOTE 6	STATEMENTS OF RELATED PARTIES	29 - 30
NOTE 7	TRADE RECEIVABLES AND PAYABLES	31 - 32
NOTE 8	RECEIVABLES FROM AND PAYABLES TO FINANCE SECTOR	32
NOTE 9	OTHER RECEIVABLES AND PAYABLES	32 - 33
NOTE 10	INVENTORIES	34
NOTE 11	LIVE ASSETS	34
NOTE 12	RECEIVABLES AND PAYABLES FROM FINANCE SECTOR	34
NOTE 13	INVESTMENT PROPERTIES	35
NOTE 14	TANGIBLE FIXED ASSETS	36 - 38
NOTE 15	INTANGIBLE FIXED ASSETS	39
NOTE 16	GOODWILL	39
NOTE 17	GOVERNMENT INCENTIVE AND GRANTS	40
NOTE 18	PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	40 - 42
NOTE 19	COMMITMENTS	42 - 43
NOTE 20	EMPLOYEE BENEFITS	43 - 44
NOTE 21	QUALITATIVE DISTRIBUTION OF EXPENSES	44
NOTE 22	OTHER ASSETS AND LIABILITIES	45
NOTE 23	CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS	45
NOTE 24	REVENUES	46 - 47
NOTE 25	CONSTRUCTION CONTRACTS	47
NOTE 26	GENERAL ADMINISTRATION EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES	48
NOTE 27	OTHER REAL OPERATING INCOME AND EXPENSES …	49
NOTE 28	INVESTMENT INCOME AND EXPENSES	49
NOTE 29	FINANCIAL EXPENSES	50
NOTE 30	ANALYSIS OF OTHER COMPRHENSIVE INCOME COMPONENTS	50
NOTE 31	NON-CURRENT ASSETS HELD FOR SALES AND DISCONTINUED OPERATIONS	51
NOTE 32	INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)	51 - 53
NOTE 33	EARNINGS PER SHARE	53
NOTE 34	FINANCIAL INSTRUMENTS	53 - 55
NOTE 35	THE QUALITY AND LEVEL OF FINANCIAL INSTRUMENT RISKS	56 - 65
NOTE 36	FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND EXPLANATIONS WITHIN THE FRAME OF HEDGE ACCOUNTING)	66 - 67
NOTE 37	EVENTS AFTER THE BALANCE SHEET DATE	67
NOTE 38	OTHER MATTERS THAT MATERIALLY AFFECT THE FINANCIAL STATEMENTS OR THAT NEED TO BE EXPLAINED FOR CLEAR, INTERPRETABLE AND UNDERSTANDABLE FINANCIAL STATEMENTS	67
NOTE 39	EXPLANATIONS ABOUT STATEMENT OF CASH FLOW	68

GÜBRE FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

(Amounts are expressed in thousands of Turkish Lira ("TRL") unless otherwise stated.)

		Cari Dönem	Geçmiş Dönem
		Independent Audited	Independent Audited
	Notes	31 December 2013	31 December 2012
ASSETS			
Current Assets		**1.753.759.239**	**1.299.976.936**
Cash and cash equivalents	39	568.223.098	430.098.290
Financial Investments	34	3.207.694	29.665.189
Trade receivables	7	406.565.014	381.204.373
- Trade receivables from related parties	*6*	*75.727.185*	*167.732.649*
- Other trade receivables from not related parties		*330.837.829*	*213.471.724*
Other receivables	9	171.609.213	101.789.202
- Other receivables from related parties	*6*	*93.882.615*	*43.842.069*
- Other receivables from not related parties		*77.726.598*	*57.947.133*
Inventories	10	505.850.794	315.403.041
Prepaid expenses	12	34.817.480	11.923.583
Assets related to current tax		4.761.811	2.805.799
Other Current Assets	22	58.724.135	27.087.459
SUBTOTAL		1.753.759.239	1.299.976.936
Fixed Assets		**1.185.149.985**	**854.918.341**
Financial investments	34	2.737.515	2.737.515
Other receivables	9	164.673.423	100.603.112
Other receivables from related parties	6	118.039.402	75.382.511
Other receivables from third parties		46.634.021	25.220.601
Investments valued by equity method	4	7.057.522	14.207.046
Investment properties	13	103.334.153	82.819.021
Tangible fixed assets	14	723.727.864	510.110.928
Intangible fixed assets		148.949.164	120.962.654
Goodwill	16	148.811.828	120.811.461
Other intangible assets	15	137.336	151.193
Prepaid expenses	12	30.143.512	23.240.046
Deferred tax assets	32	4.522.794	234.629
Other non-current assets		4.038	3.390
TOTAL ASSETS		**2.938.909.224**	**2.154.895.277**

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

GÜBRE FABRİKALARI T.A.Ş. AND SUBSIDIARY COMPANY
AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

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

		Current Period	Previous Period
		Independent Audited	Independent Audited
	Note	31 Dec. 2013	31 Dec. 2012
LIABILITIES			
Short-term Liabilities		**1.622.217.340**	**1.201.514.640**
Financial liabilities	34	**680.148.796**	346.673.180
Short-term portion of long-term borrowings	34	**22.023.750**	230.296.526
Trade payables	7	**645.354.835**	478.075.573
Payables to related parties		9.259.739	4.738.896
Other trade payables		636.095.096	473.336.677
Payables related to employee benefits	20	*13.599.788*	*10.462.523*
Other Payables	9	*109.763.815*	*55.486.457*
Other payables to third parties		109.763.815	55.486.457
Deferred income	12	*48.927.711*	*20.936.061*
Tax liability for current period profit	32	*1.016.162*	*7.438.706*
Short-term provisions		101.382.484	52.145.614
Short-term provisions for employee benefits	20	13.321.706	8.547.043
Other Short-term provision	18	88.060.778	43.598.571
SUBTOTAL		1.622.217.340	1.201.514.640
Long-term Liabilities		**271.924.087**	**120.286.185**
Long Term Payables	34	179.982.133	57.145.402
Long Term Provisions		91.941.954	61.711.396
Provisions for Employee Benefits	20	91.941.954	61.711.396
Deferred Tax Liabilities	32		1.429.387
EQUITY CAPITAL		**1.044.767.797**	**833.094.451**
Equities of Parent Company		**741.173.533**	**541.236.806**
Paid-in Capital	23	334.000.000	83.500.000
Other comprehensive income or expenses that will not be reclassified subsequently to profit or		205.806.181	158.173.718
Value appreciation funds	30	205.806.181	158.173.718
Other comprehensive income or expenses that may be reclassified subsequently to profit or		-125.735.921	-187.038.317
Foreign currency adjustments	30	*-125.735.921*	*-187.038.317*
Restricted reserves from profit	23	*18.082.652*	*10.863.518*
Previous Years Profit / (Loss)		214.306.688	285.949.673
Net Period Profit / (Loss)		94.713.933	189.788.214
Minority Shares		**303.594.264**	**291.857.646**
TOTAL LIABILITIES		**2.938.909.224**	**2.154.895.277**

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

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

	Note	Current Period Independent Audited 1 January – 31 December 2013	Previous Period Independent Audited 1 January – 31 December 2012
CONTINUING OPERATIONS			
Sales (net)	24	2.265.437.409	2.226.819.536
Cost of Sales (-)	24	(1.683.267.296)	(1.579.614.777)
GROSS PROFIT		**582.170.113**	**647.204.759**
Administrative Expenses (-)	26	(84.344.878)	(47.299.084)
Marketing, Sales and Distribution Expenses (-)	26	(166.243.163)	(118.334.983)
Other Operating Incomes	27	361.102.384	207.014.704
Other Operating Expenses (-)	27	(293.898.582)	(69.884.676)
OPERATION PROFIT		**398.785.874**	**618.700.720**
Income from investment activities	28	52.814.347	61.868.087
Expenses from investment activities (-)	28	(61.666.133)	(30.401.278)
Shares in Profit/Loss of Investments Valued by Equity Method	4	**(16.421.908)**	**(7.534.678)**
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE		**373.512.180**	**642.632.851**
Finance expenses (-)	29	**(29.828.448)**	**(17.126.478)**
PRE-TAX PROFIT/LOSS FROM CONTINUING OPERATIONS		(37.834.305)	(7.772.003)
Tax expense on continuing operations		4.690.544	(42.407.514)
Period tax expense (-)	32	(3.315.313)	(37.834.305)
Deferred tax income / (expense)	32	8.005.857	(4.573.209)
PERIOD PROFIT/ (LOSS)		**280.751.618**	**430.033.168**
Distribution of Period Profit / (Loss)			
Minority Shares		186.037.685	240.244.955
Parent Company's Shares		94.713.933	189.788.214
Earnings / (Loss) Per Share	33	**0,0028**	**0,0057**

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

GÜBRE FABRİKALARI T.A.Ş. AND SUBSIDIARY COMPANY
CONSOLIDATED OTHER COMPREHENSIVE STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER 2013

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

	Note	Current Period	Previous Period
		Independent Audited	**Independent Audited**
	Note	**1 January – 31 December 2013**	**1 January – 31 December 2012**
ONGOING ACTIVITIES			
PERIOD PROFIT / (LOSS)		**280.751.618**	**430.033.169**
Items that will not be reclassified subsequently to profit or loss		**47.632.463**	**13.040.178**
Change in Fixed Assets Value Appreciation		50.139.435	13.726.503
Tax Incomes and Fiscal Charges Related to Other Comprehensive Income Items		(2.506.972)	(686.325)
Items that may be reclassified subsequently to profit or loss		105.379.150	(578.096.009)
Foreign currency adjustments		105.379.150	(578.096.009)
OTHER COMPREHENSIVE AFTER-TAX INCOME / (EXPENSE)		**153.011.613**	**(565.055.831)**
TOTAL COMPREHENSIVE INCOME / (EXPENSE)		**433.763.231**	**(135.022.662)**
Distribution of Total Comprehensive Income / (Expense):		**433.763.231**	**(135.022.662)**
- Minority Shares		230.114.437	-12.021.336
- Parent Company's Shares		203.648.794	(123.001.326)

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

GÜBRE FABRİKALARI T.A.Ş. AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED AS OF 31 DECEMBER 2013

	Paid-in capital	Growth funds	Foreign currency conversion adjustments	Limited provisions segregated from profit	Gains from fixed asset sales	Previous years profit / (loss)	Net period profit / (loss)	Equities of Parent Company	Minority Shares	**Total Equities**
PRIOR PERIOD										
Balances as of 1 January 2012 (Opening balances)	**83.500.000**	**145.133.540**	**138.791.401**	**7.721.624**	**1.330.243**	**157.766.115**	**129.995.209**	**664.238.132**	**537.376.777**	**1.201.614.909**
Previous year profit/transfer (at loss)				**1.811.651**		**128.183.558**	**(129.995.209)**	**-**		**-**
Minority shares purchase								-	(233.497.795)	**(233.497.795)**
Total comprehensive income		13.040.178	(325.829.718)				189.788.214	**(123.001.326)**	(12.021.336)	**(135.022.662)**
Balances as of 31 December 2012 (Closing balances)	83.500.000	158.173.718	(187.038.317)	9.533.275	1.330.243	285.949.673	189.788.214	541.236.806	291.857.646	833.094.452

Increase/decrease due to changes in proportion of ownership interest in subsidiaries that does not result in loss of control

	Paid-in capital	Growth funds	Foreign currency conversion adjustments	Limited provisions segregated from profit	Gains from fixed asset sales	Previous years profit / (loss)	Net period profit / (loss)	**Equities of Parent Company**	Minority Shares	**Total Equities**
CURRENT PERIOD										
Blances as of 1 January 2013 (Opening balances)	**83.500.000**	**158.173.718**	**(187.038.317)**	**9.533.275**	**1.330.243**	**285.949.673**	**189.788.214**	**541.236.806**	**291.857.646**	**833.094.452**
Previous year profit/transfer (at loss)				**7.166.725**		**182.621.489**	**(189.788.214)**	**-**		**-**
Capital increase	**250.500.000**					**(250.500.000)**		**-**		**-**
Minority shares purchase								**-**	**(214.553.092)**	**(214.553.092)**
Purchase of minority shares						**(3.712.065)**		**(3.712.065)**	**(3.824.727)**	**(7.536.792)**
Gains from fixed asset sales					**52.409**	**(52.409)**		**-**		**-**
Total comprehensive income		47.632.463	61.302.396				94.713.933	**203.648.792**	230.114.437	**433.763.229**
Balances as of 31 December 2013 (Closing balances)	334.000.000	205.806.181	(125.735.921)	16.700.000	1.382.652	214.306.688	94.713.933	741.173.533	303.594.264	1.044.767.797

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

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

	Current Period 1 January- 31 December 2013	**Prior Period 1 January- 31 December 2012**
Cash flows from operations		
Net period profit/ (loss)	280.751.618	430.033.169
Depreciation and Amortization	62.029.486	51.795.966
Incomes/Expenses from subsidiaries valued by Equity Method	16.421.908	7.534.678
Provisions for termination indemnities, permission and seniority-based incentives	43.123.551	17.982.261
Interest Income/ Expense	3.268.203	57.725.552
Exchange rate difference income / expense	7.871.112	(22.936.701,9
Gain on sales of assets	(52.040)	714.682
Exchange Difference	46.513.303	(78.785.837)
Tax	(4.690.544)	42.407.514
Deferred Financial Income / Expense	1.865.458	(892.634)
Depreciation of tangible fixed assets	16.136.427	
Appreciation of investment properties	(20.515.132)	(21.069.426)
Provisions for Doubtful Receivable / Cancellation	970.406	(1.668.830)
Cash flows resulted from the operations before the change in the capital	**453.693.757**	**482.840.394**
Changes in the capital of the company		
Increase / Decrease in trade receivables	(13.599.807)	195.866.378
Increase / Decrease in other receivables	(142.841.908)	(1.569.156)
Increase / Decrease in Inventories	(205.437.943)	208.621.467
Increase / Decrease in Other Current / Fixed Assets	(22.685.738)	9.175.174
Increase / Decrease in commercial liabilities	167.533.040	(310.299.143)
Increase / Decrease in liabilities related to employee benefits	3.137.264	(3.081.457)
Deferred Income	27.991.650	4.489.216
Increase / Decrease in prepaid expenses	(29.797.362)	(1.225.700)
Increase / Decrease in other liabilities	45.004.974	(95.223.062)
Increase / Decrease in Provisions for Liabilities	44.462.207	(19.464.406)
Increase / Decrease in Other Short-term and Long-term Liabilities	-	(4.950.348)
Cash resulted from or used in the operations after the change in the capital or the capital	**327.460.133**	**465.179.357**
Paid-up interest	(20.653.087)	(76.527.042)
Paid-up taxes	(11.912.535)	(29.209.909)
Paid-up termination indemnities	(35.421.645)	(17.084.998)
Net cash used in operations	**259.472.866**	**342.357.408**
Cash flows used in investments		
Purchase of Tangible and Intangible Asset	(194.514.159)	-29.742.584
Cash gained from sales of tangible and intangible asset	2.824.754	2.597.514
Cash Flow related to financial assets	26.457.495	-
Purchases related to financial investments		-40.465.189
Collected Interests	17.934.165	29.988.476
Paid-up cash for affiliates capital raise	-7.536.792	-233.497.797
Dividends paid for minority shares	-214.553.092	-37.130.308
Cash used / gained from Investment activities	**-369.387.629**	**-308.249.888**
Cash Flows from financial activities		
Cash Flow related to financial liabilities	266.053.446	125.839.300
Principal Repayment of Financial Liabilities	-18.013.875	-57.559.252
Net Cash used / gained in financial activities	**248.039.571**	**68.280.048**
Net increase/decrease in cash and cash equivalents	138.124.808	102.387.568
Balance of Cash and Cash Equivalents at beginning of the year	430.098.290	327.710.722
Balance of Cash and Cash Equivalents at the period-end	568.223.098	430.098.290

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

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

1. GROUP'S ORGANIZATION AND MAIN BUSINESS ACTIVITY

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

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

Unit	Main Activity
Yarımca Facilities	Production / Port/ Warehousing
İskenderun Facilities	Port/ Warehousing (on hire)
İzmir Regional Directorate of Sales	Sales-Marketing/ Liquid – Powder Fertilizer Production /Storage
Samsun Regional 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 1.534 employees as of 31 December 2013 (31 December 2012: 1.536)

% 25 out of the public shares of the Company is traded on Borsa İstanbul (BİST) 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:

	31 December 2013		31 December 2012	
Name	**Share Rate**	**Share Amount**	**Share Rate**	**Share Amount**
Turkish Agricultural Credit Cooperatives	75,95%	253.684.607	75,95%	63.421.152
Others	24,05%	80.315.393	24,05%	20.078.848
TOTAL	**100,00%**	**334.000.000**	**100,00%**	**83.500.000**

<u>Affiliate Companies</u>

Gübretaş participated in Razi Petrochemical Co. ("Razi") which produces and sells both chemical fertilizer and raw materials used for chemical fertilizer in 24 May 2008. Gübretaş has 48,88% out of the capital of Razi as the balance sheet date (31 December 2011: 48,88%). Gübertaş has right to assign 3 names for the 5-member executive committee of Razi. So Razi is considered as an subsidiary company because Gübretaş controls the operational management.

Razi established Raintrade Petrokimya ve Dış Ticaret A.Ş. ("Raintrade") in Turkey for purpose of selling petrochemical goods outside Iran at the end of 2010. Raintrade started its activities in April 2011.Razi's share on Raintrade is 99% and Groups indirect share on Raintrade is 48,88%. (31 December 2012: %48,88).

1. GROUP'S ORGANIZATION AND MAIN BUSINESS ACTIVITY (Cont.)

Subsidiaries

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 2011: 40%).

The Company participated in Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. ("Tarkim") which produces and sells agricultural pesticide in Turkey. The participant rate is 40% as the balance sheet date. (31 December 2011: 40%).

Available Financial Assets for Sale

Except Group subsidaries and participants, it 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 subsidaries of the controlling shareholder established in Turkey.

Approval of Financial statements:

The financial statements were approved to be disclosed 11 March 2013 by the board of directors. The General Assembly has the right to amend the consolidated financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Declaration of Conformity to TAS

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

The 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. Turkish Accounting Standards/Turkish Financial Reporting Standards and additions and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA") are predicated on in accordance with article 5th of the Communiqué.

Additionally, the financial statements and notes are presented in accordance with the formats complying with CMB's announcement dated 7 June 2013.

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

Functional currency

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.1 Basis of Presentation (Cont.)

Functional currency (Cont.)

Foreign currency conversion losses or gains are kept in account of foreign currency conversion adjustments in the equities. At the end of period, these differences are noted as gain or loss.

Here are the rates used:

	31 December 2013		31 December 2012	
Foreign Currency	**End of Period**	**Grade Point Average**	**End of Period**	**Grade Point Average**
IRR	0,0000858	0,0000769	0,0000725	0,0000868

Amendment of Financial statements during High Inflation Periods

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

Comparative Information and Amendment of Previous Periods’ Financial Statements

In order to determine financial situation and performance trends; Group’s consolidated financial statements are drafted in comparison with the previous period. The comparative information is re-classified if necessary to comply with the presentation of the current period consolidated financial statements and significant differences are stated. In the period, Group made some classifications in previous term financial statements for accomodating the format declared by SPK dated 7 June 2013. The qualification, reason and amounts of classification are presented as follow:

- Order advances amounting to 11.048.476 TL and prepaid expenses amounting to 875.107 TL shown in other current assets were classified seperately as “prepaid expenses” account in the balance sheet
- Prepaid taxes and funds amounting to 2.805.800 TL shown in other current assets were classified seperately as “Payables related to period tax” account in the balance sheet.
- Order advances amounting to 23.240.046 shown in other fixed assets were classified seperately as long term “prepaid expenses” account in the balance sheet.
- Expense Recognition amounting to 4.369.501 TL shown in Other short term liabilities were classified to “Trade payables” account; deferred tax amounting to 1.431.026 TL were classified seperately as Deferred Incomes account in the balance sheet.
- 10.462.523 TL shown in Other Payables were classified to “Payables for Employment Termination Benefits“ account
- Recieved advances amounting to 19.505.035 TL shown in Other Payables were classified to “Deferred Incomes” account.
- Receivables amounting to 8.951.586 TL shown in Other Fixed Assets were classified to “Other Receivables from not related parties” account.

These classifications have not any effects in “Statements of Profit or Loss”

Classifications made in previous period Profit or Loss and Other Comprehensive Income Statements is as follows:

- Interest Income from Main Activities amounting to 13.884.364 TL shown in Financial Income; Foreign Exchange Gain from Main Acitivities amounting to 139.443.265 TL; Financial Incomes from Main Activities amounting to 16.133.375 TL were classified to “Other Income from Main Activities” account in the Profit or Loss and Other Comprehensive Income Statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

- Interest Expenses from Main Activities amounting to 36.649.017 TL shown in Financial Expenses; Rediscount Interest Expenses from Main Acitivities amounting to 626.233 TL; Maturity difference expenses from Main Activities amounting to 11.186.986 TL were classified to "Other Expenses from Main Activities" account in the Profit or Loss and Other Comprehensive Income Statements.

Consolidation Principles

The consolidated financial statements include the financial statements of the corporations controlled by the Company and its subsidiaries or jointly controlled. The control is provided by realizing situations by the Company as follows:

- Having power on invested company/assets
- Being open to have variable returns from invested company/assets or having right for these returns; and
- Being able to use power for having effect on returns.

In the case of emerging events or situation which can cause occuring any changes in at least one of criterias listed above, The Company revaluate whether or not it has control power on its investment.

The Company has control power on invested company/assets at the situations of not having majority voting rights on invested company/assets, if it has enough voting rights to be redirected or manage related investment activities alone. The Company, including the following indicators, take into consideration all events and situations at the evaluation of vote majoritiesto assess it is enough for providing control power in the related company/assets.

- The Comparison of Company's and other shareholders's voting rights;
- Potential voting rights of Company and other shareholder;
- Rights arising from contractual other agreements; and
- All other situations and events which show whether it has current power on managing of related activities of Company (including the votes which were performed in the previous General Assembly Meetings).

Taking in consolidation's scope of any subsadiaries begins with having control on subsidaries by Company and ends with losing control. Subsidaries' Incomes and Expenses which are purchased or disposed in the year, are included to consolidated profit or loss and other comprehensive income statement until the dispose date from purchase date.

Each items of Profit and Loss and Other Comprhensive Income belong to Parent Company's Shareholders and minority shares. Even if minority shares concludes with reverse balance, total comprehensive incomes of subsidaries transfers to parent company's shareholders and minority shares.

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

Changes in the Group's ownership interests in existing subsidiaries (Cont.)

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of thesubsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. (for example; according to TFRS standarts related to subject, be transferred to profit/loss or the transfer directly to retained earnings). The fair value of any investment retained after the sales of a subsidiary at the date when control is lost, is regarded as the fair value on initial recognition accounting within the scope of TAS 39 "Financial Instruments: Recognition and Measurement", when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2 Amendments in Accounting Policies

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

2.3 Amendments and Errors in Accounting Assumptions

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

2.4. New and Revised Turkish Financial Reporting Standards

(a) Amendments in TASs affecting the notes and amounts in the financial statements

Amendments in TFRSs were implemented in current period and it had affect on the reporting amounts in the conslidated financial statemants.

TAS 1 *(Amendments)* Presentation of Items of Other Comprehensive Income

The amendments to TAS 1 "Presentation of Items of Other Comprehensive Income" are effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to TAS 1, the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "statement of income" is renamed as the "statement of profit or loss". The amendments to TAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to TAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments can be applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to TAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including TFRS 10, TFRS 11, TFRS 12, TAS 27 (as revised in 2011) and TAS 28 (as revised in 2011).

Key requirements of these five standards are described below:

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.4. New and Revised Turkish Financial Reporting Standards (Cont.)

(a) Amendments in TASs affecting the notes and amounts in the financial statements (Cont.)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (Cont.)

TFRS 10 replaces the parts of TAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation - Special Purpose Entities will be withdrawn upon the e[ective date of TFRS 10. Under TFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in TFRS 10 to deal with complex scenarios.

TFRS 11 replaces TAS 31 Interests in Joint Ventures. TFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers will be withdrawn upon the effective date of TFRS 11. Under TFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under TAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under TFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under TAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

TFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in TFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to TFRS 10, TFRS 11 and TFRS 12 were issued to clarify certain transitional guidance on the application of these TFRSs for the first time.

TFRS 13 *Fair value measurements*

TFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of TFRS 13 is broad; it applies to both financial instrument items and nonfinancial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in TFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under TFRS 7 Financial Instruments: Disclosures werebeing extended by TFRS 13 to cover all assets and liabilities within its scope.

**IAS 1 (Amendments) Presentation of Financial Statements
(as part of the Annual Improvements to TFRSs 2009-2011 Cycle issued in May 2012)**

The amendments to IAS 1 as part of the *Annual Improvements to IFRSs 2009-2011 Cycle* are efective for the annual periods beginning on or after 1 January 2013.

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material efect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.4. New and Revised Turkish Financial Reporting Standards (Cont.)

(a) Amendments in TASs affecting the notes and amounts in the financial statements (Cont.)

TAS 19 Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a "net-interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognized the actuarial gain and loss in profit and loss statement because of not reaching significant amount.

(b) New and Revised TFRSs effective since the year 2013 with no material effect on financial statements with amendments and interpretations on current TFRSs

TFRS 7 (Amendments) *Offsetting Financial Assets and Financial Liabilities and the Related Disclosures*

The amendments to IFRS 7 require entities to disclose information about rights of o[set and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012

- TAS 16 (Amendments) *Tangible Fixed Assets*;
- TAS 32 (Amendments) *Financial Instruments: Presentation;* and
- TAS 34 (Amendments) *Interim Finacial Reporting*

TAS 16 (Amendments)

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The Group management does not anticipate that the amendments to IAS 16 will have a significant effect on the Group's consolidated financial statements.

TAS 32 (Amendments)

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The Group management does not anticipate that the amendments to IAS 32 will have a significant efect on the Group's consolidated financial statements.

TAS 34 (Amendments)

The amendments to TAS 34 clarify that disclosure of the total assets and total liabilities for a particular reportable segment is only required if a measure of total assets or total liabilities (or both) is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The amendments to TAS 34 did not have an effect on the Group's consolidated financial statements.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

(c) New and Revised TFRSs in issue but not yet effective

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective:

TFRS 9	*Financial Instruments*
TFRS 9 and TFRS 7 (Amendments)	*Mandatory Effective Date of IFRS 9 and Transition Disclosures*
TAS 32 (Amendments)	*Offsetting Financial Assets and Financial Liabilities*[1]
TFRS 10, 11, TAS 27 (Amendments)	*Investment Entities*[1]
TAS 36 (Amendments)	*Recoverable Amount Disclosure for Non-Financial Assets*[1]
TAS 39 (Amendments)	*Novation of Derivatives and Continuation of Hedge Accounting*[1]
TFRS Interpretation 21	*Levies*[1]

[1] Effective for annual periods beginning on or after 1 January 2014.

TFRS 9 *Financial Instruments*

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

TFRS 9 and TFRS 7 (Amendments) *TFRS 9 and Mandatory Effective Date of Transition Disclosures*

On November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017. This amendment has not been published by POA, yet.

TMS 32 (Amendments) *Offsetting Financial Assets and Financial Liabilities*

The amendments to TAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement".

TFRS 10, 11, TAS 27 (Amendments) *Investment Companies*

This amendment with the additional provisions of TFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

TAS 36 (Amendments) *Recoverable Amount Disclosure for Non-Financial Assets*

As a consequence of TFRS 13 Fair Value Measurements, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 has been changed.

TAS 39 (Amendments) *Novation of Derivatives and Continuation of Hedge Accounting*

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

TFRS Interpretation 21 *Levies*

TFRS Interpretation 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

2.5 Summary of Significant Accounting Policies

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Summary of Significant Accounting Policies (Cont.)

Income

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

Sales of Goods

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

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

Dividend and interest income

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

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

Lease Income

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

Inventories

Inventories are calculated with the lower one of the cost or net realizable value. The costs including a part of fixed and changeable general production expenses are calculated with a method which the inventories depend on and generally first-input-first-output method.

Net realizable value is calculated by deducting the completion cost and assumed costs for sale from the assumed sale price fixed under normal commercial conditions. When the net realizable value of inventories falls below its cost, the inventories value is reduced to net realizable value and reflected to the income statement as an expense on the year when the value decrease happened. If the conditions causing the inventories to reduce to the net realizable value are no more effective or if the net realizable value increase due to changing economical conditions; the provision for decrease in value of the stocks is cancelled. The cancelled amount is limited with the earlier determined amount of decrease in value of the inventories.

The inventories have no share from the loan costs.

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

Investment Properties

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Summary of Significant Accounting Policies (Cont.)

Tangible Fixed Assets

Landed properties and buildings that are held in use for the purpose of delivering product /service or for administrative purposes are expressed with their re-evaluated value. Re-evaluated value is determined by subtracting accrued depreciation and accrued depredation that occur within the next period from fair value measured at the re-evaluation date. The re-evaluations are done on a regular basis in such a way that it will not differ from book value of fair value that is to be determined at the re-evaluation date.

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

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

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

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

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

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

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

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

Intangible-Fixed Assets

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

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

As of the purchase date, the historical costs of the intangible assets have been finally adjusted for the inflation rates on 31 December 2004. In the current period, the intangible assets are redeemed with straight line method according to their economical life based on the cost value. The amount noted at the financial statement is redeemed in 5 years. (Footnote 15)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Summary of Significant Accounting Policies (Cont.)

Impairment of Assets

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

Loan Costs

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

All other loan costs are accounted in current period.

Goodwill

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

Groups’ every producer of cash flow unit involved for goodwill test. Tests are likely to be made every year or more often for indicative periods showing impairments for controlling whether there is impairment. In cases where cash flow units’ recoverable value is lower than book value, impairment firstly to use in decreasing cash flow units goodwill. Impairment reserved for goodwill cannot be canceled in next periods.

The amount is accounted as revenue in the period if negative goodwill related to acquisition exists. Gains and losses arising from the sale of a company, includes the value of accounted goodwill over the sold organization.

Financial Instruments

Financial Assets

The financial assets - apart from those recorded at fair value and grouped as financial tools of which fair value difference reflected as loss or profit - are accounted based on total amount of the expenses directly related to purchase transaction and fair market value. The assets are recorded or charged off at the date of transaction in result of purchase or sale of the financial assets linked to a contract indicating the delivery conditions of investment tools, such as the deadline determined in line with market conditions.

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

Effective interest method

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Summary of Significant Accounting Policies (cont.)

Financial Instruments (cont.)

Financial assets (cont.)

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

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

Held-to-maturity financials assets

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest methodless impairment, with revenue recognized on an effective yield basis.

Financial assets ready for sale

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

Credits and receivables

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

Impairment of financial assets

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

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Summary of Significant Accounting Policies(cont.)

Financial Instruments (cont.)

Cash and Cash equivalent

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

Financial liabilities

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

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

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

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

Other financial liabilities

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

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

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

Derivative financial instruments

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

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

Leasing- Group as Lessor

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Summary of Significant Accounting Policies(cont.)

Financial Instruments (cont.)

Leasing- Group as Lessor (cont.)

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

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

Leasing - Group as Tenant

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

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

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

Impacts of Exchange Rate

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

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

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

- Exchange rate differences which are handled with as adjustment item to interest costs on payables that are associated with assets constructed in order to use in future and indicated in foreign currency unit and which are included in costs of such assets,

- Exchange rate differences caused by transactions made in order to provide financial protection against risks arising from foreign currency unit (accounting policies related to providing financial protection against risks are explained below),

- Exchange rate differences arising from monetary payables and receivables which compose a part of net investment in foreign operation, are accounted in conversion reserve, are associated with profit and loss in net investment sale and derive from foreign operation of which there is no payment intention or possibility.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Summary of Significant Accounting Policies (cont.)

Impacts of Exchange Rate (cont.)

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

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

Earnings per Share

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

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

Events after Balance Sheet Date

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

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

Provisions, Conditional Assets and Liabilities

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

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

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

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

Taxes Calculated On The Basis of The Company's Earnings

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Summary of Significant Accounting Policies (cont.)

Current Tax

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

Deferred Tax

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

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

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

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

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

Current and deferred tax of the period

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Summary of Significant Accounting Policies (cont.)

Benefits for employees

Seniority Inventive

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

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

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

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

Statement of Cash Flow

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

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

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

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

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

Capital and Dividends

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

Critical accounting estimates and judgements

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Summary of Significant Accounting Policies (cont.)

Net Realizable Value

Stock is valued at lover of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Goodwill impairment

The Group reviews goodwill for impairment annually. Razi has been identified as the cash generating unit since the goodwill balance has been recognized through the acquisition of Razi. The value in use calculations are based on post-tax Turkish Lira cash flow projections as approved the Group management. 24% discount rate and 1% growth rate (31 December 2013: discount 20%, growth 1%) have been used in calculations of the value in use. Discount rate before tax for presentation is about 24% (31 December 2013: 21%)The discount rate represents the risk associated with the entity. Based on the impairment analysis performed by Group management, no impairment of goodwill has been identified. As of 31 December 2013, the Group does not determine impairment in goodwill amount according to results of value impairment tests which was made by using the above assumptions

Deferred Tax

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

3. BUSINESS COMBINATIONS

Razi completed purchase of 2010 established, 126.000 tons/year capacity phosphoric acid plant Arya Phosphoric Jonoob Co.'s ("Arya") 87,5% of shares as of end of August. The Group has realized the purchasing in the remaining non controlling shares as of balance sheet date.

Hence studies of measuring Arya's fair valued net assets in the scope of UFRS 3 continues, temporal values considered in 31 December 2012 dated financials involving purchase accounting.

As of 30 June 2013, studies of measuring Arya's fair valued net assets was completed. Calculated goodwill of this purchase due to temporal amounts is totally 5.294.555 TL

Details related to purchasing is as follows:

	Amount in TL
The book value of Arya net assets at purchase date	4.807.019
Effect of fair value measurement	22.951.039
The total value of net assets valued with Fair Value	27.758.058
The share ratio of Group in net assets valued Fair Value	%87,5
The Share amount of Group in net assets valued Fair value	24.288.301
Net Cash payed for Purchase	29.582.856
The Share amount of Group in net assets valued Fair value	24.288.301
Goodwill (Note 14)	5.294.555

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

4. SHARES IN OTHER BUSINESSES

Condensed balance sheet and income statement of subsidiaries recognizing according to equity methods is as follows:

	Negmar Maritime Investment A.Ş.		**Tarkim Pesticide Company A.Ş.**	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Current Assets	33.483.502	25.340.331	32.296.606	20.435.167
Fixed Assets	378.477.031	263.959.158	8.937.609	6.699.315
Short Term Liabilities	100.713.557	55.679.830	8.628.237	9.938.769
Long Term Liabilities	334.427.939	215.297.759	15.472.148	-
Net (Liabilities)/Assets	(23.180.963)	18.321.900	17.133.830	17.195.713

	Negmar Maritime Investment A.Ş.		**Tarkim Pesticide Company A.Ş.**	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Net Sales	211.952.653	157.850.698	28.415.130	23.598.500
Net (Loss)/Profit	(32.603.224)	(18.761.330)	351.420	869.458

Condensed balance sheet and income statement of subsidiaries recognizing according to equity methods is as follows:

	31 December 2013	31 December 2012
Negmar Maritime Investment A.Ş.	(9.272.385)	7.328.760
Tarkim Pesticide Company A.Ş.	7.057.523	6.878.286
Total Net (Liabilities)/Assets	(2.214.862)	14.207.046

Condensed balance sheet and income statement of subsidiaries recognizing according to equity methods is as follows:

	31 December 2013	31 December 2012
Negmar Maritime Investment A.Ş.	(16.601.145)	(7.853.037)
Tarkim Pesticide Company A.Ş.	179.237	318.359
Total	(16.421.908)	(7.534.678)

5. OPERATING SEGMENTS

Group started to implement TFRS 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.

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

5. OPERATING SEGMENTS (Cont.)

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 are given in note 24. The distribution of department assets and liabilities pertaining to the periods ending on 31 December 2013 and 31 December 2012 is as follows:

As of 30 September 2013 and 31 December 2012, the distribution of balance sheet by departments is as follows:

	Turkey	**Iran**	**Consolidation Adjustment**	**Total**
	31 Dec. 2013	31 Dec. 2013	31 Dec. 2013	31 Dec. 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**

	Turkey	**Iran**	**Consolidation Adjustment**	**Total**
	31 Dec. 2012	31 Dec. 2012	31 Dec. 2012	31 Dec. 2012
ASSETS				
Current Assets	481.138.034	865.037.297	(46.198.395)	1.299.976.936
Fixed Assets	789.414.777	369.499.657	(303.996.093)	854.918.341
TOTAL LIABILITIES	**1.270.552.811**	**1.234.536.954**	**(350.194.488)**	**2.154.895.277**
LIABILITIES				
Short Term Liabilities	717.220.782	515.137.715	(30.843.857)	1.201.514.640
Long Term Liabilities	36.905.228	83.380.957	-	120.286.185
Equities	516.426.801	636.018.282	(319.350.631)	833.094.452
TOTAL LIABILITIES	**1.270.552.811**	**1.234.536.954**	**(350.194.488)**	**2.154.895.277**

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

5. OPERATING SEGMENTS (Cont.)

The distribution of income statements by departments for the periods ending on 31 December 2013 and 31 December 2012 is as follows:

	Turkey	Iran	Consolidation Adjustment	Total
	01 Jan. 2013 31 Dec. 2013	01 Jan. 2013 31 Dec. 2013	01 Jan. 2013 31 Dec. 2013	01 Jan. 2013 31 Dec. 2013
OPERATING INCOMES				
Sales (Net)	1.367.557.790	922.314.666	(24.435.047)	2.265.437.409
Cost of Sales (-)	(1.217.051.314)	(490.651.029)	24.435.047	(1.683.267.296)
Gross profit	**150.506.476**	**431.663.637**	**-**	**582.170.113**
Marketing, sales and distribution expenses	(83.964.964)	(82.278.199)	-	(166.243.163)
General management expenses	(27.606.839)	(56.738.039)	-	(84.344.878)
Other incomes/expenses	(39.863.952)	113.342.211	(6.274.458)	67.203.802
Operating profit	**(929.279)**	**405.989.610**	**(6.274.458)**	**398.785.874**
Incomes/expenses from investment activities	164.415.570	580.689	(173.848.045)	(8.851.786)
Shares in profit/loss of investments increase in value through equity method	(16.421.908)	-	-	(16.421.908)
Operating Profit/Loss Before Finance Expense	**147.064.384**	**406.570.299**	**(180.122.503)**	**373.512.180**
Financial expenses	(58.064.023)	(39.387.083)	-	(97.451.106)
Pre-tax profit from maintained activities	**89.000.361**	**367.183.216**	**(180.122.503)**	**276.061.074**
Tax expense	-	(3.315.313)	-	(3.315.313)
Deferred tax income / (expense)	7.935.486	70.371	-	8.005.857
Profit for the period	**96.935.847**	**363.938.274**	**(180.122.503)**	**280.751.618**

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

5. OPERATING SEGMENTS (Cont.)

	Turkey	**Iran**	**Consolidation Adjustment**	**Total**
	1 Jan. 2012- 31 Dec. 2012	1 Jan. 2012- 31 Dec. 2012	1 Jan. 2012- 31 Dec. 2012	1 Jan. 2012- 31 Dec. 2012
OPERATING INCOMES				
Sales (Net)	1.307.788.037	951.334.013	(32.302.514)	2.226.819.536
Cost of Sales (-)	(1.249.838.615)	(362.078.676)	32.302.514	(1.579.614.777)
Gross profit	**57.949.422**	**589.255.337**	**-**	**647.204.759**
Marketing, sales and distribution expenses	(67.891.555)	(50.443.428)	-	(118.334.983)
General management expenses	(15.525.662)	(31.773.422)	-	(47.299.084)
Other incomes/expenses	46.382.323	106.102.245	(15.354.540)	137.130.028
Operating profit	**20.914.528**	**613.140.732**	**(15.354.540)**	**618.700.720**
Incomes/expenses from investment activities	233.223.385	1.329.489	(203.086.066)	31.466.809
Shares in profit/loss of investments increase in value through equity method	(7.534.678)	-	-	(7.534.678)
Operating Profit/Loss Before Finance Expense	**246.603.236**	**614.470.221**	**(218.440.606)**	**642.632.851**
Financial expenses	(26.806.271)	(143.385.898)	-	(170.192.169)
Pre-tax profit from maintained activities	**219.796.965**	**471.084.323**	**(218.440.606)**	**472.440.682**
Tax expense	(35.139.999)	(2.694.306)	-	(37.834.305)
Deferred tax income / (expense)	(6.165.033)	1.591.824	-	(4.573.209)
Profit for the period	**178.491.933**	**469.981.842**	**(218.440.606)**	**430.033.168**

Capital expenditures pertaining to department assets for the periods ending on 31 December 2013 and 31 December 2012 are as follows:

Capital Expenditure	**01 Jan. 2013 31 Dec. 2013**	**1 Jan. 2012- 31 Dec. 2012**
Turkey	170.488.204	12.868.807
Iran	45.950.676	16.857.643
	216.438.879	**29.726.450**

Amortization and Depreciation expenses pertaining to department assets for the periods ending on 31 December 2013 and 31 December 2012 are as follows:

Amortization / Depreciation	**01 Jan. 2013 31 Dec. 2013**	**1 Jan. 2012- 31 Dec. 2012**
Turkey	15.151.359	3.473.571
Iran	47.287.696	48.676.985
	62.439.055	**52.150.556**

Product based values of regional sales are given in Note 24.

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

6. STATEMENTS OF RELATED PARTIES

Balances Due from Related Parties

Trade Receivables (Parent Company)	31 Dec. 2013	31 Dec. 2012
Central Union of Turkish Agricultural Credit Cooperatives	67.249.148	167.732.649
Other related parties	8.478.037	-
Total	**75.727.185**	**167.732.649**

Other Receivables (Subsidiaries and other related parties) (Short Term)	31 Dec. 2013	31 Dec. 2012
Negmar Maritime Company	1.945.063	10.172
Total	**1.945.063**	**10.172**

Other Receivables (non-controlling interest) (Short Term)	31 Dec. 2013	31 Dec. 2012
Dividend Advances	91.937.552	43.831.897
Total	**91.937.552**	**43.831.897**
Total (Short Term)	**93.882.615**	**43.842.069**

Other Receivables (Subsidiaries and Other related parties) (Long Term)	31 Dec. 2013	31 Dec. 2012
Negmar Maritime Company	70.147.828	53.643.704
Other related parties	47.891.574	21.738.807

Trade payables (Subsidiaries and other related parties)	31 Dec. 2013	31 Dec. 2012
Negmar Maritime Company	9.182.646	4.711.107
Tarnet A.Ş	67.172	27.789
Tarkim Pesticide Company	9.920	-
Total	**9.259.739**	**4.738.896**

Average maturity of sales to Central Union of Turkish Agricultural Credit Cooperatives are 30 days. Hence there aren't any delays in collection of revenues, there aren't interest rate implemented. Receivables from subsidiaries and other related parties include deposits and guarantees which is given by the Group for the transportation of Razi's productions.

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

6. STATEMENTS OF RELATED PARTIES (Cont.)

Sales – Purchases

Sales (Main parent)	Type	31 Dec. 2013	31 Dec. 2012
Central Union of Turkish Agricultural Credit Cooperatives	Goods	1.019.964.900	983.577.287
Sales (Subsidiaries)			
Negmar Maritime Comp. and Affiliates	Service	1.558.062	1.264.867
Tarkim Pesticide Company	Goods	129.917	135.153
Other related parties	Goods	8.079.356	-
Total		**1.029.732.234**	**984.977.307**

Purchases (Main parent)	Type	31 Dec. 2013	31 Dec. 2012
Central Union of Turkish Agricultural Credit Cooperatives	Service	18.000	15.600
Purchases (Subsidiaries)			
Tarkim Pesticide Company	Goods	319.460	459.300
Negmar Maritime Comp. and Affiliates(*)	Service	118.054.021	84.046.623
Tarnet A.Ş	Service	548.477	449.619
Other related parties	Service	81.972.193	105.501.270
Total		**200.912.151**	**190.472.412**

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

Other	Type	31 Dec. 2013	31 Dec. 2012
Negmar Maritime Company and Affiliates	Received / (Given) Depozits (net)	-	(52.937.276)
Negmar Maritime Company and Affiliates	Interest	5.346.991	836.169
Other related parties	Received / (Given) Depozits (net)	(18.342.603)	(21.760.954)
Total		**(12.995.612)**	**(73.862.061)**

Benefits Provided to Top Management

The total benefits the company has provided to its top managers as of 31 December 2013 shown below table:

	31 Dec. 2013		31 Dec. 2012	
	Gubretas	Razi	Gubretas	Razi
Short-term employee benefits (*)	1.520.398	3.367.348	1.380.473	1.897.064
Total	**1.520.398**	**3.367.348**	**1.380.473**	**1.897.064**

(*) inc. attendance fees to the Board of Directors too.

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

7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Short Term Trade Receivables

Short term trade receivables	31 Dec. 2013	31 Dec. 2012
Trade receivables	280.928.014	176.577.903
Notes receivable	501.520	1.635.618
Trade receivables from related parties (Note 6)	75.727.185	167.732.649
Receivables from National Petrochemical Company ("NPC")	52.335.755	37.215.257
Provisions for doubtful trade receivables (-)	(2.927.460)	(1.957.054)
	406.565.014	381.204.373

The relevant explanations related to credit risk of trade receivables are given in note 35.

Guarantees related to undue receivables:

	31 Dec. 2013	31 Dec. 2012
Letters of Guarantee	240.924.896	216.517.648
Collateral Checks /Notes	3.171.401	820.001
	244.096.297	217.337.649

Analysis of the receivables which are overdue and impaired:

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

Short Term Trade Receivables

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

Doubtful Receivables

Overdue following the maturity	31 Dec. 2013	31 Dec. 2012
More than 9 months	2.927.460	1.957.054
	2.927.460	1.957.054

Provision for doubtful receivables:

Provision for doubtful receivables	1 Jan.- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
Opening balance	1.957.054	288.224
Expenses in term	973.307	1.668.830
Collections in period	(2.901)	-
Closing balance	2.927.460	1.957.054

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

7. TRADE RECEIVABLES AND PAYABLES (Cont.)

Trade Payables

Short Term Trade Payables	31 Dec. 2013	31 Dec. 2012
Suppliers (Gübretaş)	439.424.356	278.357.134
Suppliers (Razi)	90.099.287	121.423.740
Payables to related parties (Note 6)	9.259.739	4.738.896
Payables to NPC (Razi)	69.555.812	60.768.048
Other Trade Payables	37.015.641	12.787.755
	645.354.835	478.075.573

The explanations of the risks quality and level of trade payables was given at Note 35.

8. RECEIVABLES FROM AND PAYABLES TO FINANCE SECTOR

None. (31 December 2012: None).

9. OTHER RECEIVABLES AND PAYABLES

Other Short Term Receivables

Other Short Term Receivables	31 Dec.2013	31 Dec. 2012
Receivables from Non-controlling Shareholders (Note 6)	91.937.552	43.831.897
Other Various Receivables (*)	48.722.651	41.820.105
Value Added Tax Receivables	20.569.052	9.536.069
Other Various Receivables	5.855.260	5.190.649
Receivables from Staff	2.579.635	1.400.310
Other Recievables from Subsidiaries (Note 6)	1.945.063	10.172
	171.609.213	101.789.202

(*)Tabosan Mühendislik İmalat ve Montaj A.Ş. ("Tabosan"), 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 guarantor of Tabosan for the loans obtained from financial institutions during the acquisition of Razi shares. The group has paid 48.722.651 TL (31 December 2012: 41.820.105 TL) for the loan of Tabosan as the guarantor and recognized this amount as other receivable from Tabosan. The Group has not provided any provision for this receivable considering its right to buy Razi shares at the initial acquisition share price and the pledged assets of Tabosan which are transferred from the financial institutions. The negotiations between the Group and the trustee committee are ongoing as of the date of this report.

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

9. OTHER RECEIVABLES AND PAYABLES (Cont.)

Other Long Term Receivables

Other Long Term Receivables	31 Dec.2013	31 Dec. 2012
Deposits and Guarantees Given to Related Parties (Note 6) (*)	118.039.402	75.382.511
Deposits and Collateral Given	37.372.915	17.489.691
Receivables from Staff (**)	9.261.106	7.730.910
	164.673.423	100.603.112

(*)Deposits and guarantees are given to related parties by "Group" for transporting the products which belong to Razi.

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

Other Short Term Payables

Other Short Term Payables	31 Dec.2013	31 Dec. 2012
Dividend Payables to Non-controlling Shares	77.400.777	-
Payables to Iranian Privatization Org. (*)	-	39.633.408
Liabilities Related to Financial Assets Recognised with the Methods of the Purchase Share from Equity	9.272.385	-
Other Payables and Liabilities (**)	23.090.653	15.853.049
	109.763.815	55.486.457

(*) In 2008, the consortium, also including the company, participated in the tender the Iranian Privatization Administration and purchased the shares of the Razi Petrochemical Co. 20% of the sales price was paid in advance and the balance is being paid in 6 monthly equal installments. As of 19 April 2013, last installments was paid (31 December 2012; TRY 39.633.408)

(**) It is debts relating to investments by Razi.

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

10. INVENTORIES

	31 Dec. 2013	31 Dec. 2012
Raw Materials	123.764.581	95.678.586
Finished Goods	98.584.210	70.804.501
Commodities	260.613.825	142.037.340
Other Inventories	22.888.178	6.882.614
	505.850.794	315.403.041

Group carried out net realisable value analysis for inventories and regarding to conclusion of this analysis there is no provision for inventory losses in current period. (2012: None). The inventories of Group which recorded as expense through cost have been explained in Note 24.

11. LIVE ASSETS

None. (31 December 2012: None)

12. PREPAID EXPENSES VE DEFERRED INCOME

Short Term Prepaid Expenses	31 December 2013	31 December 2012
Advances given to suppliers	27.290.060	11.048.476
Prepaid expenses	7.527.420	875.107
	34.817.480	11.923.583

Long Term Prepaid Expenses	31 December 2013	31 December 2012
Advances given for fixed asset	30.143.512	23.240.046
	30.143.512	23.240.046

Short Term Deferred Income	31 December 2013	31 December 2012
Received order advances	48.831.609	20.839.959
Prepaid incomes	96.102	96.102
	48.927.711	20.936.061

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

13. INVESTMENT PROPERTIES

Group's properties including lands, buildings, port and warehouses at İskenderun Sarıseki leased for 25 years to Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi regarding to agreement signed on 30.04.2007. Afterwards leasing agreement increased to 30 years with collateral contract.

The fair value of investment properties of Group on 31 December 2013, was obtained through an assessment made in December 2013 by Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş. which has no relation with Group and is an independent appraisal company. Appraisal Company is an independent appraisal company which has been authorized by Capital Markets Board.

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

The Group has cancelled the rent contract with Denizciler biriliği in 2012. Denizciler Birliği did npot accept the cancellation and the Group filed a lawsuit requesting evacuation in October 2012. The negotiations have been ongoning between the Group and Denizciler Birliği as of the date of this report.

	31 Dec. 2013			31 Dec. 2012		
	Lands and Parcels	Buildings	Total	Lands and Parcels	Buildings	Total
Net Value at the beginning of period	64.365.000	18.454.021	82.819.021	51.530.000	10.219.595	61.749.595
Rise in fair value (Note 27)	25.123.850	(4.608.718)	20.515.132	12.835.000	8.234.426	21.069.426
Net Value at the end of period	89.488.850	13.845.303	103.334.153	64.365.000	18.454.021	82.819.021

The Company had lease income amounting to 289.755 TL from its investment properties in the period ending on the date of 31 June 2013 and paid no maintenance cost. (31 December 2012: 1.497.150 TL lease income, 256.267 TL revenue share)

As of 31 December 2013, real estates for investments and fair value hierarchy related to subject assets of the Group is presented as follows:

		Fair Value Level as of Reporting Date		
	31 Dec. 2013	Level 1 TL	Level 2 TL	Level 3 TL
Facilities at İskenderun Sarıseki	103.334.153	-	103.334.153	-

There is not any transactions between Level 1 and Level 2 in the current period.

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

14. TANGIBLE FIXED ASSETS

The depreciation cost and amortization of the company is 62.439.055 TL as of 31 December 2013 and details are given below.

	Gübretaş	Razi	Total
Amortization Cost	14.986.502	47.287.696	62.274.198
Depreciation Cost	164.857	-	164.857
Total Amount	**15.151.359**	**47.287.696**	**62.439.055**

Out of the total of 62.439.055 TL depreciation and amortization costs; 51.235.609 TL have been included in General Production Costs, 1.087.294 TL in Sales and Marketing Costs, 9.706.583 TL in General Administrative Costs, and 409.569 TL remained in inventories.

31 December 2012: Out of the total of 52.150.556 TL depreciation and amortization costs; 49.654.204 TL have been included in General Production Costs, 566.590 TL in Sales and Marketing Costs, 1.575.172 TL in General Management Costs, and 354.590 TL remained in inventories.)

As of 31 December 2013, parcels and buildings of the Group and fair value hierarchy related to subject assets of the Group is presented as follows:

		Fair Value Level as of Reporting Date		
	31 Dec. 2013	Level 1 TRL	Level 2 TRL	Level 3 TRL
Production Facility in Parcel A				
Parcel	45.404.638	-	45.404.638	-
Building	4.734.797	-	4.734.797	-

There is not any transactions between 1. Level and 2. Level in the current period.

Pledges and Mortgages on Assets

There are no pledges or mortgages on the fixed tangible fixed assets of the company as of the dates 31 December 2013 and 31 December 2012.

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

14. TANGIBLE FIXED ASSETS (Cont.)

	Lands and Parcels	Surface and Underground Improvement	Buildings	Facility, Machinery and Devices	Vehicles	Fixtures	Special Costs	Ongoing Investments	Total
Cost Value									
Opening balance on 1 January 2013	**110.082.687**	**15.876.775**	**216.071.647**	**627.974.894**	**5.795.782**	**8.082.360**	**192.680**	**26.797.802**	**1.010.874.627**
Translation differences	465.133	-	4.883.059	104.688.004	627.200	1.017.904	-	4.698.806	**116.380.105**
Valuation difference (*)	45.404.638	1.879.430	113.228.175	-	-	-	-	-	**160.512.243**
Purchases	6.963.846	52.750	24.513.972	4.146.548	1.450.407	1.760.434	-	155.551.474	**194.439.431**
Sales	-	-	(2.754.271)	(79.000)	(702.125)	(119.183)	-	-	**(3.654.580)**
Decrease in Value	-	-	-	(16.136.427)	-	-	-	-	**(16.136.427)**
Transfer from ongoing investments	-	10.117.626	7.420.182	18.797	474.737	-	-	(18.031.342)	-
Transfer from Tangible Fixed Asset to Goodwill	(202.848)	-	(971.309)	(4.754.938)	68.374	77.839	-	-	**(5.782.882)**
Closing Balance on 31 December 2013	**162.713.457**	**27.926.580**	**362.391.454**	**715.857.878**	**7.714.375**	**10.819.354**	**192.680**	**169.016.740**	**1.456.632.518**
Accrued depreciation									
Opening balance on 1 January 2013	**-**	**(10.478.736)**	**(151.307.527)**	**(330.874.728)**	**(3.300.661)**	**(4.738.239)**	**(63.808)**	**-**	**(500.763.699)**
Translation differences	-	-	(2.696.053)	(57.067.807)	(454.307)	(645.996)	-	-	**(60.864.162)**
Valuation difference (*)	-	(489.451)	(109.883.356)	-	-	-	-	-	**(110.372.807)**
Expenses for the period	-	(880.566)	(14.617.039)	(45.435.123)	(720.956)	(586.588)	(33.925)	-	**(62.274.198)**
Sales	-	-	294.554	13.167	458.018	116.128	-	-	**881.866**
Goodwill	-	-	(26.440)	526.101	(7.774)	(3.540)	-	-	**488.347**
Closing Balance on 31 December 2013	**-**	**(11.848.753)**	**(278.235.861)**	**(432.838.391)**	**(4.025.680)**	**(5.858.236)**	**(97.733)**	**-**	**(732.904.654)**
Net value on 31 December 2013	**162.713.457**	**16.077.827**	**84.155.593**	**283.019.487**	**3.688.695**	**4.961.118**	**94.947**	**169.016.740**	**723.727.864**

(*) The fair value of investment properties of Group on 31 December 2013, was obtained through an assessment made in December 2013 by Yetkin Real Estate Assessment and Consulting Inc. Co.which has no relation with Group and is an independent expertise company. Appraisal Company is an independent appraisal company which has been authorized by Capital Markets Board. Regarding to this assessment report, real estates assessed with peer comparison, lands assessed with reconstruction cost method.

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

14. TANGIBLE FIXED ASSETS (Cont.)

	Lands and Parcels	Surface and Underground Improvement	Buildings	Facility, Machinery and Devices	Vehicles	Fixtures	Ongoing Investments	Total
Maliyet Değeri								
Opening Balance on 1 Jan. 2012	**112.881.326**	**12.019.576**	**137.425.916**	**1.264.580.033**	**9.019.933**	**13.076.256**	**40.751.084**	**1.589.754.124**
Translation Differences	(2.061.838)	-	(28.931.345)	(686.749.989)	(4.050.130)	(6.019.695)	(22.038.202)	**(749.851.199)**
Revaluation Differences (*)	355.940	3.324.556	92.117.775	-	-	-	-	**95.798.271**
Purchases	65.598	532.643	11.086.954	5.117.162	1.285.676	1.051.938	10.586.479	**29.726.450**
Sales	(2.314.571)	-	(593.622)	(383.503)	(513.713)	(74.500)	-	**(3.879.909)**
Transfer from ongoing investments	-	-	389.146	2.112.413	-	-	(2.501.559)	-
Effect of Affiliate Acquisition	1.156.232	-	4.769.503	43.298.778	54.016	48.361	-	**49.326.890**
Closing Balance on 31 Dec. 2012	**110.082.687**	**15.876.775**	**216.264.327**	**627.974.894**	**5.795.782**	**8.082.360**	**26.797.802**	**1.010.874.627**
Accured Depreciation								
Opening Balance on 1 Jan. 2012	**-**	**(9.259.200)**	**(83.474.195)**	**(606.750.294)**	**(6.160.941)**	**(7.611.336)**	**-**	**(713.255.966)**
Translation Differences	-	-	16.173.659	322.951.962	3.130.302	3.755.690	-	**346.011.613**
Revaluation Differences (*)	-	(925.946)	(81.145.823)	-	-	-	-	**(82.071.769)**
Expenses for the period	-	(293.590)	(3.000.469)	(47.104.114)	(686.566)	(930.544)	-	**(52.015.283)**
Sales	-	-	75.493	27.718	416.544	47.951	-	**567.706**
Closing Balance on 31 Dec. 2012	**-**	**(10.478.736)**	**(151.371.335)**	**(330.874.728)**	**(3.300.661)**	**(4.738.239)**	**-**	**(500.763.699)**
Net Value as of 31 Dec. 2012	**110.082.687**	**5.398.039**	**64.892.992**	**297.100.166**	**2.495.121**	**3.344.121**	**26.797.802**	**510.110.928**

(*) The fair value of investment properties of Group on 31 December 2012, was obtained through an assessment made in June 2012 by Emsal Real Estate Assessment and Consulting Inc. Co. which has no relation with Group and is an independent expertise company. Appraisal Company is an independent appraisal company which has been authorized by Capital Markets Board. Regarding to this assessment report, real estates assessed with peer comparison, lands assessed with reconstruction cost method.

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

15. INTANGIBLE FIXED ASSETS

	31 December 2013	31 December 2012
Rights		
Opening Balance on 1 January	378.658	362.523
Purchases	74.728	16.135
Closing Balance on 31 December	453.386	378.658
Accured Depreciation		
Opening Balance on 1 January	(151.193)	(92.192)
Amortization expenses for current period	(164.857)	(135.273)
Closing Balance on 31 December	(316.050)	(227.465)
Net Book Value	137.336	151.193

16. GOODWILL

	31 December 2013	31 December 2012
Cost Value		
Cost value at the beginning of period	120.811.461	279.484.282
Arya Goodwill (Note 3)	5.294.555	-
Translation Differences	22.705.812	(158.672.821)
Closing value	148.811.828	120.811.461

Razi completed purchase of 2010 established, 126.000 tons/year capacity phosphoric acid plant Arya Phosphoric Jonoob Co.'s ("Arya") 87,5% of shares as of end of August 2012. The Group has realized the purchasing in the remaining non controlling shares as of balance sheet date.

Group checks Goodwill for any possible decrease every year. Goodwill is formed by Razi's acquisition and Razi is defined as cash generator for Goodwill impairment test.This usage value calculations includes discounted after tax cash flow projections based on Turkish Lira. These projections based on annual budget confirmed by Groups Administration. On usage value calculations, discount rate is taken 20% and growth is taken 1% (31 December 2012: discount %20, growth %1). Discount rate before tax for display purpose is approximately 21% (31 December 2012: 21%) Discount rate is after tax discount rate and it includes risks specific for the Company. Group does not determine any depreciation on Goodwill by tests using aforementioned projections as of 31 December 2013.

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

17. GOVERNMENT INCENTIVE AND GRANTS

None. (31 December 2012: None)

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Debt Provisions

Short Term Debt Provision

Short Term Debt Provision	31 Dec. 2013	31 Dec. 2012
Provision for expense accruals	69.065.196	41.678.338
Provisions for other social security premium (*)	17.423.908	-
Provisions for Lawsuit and other debts	1.571.674	1.920.233
	88.060.778	43.598.571

Lawsuit Provision;

	31 Dec. 2013	31 Dec. 2012
As of 1 January 2013	1.920.233	1.712.780
(Reversal of provision)/Addition	(348.559)	207.453
As of 31 December 2013	1.571.674	1.920.233

In the current period, total lawsuit amount against the Group is 8.280.900 TL. (2012: 7.728.600 TL). In the current period, Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi has sued against the Group for 6.231.000 TL profit loss. The Group Management has not made any provision for this lawsuit in the added consolidate financial tables according to recieved legal opinion but it has made 1.571.674 TL (2012: 1.920.233 TL) provision for other lawsuits.

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

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont.)

Assurance- Pledge-Hypothecs ("APH")

As from 31 December 2013 and31 December2012, the tables related to the Group's tables related to Assurance-Pledge-Hypothecs position are as follows:

APH Given by the Company	Currency	Currency Amount	Amount in TL	Currency	Currency Amount	Amount in TL
A. Total amount of APH's given for own legal entity (Assurance)	TL		5.463.494	TL	-	7.919.317
	EUR	-	-	EUR	13.333.324	31.355.978
B. Total amount of APH's given for the partnerships included to full consolidation (hypothec)	IRR mil.	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	43.783.492	93.447.106	USD	17.248.277	30.746.779
	EUR	-	-	EUR	6.727.860	15.821.909
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	-	-	-	-	-	-
Total			**259.416.552**			**85.843.983**

As of 31 December 2013, "Other APH given by the Group/ the Group equity = 0%" (31 December 2012: 0%).

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont.)

Contingent Liabilities

Iran Tax Authority has performed tax assessments for the tax filings of Razi for the years ended in 2012. As a result of these assessments, the Iran Tax Authority has 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 TL 13 million 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.

The sanctions imposed since 2010 on Iran by United Nations may have an effect on the 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 risks that may not necessarily be observable in other markets. These consolidated financial statements contain the Group management's estimations on the economic and financial positions of its subsidiaries and affiliates operating in Iran. 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 2011 for the cancellation of its title deed and demanded enforced evacuation of Group's 79.350 m2 property located in the Sarıseki province of İskenderun within the city of Hatay claiming that the property is within the shoreline. The net book value of the property is 103.334.153 TL and has been accounted as investment property in the accompanying consolidated financial statements. The Group has objected the lawsuit asked for a new expert report for the determination of shoreline and at the same time filed another lawsuit for a compensation of its ownership right of the property. The litigation process is ongoing as of the report date. Based on the opinions of legal advisors, the Group Management has not provided any provisions in the consolidated financial statements for this lawsuit.

Tabosan Mühendislik İmalat ve Montaj A.Ş. ("Tabosan"), 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 guarantor of Tabosan for the loans obtained from financial institutions during the acquisition of Razi shares. The group has paid 48.722.651 TL for the loan of Tabosan as the guarantor and recognized this amount as other receivable from Tabosan. The Group has not provided any provision for this receivable considering its right to buy Razi shares at the initial acquisition share price and the pledged assets of Tabosan which are transferred from the financial institutions. The negotiations between the Group and the trustee committee are ongoing as of the date of this report.

19. 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 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, transffering and selling assets unless they pay all of debts or have written permission from Iranian Privatization Organization. As of balance sheet date, the Group and other consortium members has paid all debts related to the purchase of shares to Iran Privatization Organisation. Application has been made for removing pledges on shares, relevant process is ongoing as of the date of this report

Forward Contracts

As of 31 December 2013, Group has not foreign currency purchasing contracts. As of 31 December 2012, the company finalized 4 foreign currency purchasing contracts with financial institutions against currency exchange risk. The maturity date of the contracts was January 2013, and the total nominal value of contracts is USD 20.500.000.

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

19. COMMITMENTS (Cont.)

Operational Lease

The company has operational lease contracts amounting to a total of 22.800 TL (31 December 2012: 32.045 TL). The future payment terms and amounts belonging to these transactions, which completely belong to vehicle leasing.

Purchasing Commitments

Group has USD 15.449.501 accredited purchasing commitment as of 31 December 2013. (31 December 2012: USD 18.821.007).

20. EMPLOYEE BENEFITS

Payables within the context of Employee Benefits

	31 December 2013	31 December 2012
Personnel Salaries	12.222.260	7.587.028
Social Security Premiums Payable	1.377.528	2.875.495
	13.599.788	10.462.523

Short Term

	31 December 2013	31 December 2012
Provisions for allowance and employee termination benefits	5.022.124	3.821.514
Provisions for Early Retirement Salary (*)	7.293.665	4.725.529
Provisions for premium	1.005.917	-
	13.321.706	8.547.043

Long Term

	31 December 2013	31 December 2012
Provisions for employee termination benefits (Gübretaş)	7.377.875	7.386.110
Provisions for employee termination benefits (Razi)	34.861.292	20.045.922
Provisions for Early Retirement Salary (*)	49.702.787	34.279.364
	91.941.954	61.711.396

As of 31 December 2013, termination indemnity liability of the company has been calculated with and annual inflation of 10,00 % and discount rate of 6,2 %, and by using 3,58 % real discount rate (31 December 2012; 2,00%). As the termination indemnity cap of the company's provision for termination indemnities is adjusted on every six months basis, it is calculated as 3.429 TL, which is valid as of the date of 1 January 2014 onwards (31 December 2012: 3.129 TL).

The termination indemnity liability amount of Razi has not been discounted considering interest rate of İran Islamic Rebuplic

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

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

20. EMPLOYEE BENEFITS (Cont.)

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

	1 January- 31 December 2013	1 January- 31 December 2012
Provision as of 1 January	61.711.396	116.420.468
Service Cost	34.017.791	19.481.730
Interest Cost	4.331.097	5.948.981
Payed termination indemnity	(35.421.645)	(17.084.998)
Conversion differences	27.303.315	(63.054.785)
Provision as of 31 December	91.941.954	61.711.396

21. QUALITATIVE DISTRIBUTION OF EXPENSES

	1 Jan.- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
Personnel expenses	60.490.548	40.899.245
Outsourced benefits and services	148.011.642	100.865.319
Depreciation expenses	62.029.486	51.795.966
Taxes, duties and charges expenses	4.068.976	2.191.373
Other expenses	26.959.707	19.536.368
Cost of goods sold	649.458.797	648.897.136
Cost of commercial goods sold	981.905.471	860.235.121
Cost of other sales	930.710	20.828.316
	1.933.855.337	1.745.248.844

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

22. OTHER ASSETS AND LIABILITIES

Other Assets

Other Current Assets	31 December 2013	31 December 2012
Deferred VAT	33.129.279	12.517.344
Cash Advance	16.707.065	9.434.173
Restrict bank deposits	8.790.853	-
Derivative financial assets	-	32.909
Other various current assets	96.938	5.103.033
	58.724.135	27.087.459

23. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS

Paid-in capital

The equity structure as of 31 December 2013 and 31 December 2012 is as follows:

Partners	%	31 December 2013	%	31 December 2012
Cooperative	75,95%	253.684.607	75,95%	63.421.152
Other	24,05%	80.315.393	24,05%	20.078.848
Issued Capital	100,00%	334.000.000	100,00%	83.500.000

Company's capital is formed 33.400.000.000 pieces stocks. (2012: 8.350.000.000 pieces) Stocks' nominal value is 0,01 TL. (2012: 0,01 TL)

Reserves on Retained Earnings

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

The retained earnings that were reclassified consist of the below items as of 31 December 2013 and 31 December 2012:

	31 December 2013	31 December 2012
Legal reserves	16.700.000	9.533.275
Real estate sales gain to be added to capital	1.382.652	1.330.243
	18.082.652	10.863.518

Regarding to legal records of company, sum of sources available for distribute is 107.694.984 TL(2012:171.911.199 TL).

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

24. REVENUES

Sales	1 January- 31 December 2013	1 January- 31 December 2012
Domestic Sales	1.552.889.032	1.408.387.571
Overseas sales	731.330.313	852.720.096
Sales Returns (-)	(446.446)	(481.476)
Sales Discounts (-)	(9.011.263)	(8.811.580)
Other discounts from sales (-)	(9.324.227)	(24.995.075)
	2.265.437.409	2.226.819.536

Sales Amount

a) Gübre Fabrikaları T.A.Ş.

	Unit	1 Jan.- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
TSP Tripe Super phosphate	Ton	23.012	23.921
NPK Compound Fertilizer	Ton	564.725	531.856
Urea	Ton	258.330	229.671
Ammonium Nitrate	Ton	306.597	262.549
DAP	Ton	186.654	149.847
Ammonium Sulphate	Ton	91.611	97.555
CAN	Ton	214.380	236.637
Potasium Sulphate	Ton	3.855	4.838
Map	Ton	593	367
Other	Ton	1.480	955
Total		1.651.237	1.538.196
Liquid Fertilizer	Lt	1.826.930	1.332.952
Powder Fertilizer	Kg	14.342.919	11.900.683

b) Razi Co.

	Unit	1 Jan.- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
Sulphur	Ton	261.127	319.801
Ammonia	Ton	441.356	496.105
Sulphuric acid	Ton	136.025	126.874
Urea	Ton	449.292	364.588
Dap	Ton	9.344	1.551
Total		1.297.144	1.308.919

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

24. REVENUES (Cont.)

Cost of Sales (-)

Cost of Sales	1 January- 31 December 2013	1 January- 31 December 2012
Cost of Goods Produced	688.466.045	660.352.663
Change in the goods inventory	11.965.070	38.198.677
-Goods at the beginning of the period	82.084.413	109.003.178
- Goods at the end of the period	(70.119.343)	(70.804.501)
Cost of Goods Sold	700.431.115	698.551.340
- Merchandise inventories at the beginning of the period	142.037.341	243.964.456
- Purchases	1.168.212.893	758.308.005
- Merchandise inventories at the end of the period	(328.344.763)	(142.037.340)
Cost of Merchandise Sold	981.905.471	860.235.121
Cost of other sales	930.710	20.828.316
	1.683.267.296	1.579.614.777

Production Amount

a) Gübre Fabrikaları T.A.Ş.

	Unit	1 Jan.- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
TSP Tripe Super phosphate	Ton	111.000	120.240
NPK Compound Fertilizer	Ton	396.000	361.293
Total	Ton	507.000	481.533
Liquid Fertilizer	Lt	1.097.890	1.260.982
Powder Fertilizer	Kg	4.244.354	4.240.180

b) Razi Co.

	Unit	1 Jan.- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
Sulphur	Ton	355.717	350.950
Ammonia	Ton	674.620	738.601
Sulphuric acid	Ton	143.842	126.101
Urea	Ton	424.880	336.170
Dap	Ton	2.169	-
Total	Ton	1.601.228	1.551.822

25. CONSTRUCTION CONTRACTS

None (31 December 2012: None).

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

26. GENERAL ADMINISTRATION EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

General Administrative Expenses (-)	1 Jan.- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
Personnel Expenses	53.491.102	33.743.979
Outsourced utilities and services	4.216.416	3.435.921
Amortization	9.969.874	1.575.172
Taxes, Duties and Levies	3.869.119	2.067.833
Various Expenses	12.798.367	6.476.179
	84.344.878	47.299.084

Marketing, Sales and Distribution expenses (-)	1 Jan.- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
Personnel Expenses	6.999.446	7.155.266
Outsourced utilities and services	143.795.226	97.429.398
Amortization	1.087.294	566.590
Taxes, Duties and Levies	199.857	123.540
Various Expenses	14.161.340	13.060.189
	166.243.163	118.334.983

The benefits and services providing from the outside are formed mainly by the transportation costs, maintenance-repair expenses, energy, fuel, water and communication costs.

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

27. OTHER REAL OPERATING INCOME AND EXPENSES

Other Operating Income

	1 Ocak- 31 Aralık 2013	1 Ocak- 31 Aralık 2012
Exchange difference incomes	288.591.848	139.443.265
Investment properties appreciation (Note 13)	20.515.132	21.069.426
Interest incomes	18.187.944	13.884.364
Trade receivables delay interest	14.596.698	16.960.038
Other incomes	19.210.762	15.657.611
	361.102.384	207.014.704

Other Operating Expenses (-)

	1 Ocak- 31 Aralık 2013	1 Ocak- 31 Aralık 2012
Exchange difference expenses	218.390.589	36.649.017
Trade payables delay interest	15.399.759	11.186.986
Interest expenses of trade payables	1.865.458	626.233
Other expenses	58.242.776	21.422.440
	293.898.582	69.884.676

28. INVESTMENT INCOME AND EXPENSES

	1 Jan.- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
Interest income:	-	3.472.078
Assets to be held until maturity	-	3.472.078
Gains on marketable securities' sales	715.063	-
Exchange difference incomes related to investment	52.099.284	58.396.009
	52.814.347	61.868.087

Investing expenses	1 Jan.- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
Interest expenses:	7.218.122	30.401.278
Interest expenses arising from investment	7.218.122	30.401.278
Exchange difference expenses related to investment	54.448.011	-
	61.666.133	30.401.278

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

29. FINANCIAL EXPENSES

	1 January - 31 December 2013	1 January - 31 December 2012
Interest expenses:	25.018.823	35.664.402
Interest expenses on bank loans	24.068.645	34.468.184
Other interest expenses	950.178	1.196.218
Total interest expenses	25.018.823	35.664.402
(-): Amount including to fixed assets cost	(4.365.737)	-
	20.653.087	35.664.402
Net exchange difference expenses	81.718.463	133.803.053
(-): Amount including to fixed assets cost	(5.279.756)	-
	76.438.707	133.803.053
Other financial expenses	359.312	724.714
	97.451.106	170.192.169

30. ANALYSIS OF OTHER COMPRHENSIVE INCOME COMPONENTS

Appreciation Fund

The total of appreciation fund is 198.285.266 TL, out of which 35.593.511 TL portion belongs to fixed asset appreciation fund, 162.628.156 TL belongs to investment properties and 63.599 TL portion on the other hand belongs to financial assets appreciation fund (31 Aralık 2012: 35.593.511 TL investment properties appreciation fund, 122.516.608 TL fixed asset appreciation fund, 63.599 TL financial assets appreciation fund).

	31 Dec. 2013	31 Dec. 2012
Fixed asset revaluation fund	170.149.071	122.516.608
Value increase in investment properties	35.593.511	35.593.511
Inflation adjustments on equity	63.599	63.599
	205.806.181	158.173.718

Foreign Exchange Translation

	1 Jan.- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
Balance at beginning of year	(187.038.317)	138.791.401
Foreign exchange differences related to conversion of net assets of foreign affiliate	61.302.396	(325.829.718)
Balance at end of year	(125.735.921)	(187.038.317)

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

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

None. (31 December 2012: None)

32. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)

Corporate Tax

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

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

Effective tax rate applied in the year 2013 was 20% (2013: 20%).

In Turkey, a provisional tax is calculated and imputed in quarterly periods. A provisional tax of 20% over company earnings was calculated at the stage of taxation of company earnings for the year 2008 as per the provisional tax periods (2012: 20%).

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

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

In accordance with Corporate Tax Law numbered 5520, corporate tax and provisional tax rates are applied as 20% (year 2012: 20%). The corporate tax rate calculated according to Iranian legislation is 25%. (2012: %25)

Tax provision included in the balance sheet belonging to the period 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
Provision for corporate tax	3.360.898	9.719.187
Prepaid tax	(2.344.736)	(2.280.481)
	1.016.162	7.438.706

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

32. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (Cont.)

Deferred Tax Assets and Liabilities

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

	31 December 2013		31 December 2012	
Reflected to the income statement Deferred Tax	**Provisional differences**	**Deferred tax, assets and liab.**	**Provisional differences**	**Deferred tax, assets and liab.**
Provisions for termination indemnity	8.448.695	1.689.739	8.446.712	1.689.342
Expense accruals	1.571.674	314.335	63.496	12.699
Receivables rediscount	4.978.658	995.732	3.113.200	622.640
Inventories	10.812.936	2.162.587	8.942.840	1.788.568
Other	3.354.354	670.871	1.918.272	383.654
Loss of previous year	40.958.810	8.191.762	-	-
Deferred tax assets	**70.125.127**	**14.025.025**	**22.484.520**	**4.496.903**
Investment Property and Tangible Fixed Assets Current Value Valuation Difference	188.278.159	9.413.908	166.498.651	5.857.935
Payables rediscount	562.640	112.528	308.862	61.772
Other	1.243.277	248.655	32.909	6.583
Deferred Tax Liabilities	**190.084.076**	**9.775.091**	**166.840.422**	**5.926.290**
Net Deferred Tax Asset (Liability)		**4.249.934**		**(1.429.387)**
Razi Co. Deferred Tax Asset / (Liability)		272.860		234.629
Total Deferred Tax Asset / (Liability)		**4.522.794**		**(1.194.758)**

Information related to deferred tax transaction table:

Amount reflected to income statement Deferred tax asset/liability transactions	31 Dec. 2013	31 Dec. 2012
Opening balance on 1 January	(1.194.758)	2.986.176
Razi ertelenmiş vergi çevrim farkı etkisi	218.667	1.078.600
Sub Total	**(976.091)**	**4.064.776**
Deferred tax (income) / expense	8.005.857	(4.573.209)
Deferred tax expense of appreciation related with tangible assets accounted directly in equity.	(2.506.972)	(686.325)
Balance sheet outstanding at the end of period	**4.522.794**	**(1.194.758)**

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

32. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (Cont.)

Deferred Tax Assets and Liabilities (Cont.)

Tax provision agreement:

	1 Jan. 2013 31 Dec. 2013	1 Jan. 2012 31 Dec. 2012
Pre-tax profit / (loss)	276.061.075	472.440.683
	20%	20%
Calculated tax	(55.212.215)	(94.488.136)
Impact of Foreign Subsidiaries subjected to different tax rates	(14.552.275)	(19.725.121)
Impact of expenditure tax not recognized legally	(105.791.662)	(125.953.084)
Tax effects of discount and exemptions	183.998.938	194.561.349
Other differences unrelated to tax	(3.752.242)	3.197.478
Tax income / expense	**4.690.544**	**(42.407.514)**

33. EARNINGS PER SHARE

The weighted average of the shares and profit per share calculations of the company as of 31 December 2013 and 31 December 2012 are as follows.

	1 Jan- 31 Dec. 2013	1 Jan.- 31 Dec. 2012
Net Profit / (loss) of the period	94.713.933	189.788.214
Number of weighted average shares	33.400.000.000	33.400.000.000
Profit/ loss per share (TL)	**0,0028**	**0,0057**

34. FINANCIAL INSTRUMENTS

Financial Investments

Short Term Financial Investments:

The detail of financial investments are shown as of 31 December 2013 and 31 December 2012 as below:

Financial instruments that has been reflected to profit/loss over fair value	31 Dec. 2013	31 Dec. 2012
Private sector bonds and notes	3.207.694	29.665.189
	3.207.694	29.665.189

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

34. FINANCIAL INSTRUMENTS (Cont.)

Financial Investments (Cont.)

Long Term Financial Investments:

Financial Assets Ready for Sale		31 Dec. 2013		31 Dec. 2012	
Title	Subject of Activity	Share (%)	Amount of Participation	Share (%)	Amount of Participation
İmece Prefabrik Yapı Tarım Makineleri Temizlik ve Güvenlik Hiz. San. Tic. A.Ş	Steel, Container, Tower, Crane and Spare part Manifacture	15,00	2.013.888	15,00	2.013.888
Tarnet Tarım Kredi Bilişim ve İletişim Hiz. A.Ş	Internet Service Provider etc	17,00	523.627	17,00	523.627
Tareksav	Agricultural Credit Cooperative Education Foundation		200.000		200.000
Total			**2.737.515**		**2.737.515**

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

Financial Payables

	31 Dec. 2013	31 Dec. 2012
Short Term Liabilities	680.148.796	346.673.180
Current portion of long-term debt	22.023.750	230.296.526
	702.172.546	576.969.706

Short Term Financial Liabilities	31 Dec. 2013	31 Dec. 2012
a) Bank Credits (Gübretaş)	438.740.736	346.673.180
b) Other Financial Liabilities (Razi) (*)	263.431.810	230.296.526
	702.172.546	576.969.706

Long Term Financial Liabilities	31 Dec. 2013	31 Dec. 2012
a) Bank Credits (Gübretaş)	173.253.500	28.089.730
b) Other Financial Liabilities (Razi) (*)	6.728.633	29.055.672
	179.982.133	57.145.402

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

34. FINANCIAL INSTRUMENTS (Cont.)

Financial Payables (Cont.)

Short Term Financial Payables:

Bank Credits			31 December 2013		31 December 2012	
Interest Rate (%)	Maturity	Foreign Currency	Amount	Amount in TL	Amount	Amount in TL
3,56 - 5,76	Jan. 2014	EUR	31.271.957	91.830.101	-	-
3,35 - 4,18	Jan. 2014	USD	162.540.709	346.910.635	-	-
5,68-7,99	Jan. 13 - Apr. 13	EUR	-	-	17.041.135	40.075.638
3,56-4,60	Jan. 13 - Apr. 13	USD	-	-	30.250.188	53.923.985
5,85-11,83	Jan. 13	TRL	-	-	-	252.673.557
Total				**438.740.736**		**346.673.180**

Other Financial Payables (*)			31 December 2013		31 December 2012	
Interest Rate (%)	Maturity	Foreign Currency	Amount	Amount in TL	Amount	Amount in TL
Libor+0,5	Jan. 2014	EUR	78.963.040	231.874.967	-	-
12 - 16	Jan. 2014	Million IRR	367.658	31.556.843	-	-
Libor+0,5 - 4,5	Jan. 2013	EUR	-	-	88.013.565	206.981.502
16	Jan. 2013	Milyon IRR	-	-	321.435	23.315.024
Total				**263.431.810**		**230.296.526**

Long Term Financial Payables:

Bank Credits			31 December 2013		31 December 2012	
Interest Rate (%)	Maturity	Foreign Currency	Amount	Amount in TL	Amount	Amount in TL
5,16 - 5,68	Jan. 2020	EUR	59.000.000	173.253.500	11.944.444	28.089.730
Total				**173.253.500**		**28.089.730**

Other Financial Payables (*)			31 December 2013		31 December 2012	
Interest Rate (%)	Maturity	Foreign Currency	Amount	Amount in TL	Amount	Amount in TL
4,5%	March 2015	EUR	2.291.378	6.728.633	12.355.178	29.055.672
Total				**6.728.633**		**29.055.672**

(*) 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

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

35. THE QUALITY AND LEVEL OF FINANCIAL INSTRUMENT RISKS

Capital Management

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

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

Net payable/total capital ratio as of 31 December 2013 and 31 December 2012 is as follows:

	31 December 2013	31 December 2012
Total Debt	1.894.141.427	1.321.800.825
Cash and cash equivalents (-)	(568.223.098)	(430.098.290)
Net Debt	**1.325.918.329**	**891.702.535**
Total shareholders’ equity	1.044.767.797	833.094.452
Net Debt/Total Capital ratio	**127%**	**107%**

Targets, Objectives and Policies of Financial Risk Management

The Group manages its financial instruments through finance department and top management. All the developments in the market are monitored instantly, national and international markets are evaluated in daily ordinary meetings, and hence financial instruments are managed taking into account cash inflows and outflows. The Group prepares daily cash report and cash management strategies are developed by managers taking into consideration all the information said. The Group has Risk Control Directorate tied to CFO, reporting top management and related units. Also the Group has Risk Monitoring and Financial Control Unit under Finance Directorate.The Group undertakes cash planning through forward-looking cash flow reports.

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

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

Credit Risk Management

The Group is subjected to credit risk because of its trade receivables arising from the forward sales of the Group. Management decreases the credit risk to minimum level regarding its receivables by taking securities (such as bank letter of guarantee, mortgage, etc.) from customers (except for related parties). These credit risks are monitored continuously by the Group and evaluated by considering the quality of the trade receivables, past experiences and current economic condition and expressed in the balance sheet by its net amount after allowance for doubtful receivables is allocated for the receivables not to be collected. (Footnote:7). Approximately 45% of Group sales are related to the main shareholder Turkish Agricultural Credit Cooperatives Central Union.

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

35. THE QUALITY AND LEVEL OF FINANCIAL INSTRUMENT RISKS (Cont.)

Credit Risk Management

The credit risks being subjected by the financial instrument types as of 31 December 2013 and 31 December 2012 are as follows:

Credit risks on basis of financial instrument types

Credit risks on basis of financial instrument types	Receivables						
	Trade receivables		Other receivables				
31 December 2013	Related Party	Other Party	Related Party	Other Party	Deposits in Bank	Derivative financial instruments	Cash and cash equivalent
Maximum credit risk exposed as of reporting date (*)	75.727.185	330.837.829	211.922.017	77.726.598	555.159.319	-	13.063.779
- Part of maximum risk secured by guarantee, etc.(**)	-	244.096.297	-	-	-	-	-
A. Net book value of financial assets which are undue or are not exposed to depredation	75.727.185	316.707.077	211.922.017	77.726.598	555.159.319	-	13.063.779
B. Net book value of assets which are overdue but not exposed to depredation	-	11.203.292	-	-	-	-	-
C. Net book value of assets which are exposed to depredation	-	-	-	-	-	-	-
- Overdue (gross book value)	-	2.927.460	-	-	-	-	-
- Value decrease (-)	-	(2.927.460)	-	-	-	-	-
- Part of net value secured by guarantee, etc.	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-
- Value decrease (-)	-	-	-	-	-	-	-
- Part of net value secured by guarantee, etc.	-	10.886.715	-	-	-	-	-
D. Off-balance sheet elements carrying credit risk	-	-	-	-	-	-	-

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

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

35. THE QUALITY AND LEVEL OF FINANCIAL INSTRUMENT RISKS (Cont.)

Credit risks on basis of financial instrument types	**Receivables**						
	Trade receivables		**Other receivables**				
31 December 2012	**Related Party**	**Other Party**	**Related Party**	**Other Party**	**Deposits in Bank**	**Derivative financial instruments**	**Cash and cash equivalent**
Maximum credit risk exposed as of reporting date (*)	167.732.649	213.471.724	119.224.580	57.947.133	427.161.556	32.909	2.936.734
- Part of maximum risk secured by guarantee, etc.(**)	-	213.473.683	-	-	-	-	-
A. Net book value of financial assets which are undue or are not exposed to depredation	167.732.649	201.765.855	119.224.580	57.947.133	427.161.556	-	2.936.734
B. Net book value of assets which are overdue but not exposed to depredation	-	11.707.828	-	-	-	-	-
C. Net book value of assets which are exposed to depredation	-	-	-	-	-	-	-
- Overdue (gross book value)	-	1.957.054	-	-	-	-	-
- Value decrease (-)	-	(1.957.054)	-	-	-	-	-
- Part of net value secured by guarantee, etc.	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-
- Value decrease (-)	-	-	-	-	-	-	-
- Part of net value secured by guarantee, etc.	-	-	-	-	-	-	-
D. Off-balance sheet elements carrying credit risk	-	-	-	-	-	32.909	-

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

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

35. THE QUALITY AND LEVEL OF FINANCIAL INSTRUMENT RISKS (Cont.)

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

	Receivables					
31 December 2013	**Trade Receivables**	**Other receivables**	**Deposits in Bank**	**ive financial inst**	**Other**	**Total**
1-30 days overdue	1.971.324	-	-	-	-	1.971.324
1-3 months overdue	3.927.642	-	-	-	-	3.927.642
3-12 months overdue	2.833.572	-	-	-	-	2.833.572
1-5 years overdue	2.470.754	-	-	-	-	2.470.754
Longer than 5 years overdue		-	-	-	-	-
Total	11.203.292	-	-	-	-	11.203.292
Part of asset secured by guarantee, etc	10.886.715	-	-	-	-	10.886.715

	Receivables					
31 December 2012	**Trade Receivables**	**Other receivables**	**Deposits in Bank**	**ive financial inst**	**Other**	**Total**
1-30 days overdue	7.276.380	-	-	-	-	7.276.380
1-3 months overdue	2.711.988	-	-	-	-	2.711.988
3-12 months overdue	1.533.512	-	-	-	-	1.533.512
1-5 years overdue	185.948	-	-	-	-	185.948
Total	11.707.828	-	-	-	-	11.707.828
Part of asset secured by guarantee, etc	11.707.828	-	-	-	-	11.707.828

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

35. THE QUALITY AND LEVEL OF FINANCIAL INSTRUMENT RISKS (Cont.)

Liquidity Risk

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

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

The maturity distribution of the financial liabilities of the company with or without derivative character is mentioned in the table below. The amounts included in the table indicate the cash flow amounts not reduced based on an agreement as of 31 December 2013 and 31 December 2012:

31 December 2013

Due dates according to contract	Book value	Total of contractual cash outflows (I+II+III+IV)	Shorter than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
Non-derivative financial liabilities						
Financial Payables	882.154.679	882.530.801	709.277.301	173.253.500	-	
Trade Payables	761.689.098	761.261.200	416.708.953	344.552.247	-	
Other Payables	2.393.190	2.393.191	1.730.606	78	662.507	
Other Liabilities	2.425.677	2.425.677	2.425.677	-	-	
Total Liabilities	1.648.662.644	1.648.610.869	1.130.142.537	517.805.825	662.507	-

31 December 2012

Due dates according to contract	Book value	Total of contractual cash outflows (I+II+III+IV)	Shorter than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
Non-derivative financial liabilities						
Financial Payables	634.115.108	634.856.963	346.931.221	258.386.275	29.539.467	-
Trade Payables	473.706.072	474.014.935	351.416.846	122.598.089	-	-
Other Payables	85.454.015	85.454.016	42.391.363	42.578.857	483.796	-
Other Liabilities	5.800.527	5.800.527	5.800.527	-	-	-
Total Liabilities	1.199.075.722	1.200.126.441	746.539.957	423.563.221	30.023.263	-

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

35. THE QUALITY AND LEVEL OF FINANCIAL INSTRUMENT RISKS (Cont.)

Liquidity Risk (Cont.)

31 December 2013: None

31 December 2012

Due dates according to contract	Book value	Total of contractual cash outflows (I+II+III+IV)	Shorter than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
Derivative financial liabilities	32.909	32.909	32.909	-	-	-
Derivative Cash Inflow	36.758.159	36.758.159	36.758.159	-	-	-
Derivative Cash Outflow	36.725.250	36.725.250	36.725.250	-	-	-

Market and Currency Risk

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

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

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

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

Foreign exchange position table of the foreign asset and liabilities of the company in terms of original and Turkish Lira currency units as of 30 December 2013 and 31 December 2012 is as follows;

35. THE QUALITY AND LEVEL OF FINANCIAL INSTRUMENT RISKS (Cont.)

Market and Currency Risk (Cont.)

Foreign Exchange Position Table

	31 December 2013				
	In TL (Functional currency)	**In US Dollar**	**EUR**	**Million IRR**	**Yen**
1.Trade receivables	226.109.987	25.724.832	14.602.867	1.495.061	-
2a. Monetary financial assets	295.390.810	107.530.707	340.250	755.358	2.715.101
2b.Non-monetary financial assets	128.080.723	7.772.713	1.433.151	1.249.917	-
3.Other	-	-	-	-	-
4.CURRENT ASSETS	649.581.521	141.028.252	16.376.268	3.500.336	2.715.101
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	153.659.622	55.305.909	8.994.164	107.289	-
7.Other	-	-	-	-	-
8.FIXED ASSETS	153.659.622	55.305.909	8.994.164	107.289	-
9.TOTAL ASSETS	803.241.143	196.334.161	25.370.432	3.607.625	2.715.101
10.Trade payables	726.119.987	198.308.246	7.926.191	3.257.471	-
11.Financial liabilities	702.172.547	162.540.709	110.234.997	367.658	-
12a.Monetary other liabilities	19.636	9.200	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-
13.SHORT TERM LIABILITIES	1.428.312.169	360.858.155	118.161.188	3.625.129	-
14. Trade payables	-	-	-	-	-
15. Financial liabilities	179.982.131	-	61.291.378	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-
17. LONG TERM LIABILITIES	179.982.131	-	61.291.378	-	-
18.TOTAL LIABILITIES	1.608.294.301	360.858.155	179.452.566	3.625.129	-
19.Net Asset/ (liability) position of off-balance sheet derivative financial instruments over foreign currency (19a-19b)	-	-	-	-	-
19a. Amount of off-balance sheet derivative products having active character and over foreign currency	-	-	-	-	-
19b. Amount of off-balance sheet derivative products having passive character and over foreign currency	-	-	-	-	-
20. Net Foreign Exchange Asset/ (liability) Position (9-18+19)	(805.053.158)	(164.523.994)	(154.082.134)	(17.504)	2.715.101
21.Monetary items net foreign exchange asset/ (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	(1.086.793.503)	(227.602.617)	(164.509.449)	(1.374.710)	2.715.101
22.Total fair value of financial instruments used in foreign currency hedge	-	-	-	-	-
23.Amount of hedged portion of foreign currency assets	-	-	-	-	-
24. Amount of hedged portion of foreign currency liabilities	-	-	-	-	-

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

35. THE QUALITY AND LEVEL OF FINANCIAL INSTRUMENT RISKS (Cont.)

Market and Currency Risk (Cont.)

Foreign Exchange Position Table

	31 December 2012				
	In TL (Functional currency)	In US Dollar	EUR	Million IRR	Yen
1.Trade receivables	284.626.765	9.229.580	14.844.937	3.190.368	-
2a. Monetary financial assets	446.954.082	197.101.425	20.052.652	667.411	2.715.101
2b.Non-monetary financial assets	-	-	-	-	-
3.Other					
4.CURRENT ASSETS	731.580.847	206.331.005	34.897.589	3.857.779	2.715.101
5. Trade Receivables	91.817.714	42.287.956	-	226.693	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7.Other	-	-	-	-	-
8.FIXED ASSETS	91.817.714	42.287.956	-	226.693	-
9.TOTAL ASSETS	823.398.561	248.618.961	34.897.589	4.084.472	2.715.101
10.Trade payables	581.967.500	159.778.883	4.087.424	3.725.778	-
11.Financial liabilities	324.296.148	30.250.188	105.054.700	321.587	-
12a.Monetary other liabilities	395.249	221.726	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-
13.SHORT TERM LIABILITIES	906.658.897	190.250.797	109.142.124	4.047.365	-
14. Trade payables	-	-	-	-	-
15. Financial liabilities	57.145.419	-	24.299.621	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-
17. LONG TERM LIABILITIES	57.145.419	-	24.299.621	-	-
18.TOTAL LIABILITIES	963.804.316	190.250.797	133.441.745	4.047.365	-
19.Net Asset/ (liability) position of off-balance sheet derivative financial instruments over foreign currency (19a-19b)	36.543.300	20.500.000	-	-	-
19a. Amount of off-balance sheet derivative products having active character and over foreign currency	36.543.300	20.500.000	-	-	-
19b. Amount of off-balance sheet derivative products having passive character and over foreign currency	-	-	-	-	-
20. Net Foreign Exchange Asset/ (liability) Position (9-18+19)	(103.862.455)	78.868.164	(98.544.156)	37.107	2.715.101
21.Monetary items net foreign exchange asset/ (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	(140.405.755)	58.368.164	(98.544.156)	37.107	2.715.101
22.Total fair value of financial instruments used in foreign currency hedge	-	-	-	-	-
23.Amount of hedged portion of foreign currency assets	-	-	-	-	-
24. Amount of hedged portion of foreign currency liabilities	-	-	-	-	-

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

35. THE QUALITY AND LEVEL OF FINANCIAL INSTRUMENT RISKS (Cont.)

Market and Currency Risk (Cont.)

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

In the years ending on 31 December 2013 and 31 December 2012, in case there is a (+)/(-)10% change in foreign exchange rates when the other variables are kept fixed according to the net foreign exchange position on the balance sheet of the company, the change on the pre-tax profit is as follows:

Foreign Exchange Rate Sensitivity Analysis Table

	Current Period (31.12.2013)		**Previous Period (31.12.2012)**	
	Profit / Loss		**Profit / Loss**	
	Foreign Currency Appreciates	**Foreign Currency Depreciates**	**Foreign Currency Appreciates**	**Foreign Currency Depreciates**
In case US Dollar currency appreciates/ depreciates by 10 percent:				
1- Net asset/liability of US dollar	(48.577.226)	48.577.226	10.404.709	(10.404.709)
2- Value secured against US dollar (-)	-	-	-	-
3- Net Effect of US dollar (1+2)	**(48.577.226)**	**48.577.226**	**10.404.709**	**(10.404.709)**
In case Euro currency appreciates/ depreciates by 10 percent:				
4- Net asset/liability of Euro	(48.308.200)	48.308.200	(23.174.629)	23.174.629
5- Value secured against Euro (-)	-	-	-	-
6- Net Effect of Euro (4+5)	**(48.308.200)**	**48.308.200**	**(23.174.629)**	**23.174.629**
In case Iranian Riyal currency appreciates/depreciates by 10 percent:				
7- Net asset/liability of Iranian Riyal	(12.120.189)	12.120.189	269.028	(269.028)
8- Value secured against Iranian Riyal (-)	-	-	-	-
9- Net Effect of Iranian Riyal (7+8)	**(12.120.189)**	**12.120.189**	**269.028**	**(269.028)**
10- Net effect of other foreign currencies	**5.493**	**(5.493)**	**5.594**	**(5.594)**
TOTAL (3+6+9+10)	**(109.000.122)**	**109.000.122**	**(12.495.298)**	**12.495.298**

As explained in Note 2, the Group management has used the rates published by the Foreign Exchange Center ("Center") monitored by Central Bank of Iran Islam Republic. Had the Group used Turkish Lira /Iran Riyal market rate based on expected American Dollar/Iran Riyal market rate and the current Turkish Lira/ American Dollar rate net income would decrease by approximately 29 Million TL and the foreign currency adjustments would increase by 35 Million TL.

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

35. THE QUALITY AND LEVEL OF FINANCIAL INSTRUMENT RISKS (Cont.)

Interest Rate Risk and Interest Rate Sensitivity

The assets and liabilities of the company with current interest rate are subject to interest rate risk since they are affected by the changes in interest rates. However, a great portion of the bank credits received by the company have fixed interest rates, the affect of this change does not reach to substantial amounts. The receivable/payable relation of company over foreign exchange with relevant companies has also fixed interest rate. The interest position table as of 31 December 2013 and 31 December 2012 is as follows

Interest Position Table

	31 December 2013	31 December 2012
Fixed interest financial instruments		
Financial Liabilities	617.302.892	512.025.739
Floating rate financial instruments		
Financial Liabilities	266.082.270	122.089.369

Since floating rated liabilities are sensitive to changes on interest limits as of reporting date, just these financial instruments have gone through a sensitivity analysis. In the sensitivity analysis performed, if the interest over Euro currency unit was high/low by 100 base point (1%) on 31.12.2013 and all other variables remained fixed, the profit/loss before taxation and consolidated equity of participations would be low/high by 1.230.484 TL (31 December 2012: 347.223 TL).

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

36. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND EXPLANATIONS WITHIN THE FRAME OF HEDGE ACCOUNTING)

Financial instruments categories and fair values

31 December 2013	Credits and receivables	Financial assets avalaible for sale	Valuation difference reflected financial investments	Financial liabilities indicated over its amortized value	Book Value	Note
Financial Assets						
Cash and Cash Equivalents	568.223.098	-	-	-	568.223.098	39
Trade Receivables	330.837.829	-	-	-	330.837.829	7
Receivables from relevant parties	75.727.185	-	-	-	75.727.185	6
Other receivables	340.014.786	-	-	-	340.014.786	9
Other financial assets	-	2.737.515	3.207.694	-	5.945.209	36
Financial Liabilities						
Financial Payables	-	-	-	882.154.680	882.154.680	34
Trade Payables	-	-	-	633.765.521	633.765.521	7
Liabilities to relevant parties	-	-	-	9.259.739	9.259.739	6
Other financial liabilities	-	-	-	120.130.271	120.130.271	9

31 December 2012	Credits and receivables (inc. cash and cash equalavents)	Financial assets avalaible for sale	Valuation difference reflected financial investments	Financial liabilities indicated over its amortized value	Book Value	Note
Financial Assets						
Cash and Cash Equivalents	430.098.290	-	-	-	430.098.290	39
Trade Receivables	209.387.469	-	-	-	209.387.469	7
Receivables from relevant parties	167.732.649	-	-	-	167.732.649	6
Other receivables	118.058.217	-	-	-	118.058.217	9
Other financial assets	-	2.737.515	29.665.189	-	32.402.704	36
Derivative financial assets	-	-	32.909	-	32.909	
Financial Liabilities						
Financial Payables	-	-	-	634.115.108	634.115.108	34
Trade Payables	-	-	-	464.882.922	464.882.922	7
Liabilities to relevant parties	-	-	-	4.738.896	4.738.896	6
Other financial liabilities	-	-	-	85.454.015	85.454.015	9

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

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

36. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND EXPLANATIONS WITHIN THE FRAME OF HEDGE ACCOUNTING) (Cont.)

Fair values of financial instruments

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

- First level: Financial assets and liabilities are valued over stock exchange prices used in active market for assets and liabilities which are similar.
- Second level: Financial assets and liabilities are valued over the inputs used to find out observable price of relevant asset or liability directly or indirectly in the market other than its stock exchange price specified in first level.
- Third level: Financial assets and liabilities are valued over the inputs not based on an observable data in the market, which is used to find out fair value of asset and liability.

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

		Fair value level As of reporting date		
		1st level	2nd level	3rd level
Financial assets	31 Dec. 13	TRL	TRL	TRL
Financial assets ready for sale	2.737.515	-	-	2.737.515
Financial assets, of which fair value difference is reflected on profit/loss	3.207.694	-	3.207.694	-
Derivative financial instruments		-	-	-
Total	**5.945.209**	**-**	**3.207.694**	**2.737.515**

		Fair value level As of reporting date		
		1st level	2nd level	3rd level
Financial assets	31 Dec. 12	TRL	TRL	TRL
Financial assets ready for sale	2.737.515	-	-	2.737.515
Financial assets, of which fair value difference is reflected on profit/loss	29.665.189	-	29.665.189	-
Derivative financial instruments	32.909	-	32.909	-
Total	**32.435.613**	**-**	**29.698.098**	**2.737.515**

37. EVENTS AFTER THE BALANCE SHEET DATE

None.

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

None.

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

39. EXPLANATIONS ABOUT STATEMENT OF CASH FLOW

	31 December 2013	31 December 2012
Cash	108.246	249.927
Cash in Bank	555.159.319	427.161.556
Banks- Demand deposits	13.796.139	10.577.620
Banks- Time deposits (< 3 months)	541.363.180	416.583.936
Government Bonds and Treasury Bills	7.206.460	2.466.162
Other Liquid Assets	5.749.073	220.645
	568.223.098	430.098.290

The maturities of time deposits and government bonds as of 31 December 2013 and 31 December 2012 are shorter than 3 months; their values assessed according to effective interest method are as follows:

Time Deposits: TRL

Interest Rate (%)	Maturity	31 December 2013	31 December 2012
8,50 - 9,60	January 2014	268.670.000	-
Total		268.670.000	-

Time Deposits: Foreign Currency

			31 December 2013		31 December 2012	
Interest Rate (%)	**Maturity**	**Foreign Currency**	**Amount**	**Amount in TL**	**Amount**	**Amount in TL**
0,5 - Libor + 0,5	Jan. 2014	EUR	131.444	385.987	9.071.067	21.332.427
7,00 - 8,00	Jan. 2014	Mil. IRR	549.069	47.127.723	1.038.760	75.345.604
6,00	Jan. 2013	YEN	0	0	179.460.285	319.905.905
0,5 - 4,65	Jan. 2014	USD	105.505.070	225.179.470	-	-
Total				272.693.180		416.583.936

Government Bonds

		31 December 2013		31 December 2012	
Interest Rate (%)	**Foreign Currency**	**Amount**	**Amount in TL**	**Amount**	**Amount in TL**
17,00 - 20,00	Mil. IRR	83.960	7.206.460	34.000	2.466.162
Total			7.206.460		2.466.162