



**2016 1<sup>st</sup> QUARTER  
OPERATING REVIEW  
REPORT**

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## I. INTRODUCTION

### A. REPORTING PERIOD

01.01.2016 - 31.03.2016

### B. CORPORATE'S NAME

Gübre Fabrikaları Türk Anonim Şirketi (Gübretaş)

### C. TRADE REGISTER NUMBER

Gübre Fabrikaları T.A.Ş. is registered to the İstanbul Trade Registry with the registry number 47535.

### D. CONTACT INFORMATION

#### HEADQUARTERS

The address of our headquarters, which is registered to the trade registry, is "İstanbul Kadıköy Bora Sk. Nida Kule Göztepe İşm. No.1 K.12 (Bölüm: 42, 45) K. 30 - 31".

The telephone, fax, e-mail and web address of Gübretaş are as below:

Tel: +90 (216) 468 50 50

Fax: +90 (216) 407 10 11

E-mail address: [gubretas@gubretas.com.tr](mailto:gubretas@gubretas.com.tr)

Web address: [www.gubretas.com.tr](http://www.gubretas.com.tr)

Also, the contact information of Yarımca production facilities and other regional offices are listed below;

#### YARIMCA PRODUCTION FACILITIES MANAGEMENT

Address: Gübretaş Yarımca Tesisleri 41740 Körfez / KOCAELİ

Phone : +90 (262) 528 46 40

Fax : +90 (262) 528 21 31

E-mail address: [yarimca@gubretas.com.tr](mailto:yarimca@gubretas.com.tr)

#### TEKİRDAĞ REGIONAL OFFICE

Address: Turgut Mah. Ördeklidere Cad. No: 16/1 Tekirdağ

Phone : +90 (282) 262 76 50 / (282) 262 47 94 / (282) 262 84 39

Fax : +90 (282) 262 98 51

**İSKENDERUN REGIONAL OFFICE**

Address: Sarıseki Mah. E-5 Üzeri Cad. Port Center İş Merkezi, No:146 / 10-11 Sarıseki-İskenderun/HATAY

Phone : +90 (326) 626 14 42 - 44 - 49 - 50

Fax : +90 (326) 626 14 50

**ANKARA REGIONAL OFFICE**

Address: Emek Mah. Kazakistan Cad. (4. Cadde) No: 139 Çankaya / ANKARA

Phone : +90 (312) 231 91 97

Fax : +90 (312) 231 92 99

**İZMİR REGIONAL OFFICE**

Address: Kırlar Mevkii Fatih Mah. Atatürk Cad. Helvacı / Aliğa - İZMİR

Phone : +90 (232) 627 91 59

Fax : +90 (232) 627 91 60

**SAMSUN REGIONAL OFFICE**

Address: Gübretaş Samsun Tesisleri Organize Sanayi Bölgesi Kızılırmak Cad. No: 7  
Kutlukent - SAMSUN

Phone : +90 (362) 266 40 10

Fax : +90 (362) 266 68 25

**DİYARBAKIR REGIONAL OFFICE**

Address: Kayapınar Mah. Urfa Yolu 3. km DİYARBAKIR

Phone : +90 (412) 251 12 46 - 251 15 46

Fax : +90 (412) 251 18 55

**ANTALYA REGIONAL OFFICE**

Address: Yeşilbahçe Mah. Portakal Çiçeği Bulvarı Kepez Mehmet Sitesi A Blok No:35 Kat:2  
Daire:8 Muratpaşa/ANTALYA

Phone : +90 (242) 311 43 73 - 83

Fax : +90 (242) 311 43 93

## E. BOARD OF DIRECTORS

Title	Name	Date of appointment
Chairman	Ayhan KARAYAMA	13.04.2016
Vice Chairman	Kazım ÇALIŞKAN	28.05.2015
Member	Hüsamettin GÜLHAN	13.04.2016
Member	Mahmut GÜNGÖR	13.04.2016
Executive Member	Ferhat ŞENEL	13.04.2016
Executive Member	Tahir OKUTAN	13.04.2016
Independent Member	Ali Yekta SUNAR	13.04.2016
Independent Member	Bahattin YILDIZ	13.04.2016
Independent Member	İsmet SU	13.04.2016

Members of the Board of Directors, which resigned during the period and after balance sheet date:

Title	Name	Date of Appointment	Date of Completion
Member	Selahattin AYDOĞAN	30.12.2014	29.02.2016
Chairman	İrfan GÜVENDİ	17.12.2014	03.03.2016
Executive Member	Şükrü KUTLU	23.02.2015	12.04.2016
Member	Adem DANIŞIK	05.01.2015	13.04.2016
Member	Veli ALTUNKAŞ	05.01.2015	13.04.2016
Member	Ali Erdem SAATÇİ	29.02.2016	13.04.2016
Independent Member	Prof. Dr. Nuh BOYRAZ	16.04.2015	13.04.2016
Independent Member	Av. Dr. Cahit SULUK	16.04.2015	13.04.2016
Independent Member	Hasan SEZER	16.04.2015	13.04.2016

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

## F. TOP MANAGEMENT

Title	Name	Date of appointment
General Manager	Ferhat ŞENEL	12.04.2016
Deputy General Manager - Finance		09.02.2004
Deputy General Manager - Sales & Marketing	Tahir OKUTAN	20.01.2006
Deputy General Manager - Supply Chain Management	Dr. Şenol DUMAN	08.01.2015
Deputy General Manager - Facilities and Investments	Dr. Mahmut KARAMAN	04.02.2015

Members of Top Management, which resigned during the period:

Title	Name	Date of Appointment	Date of Completion
General Manager	Şükrü KUTLU	23.02.2015	12.04.2016

## G. CAPITAL STRUCTURE

As of 31.03.2016 authorized capital of the company is 1.000.000.000 TRY and issued capital is 334.000.000 TRY.

**Tablo 1 : CAPITAL STRUCTURE**

Shareholders	Share Amount -TRY	Share %
Central Union of Turkish Agricultural Credit Cooperatives	253.684.606,88	75,95
Other	80.315.393,12	24,05
<b>Total</b>	<b>334.000.000,00</b>	<b>100,00</b>

## H. AFFILIATES AND SUBSIDIARIES

**Table 2 : SUBSIDIARIES**

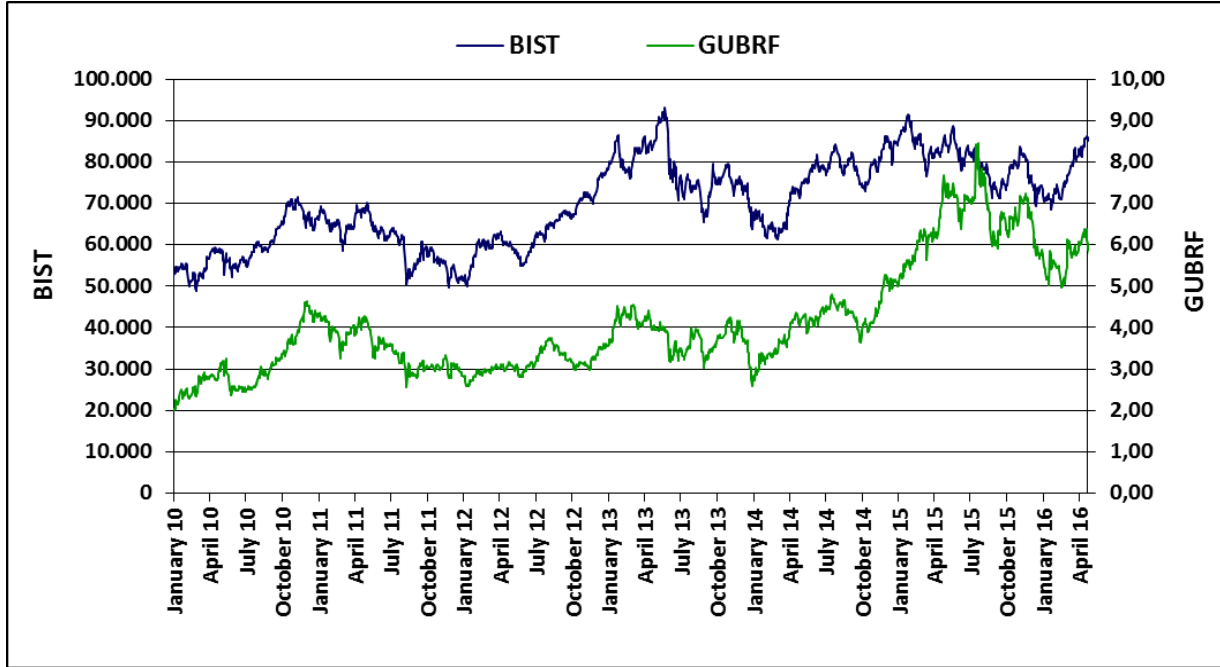
Company Name	Share %
Razi Petrochemical Co.	48,88

**Table 3 : AFFILIATES**

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 Tahmil Temizlik ve Güvenlik Hizmetleri A.Ş.	15,00

## I. PERFORMANCE OF THE STOCK

Graph 1 : PERFORMANCE OF THE STOCK



## II. GÜBRE FABRİKALARI T.A.Ş. ACTIVITIES

### A. PRODUCTION

Gübretaş produced 18.500 tons of TSP, 148.456 tons of compound fertilizers and a total of 166.956 tons in the first three months of 2016. In addition, 2.850 tons of liquid and powder fertilizers were produced.

Solid fertilizer production increased by 20,55% and liquid-powder production also increased by 84,51% in 2016 compared to 2015. Total fertilizer production including solid, liquid and powder increased by 21,26% in 2016 compared to 2015.

Some of the products were used as raw material in the production process. Capacity utilisation rate was 78,80% in the first three months of 2016.

Table 4 : PRODUCTION BY GROUP -TON

Production	2016/3	2015/3	Change
Solid Fertilizer	166.956	138.492	20,55%
Liquid - Powder Fertilizer	2.850	1.545	84,51%
<b>GRAND TOTAL</b>	<b>169.806</b>	<b>140.037</b>	<b>21,26%</b>

## B. SALES AND PURCHASES

Our Company sold 722.641 tons of solid, 9.035 tons of liquid and powder fertilizers in the first three months of 2016. In the first three months of 2015, 599.573 tons of solid, 5.747 tons of liquid and powder fertilizers were sold.

The sales increased by 20,53% in the first three months of 2016, compared to the same period of the year before.

The volume of purchases was 259.021 tons in the first three months of 2015, and it increased by 47,24% to 381.377 tons in first three months of 2016. There has not been any export in the first three months of 2016, while it was 1.575 tons in the same period of 2015.

**Table 5 : SALES, IMPORT AND DOMESTIC PURCHASES-TON**

	2016/3	2015/3	Change
Domestic Purchases	32.174	53.870	-40,27%
Import	349.203	205.151	70,22%
<b>Total Purchases</b>	<b>381.377</b>	<b>259.021</b>	<b>47,24%</b>
<b>Sales</b>	<b>722.641</b>	<b>599.573</b>	<b>20,53%</b>

**Table 6 : SALES BY PRODUCT GROUPS-TON**

Solid Chemical Fertilizer	2016/3	2015/3	Change
COMPOUND	212.116	158.030	34,23%
AN	183.319	140.836	30,16%
UREA	144.805	130.374	11,07%
CAN	103.058	83.103	24,01%
AS	49.231	54.374	-9,46%
DAP	28.195	31.078	-9,28%
Other	1.917	1.778	7,82%
<b>Total Solid Fertilizer</b>	<b>722.641</b>	<b>599.573</b>	<b>20,53%</b>
<b>Total Liquid - Powder Fertilizer</b>	<b>9.035</b>	<b>5.747</b>	<b>57,10%</b>
<b>Grand Total</b>	<b>731.676</b>	<b>605.320</b>	<b>20,87%</b>



### C. INVESTMENTS

In Turkish operations, our company spent 9.651.368 TRY for capital expenditure in the first quarter of 2015, while this figure was 6.182.093 TRY in the same period of 2016.

### D. ADMINISTRATIVE ACTIVITIES

#### Number of Personnel

Our number of personnel increased by 23,11% to 538 persons in the first three months of 2016.

#### Training Activities

Training activities are aimed at developing managerial, personal and professional capabilities of the staff. A total of 4.302 hours of educational activities with the participation of 118 employees were carried out in the first three months of 2016.

## III. RAZİ PETROCHEMICAL CO. ACTIVITIES

### A. PRODUCTION

In the first quarter of 2016, 376.294 tons of fertilizer and fertilizer raw materials were produced in Razi Petrochemical Co. and its subsidiary Arya Phosphoric Jonoub Co., capacity utilization rate was 41,34%.

**Table 7 : RAZİ PETROCHEMICAL CO. PRODUCTION-TON**

Product	2016/3	2015/3	Change	Capacity	2016/3 CUR
Ammonia	154.233	204.080	-24,43%	1.336.000	46,18%
Urea	67.070	77.338	-13,28%	594.000	45,16%
Sulphur	62.949	77.586	-18,87%	508.000	49,57%
Sulphuric Acid	54.990	64.284	-14,46%	627.000	35,08%
Phosphoric Acid	18.626	17.070	9,12%	126.000	59,13%
DAP	18.426	27.281	-32,46%	450.000	16,38%
<b>Total</b>	<b>376.294</b>	<b>467.639</b>	<b>-19,53%</b>	<b>3.641.000</b>	<b>41,34%</b>

## B. SALES

In the first three months of 2016, 287.777 tons of fertilizer were sold and 295.703.155 TRY of revenue were achieved in Razi Petrochemical Co. and its subsidiary Arya Phosphoric Jonoub Co. Razi Petrochemical Co. exported 184.064 tons and sold 103.714 tons in the domestic market in the first three months of 2016. Share of export in total sales was 64%.

**Table 8 : RAZİ PETROCHEMICAL CO. SALES-TON**

Product	2016/3	2015/3	Change
Ammonia	107.041	152.731	-29,92%
Urea	105.616	101.069	4,50%
Sulphur	38.455	32.851	17,06%
DAP	22.513	22.857	-1,51%
Phosphoric Acid	8.078	11.368	-28,94%
Sulphuric Acid	6.074	11.298	-46,24%
<b>Total</b>	<b>287.777</b>	<b>332.174</b>	<b>-13,37%</b>

## C. INVESTMENTS

In Iran operations, our company spent 3.645.902 TRY for capital expenditure in 2015, while this figure was 5.455.709 TRY in 2016.

## IV. HIGHLIGHTS OF OUR 1ST QUARTER OPERATIONS

### Turkey Operations

Highlights about our Turkey operations in the 1st quarter of 2016 are as below;

- Increase in consumption:** In January 2016, VAT rate in fertilizer sector was first reduced to %1 and then considered as an exception. Related with the exception of a possible reduction, it was observed that demand was deferred in 4th quarter of 2015, especially in nitrogen based fertilizers and then this deferred demand was realised as sales after the beginning of 2016. With the VAT exception, the increasing purchasing power of farmers is expected to affect Turkey consumption positively.

- **Appreciation of TRY:** Contrary to the rapid depreciation at the beginning of 2015, the stability of TL had a detractive effect in our financial expenses.

### **Iran Operations**

Highlights about our Iran operations in the 1st quarter of 2016 are as below;

- **Decrease in ammonia production:** In the 1st quarter, related with the improvement works, there was a 45-day-long halt in production in one of our ammonia plants. After the improvement, higher and more efficient production became possible.
- **Profitability:** Sales level decreased in parallel with the decrease in production. As an addition to that, profitability decreased with the declining product prices.

## V. FINANCIAL STRUCTURE

### A. BALANCE SHEET ASSETS-TRY

ASSETS	31 March 2016	31 December 2015
<b>Current Assets</b>	<b>1.713.521.204</b>	<b>2.015.222.364</b>
Cash and Cash Equivalents	414.580.069	364.409.394
Financial Investments	7.490.813	7.720.146
Trade Receivables	399.614.366	387.125.926
- <i>Trade receivables from related parties</i>	87.466.031	135.955.617
- <i>Other trade receivables</i>	312.148.335	251.170.309
Other Receivables	222.534.524	193.773.614
- <i>Other receivables from related parties</i>	459.623	228.630
- <i>Other receivables</i>	222.074.901	193.544.984
Inventories	615.528.273	958.089.021
Prepaid expenses	48.271.905	54.210.898
Current tax assets	189.533	387.155
Other Current Assets	5.311.721	49.506.210
<b>Fixed Assets</b>	<b>1.568.964.401</b>	<b>1.612.334.138</b>
Financial Investments	38.412.512	39.504.710
Other receivables	143.472.233	158.434.667
- <i>Other receivables from related parties</i>	90.548.418	102.902.884
- <i>Other receivables from third parties</i>	52.923.815	55.531.783
Investments Valued by Equity Method	7.988.711	8.581.263
Investment Properties	14.266.000	14.266.000
Tangible Fixed Assets	1.136.263.481	1.157.908.601
Intangible Fixed Assets	162.811.843	168.679.210
- <i>Goodwill</i>	162.340.501	168.244.294
- <i>Other intangible assets</i>	471.342	434.916
Prepaid expenses	22.066.874	20.020.062
Deferred Tax Assets	43.682.747	44.939.625
<b>TOTAL ASSETS</b>	<b>3.282.485.605</b>	<b>3.627.556.502</b>

**B. BALANCE SHEET LIABILITY-TRY**

<b>LIABILITIES</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Short-term Liabilities</b>	<b>1.730.058.291</b>	<b>1.709.229.510</b>
Financial Liabilities	684.592.847	919.798.706
Short-term portion of long-term borrowings	35.128.124	36.809.807
Trade payables	446.598.594	517.380.539
- <i>Trade payables to related parties</i>	12.074.122	3.706.743
- <i>Other trade payables to third payables</i>	434.524.472	513.673.796
Payables for Employment Termination Benefits	18.254.611	16.622.317
Other Payables	379.103.627	45.040.111
Deferred Incomes	19.690.522	32.648.994
Current Tax Liabilities	52.917.631	53.257.524
Short-term provisions	93.772.335	87.671.512
- <i>Short-term provisions for employee benefits</i>	14.343.486	19.438.117
- <i>Provisions for payables</i>	79.428.849	68.233.395
<b>Long-term Liabilities</b>	<b>283.475.597</b>	<b>304.108.890</b>
Long-term borrowings	103.167.209	119.304.435
Provisions for employee benefits	146.554.963	152.525.000
Deferred tax liabilities	33.753.425	32.279.455
<b>EQUITY CAPITAL</b>	<b>1.268.951.717</b>	<b>1.614.218.102</b>
<b>Equities of Parent Company</b>	<b>1.075.827.107</b>	<b>1.053.708.261</b>
Paid-in Capital	334.000.000	334.000.000
Value Appreciation Funds	262.570.832	262.570.832
Foreign Currency Adjustments	-84.261.754	-74.870.622
Translation reserve belongs to investment valued by equity method	-12.539.692	-13.780.834
Restricted Reserves From Profit	39.708.380	39.708.380
- <i>Legal Reserves</i>	38.325.728	38.325.728
- <i>Gains from fixed asset sales</i>	1.382.652	1.382.652
Previous Years Profit / (Loss)	506.080.505	416.698.169
Net Period Profit / (Loss)	30.268.836	89.382.336
<b>Minority Shares</b>	<b>193.124.610</b>	<b>560.509.841</b>
<b>TOTAL LIABILITIES</b>	<b>3.282.485.605</b>	<b>3.627.556.502</b>

**C. INCOME STATEMENT-TRY**

<b>CONTINUING OPERATIONS</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
Sales (net)	985.811.635	911.985.491
Costs of Sales (-)	(860.304.879)	(705.935.603)
<b>GROSS PROFIT</b>	<b>125.506.756</b>	<b>206.049.888</b>
Administrative Expenses (-)	(19.537.790)	(17.759.648)
Marketing, Sales and Distribution Expenses (-)	(58.565.785)	(52.633.692)
Other Operating Incomes	52.331.502	103.272.670
Other Operating Expenses (-)	(45.174.046)	(126.183.527)
<b>OPERATION PROFIT/(LOSS)</b>	<b>54.560.637</b>	<b>112.745.691</b>
Income from investing activities	-	657.431
Shares in Profit/Loss of Investments Valued by Equity Method	(1.034.038)	(4.300.691)
<b>OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE</b>	<b>53.526.599</b>	<b>109.102.431</b>
Finance Expenses (-)	(22.280.280)	8.083.124
<b>PRE-TAX PROFIT / LOSS FROM CONTINUING OPERATIONS</b>	<b>31.246.319</b>	<b>117.185.555</b>
<b>Total Tax Income / Expense (-)</b>	<b>2.432.289</b>	<b>(2.148.605)</b>
- Period Tax Income / Expense (-)	(1.223.583)	(7.339.096)
- Deferred Tax Income / Expense(-)	3.655.872	5.190.491
<b>PERIOD PROFIT/ (LOSS)</b>	<b>33.678.608</b>	<b>115.036.951</b>
<b>PERIOD PROFIT/ (LOSS)</b>	<b>33.678.608</b>	<b>115.036.951</b>
<b>Distribution of Period Profit / (Loss)</b>		
Minority Shares	3.409.772	82.217.551
Parent Company's Shares	30.268.836	32.819.399
<b>Earnings / (Loss) Per Share (kr)</b>	<b>0,091</b>	<b>0,098</b>

## VI. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

In accordance with Communiqué on Corporate Governance, which is numbered II-17.1 and published by Capital Markets Board in 3.1.2014, within the first three months of 2016 covering the dates of 1.1.2016 - 31.3.2016, the following works have been realized by the Company in order to be compliant with the principles issued in the related communiqué:

1. About the fertilizer sales which will be realized by our Company, Gübre Fabrikaları T.A.Ş, within the year of 2016 to the related party, Central Union of Turkish Agriculture Credit Cooperatives, the conclusion part of the Board of Directors' report which was prepared due to the Article 10 under the heading of Common and Continuous Transactions of Communiqué on Corporate Governance numbered II-17.1 was submitted for public information on January 28, 2016.
2. Regarding to the article 11/1 of Corporate Governance Communiqué, Investor Relations Department prepared "Investor Relations 2015 Operating Report" related to activities within the year of 2015, and submitted it for the Board's information.
3. Regarding to the article 2.1.3, under the title of "Public Disclosure and Transparency", in Corporate Governance Principles, which are stated in the Annex-1 of the Corporate Governance Communiqué, our disclosure of 2015 financial statements excluding footnotes was announced in the Public Disclosure Platform both in Turkish and English.

## VII. EVENTS AFTER BALANCE SHEET DATE

1. 64<sup>th</sup> Ordinary General Meeting of GÜBRETAS, belonging to financial year 2015, has been carried out at company headquarters (Merdivenköy Mahallesi Bora Sokak No: 1 Nida Kule İş Merkezi Göztepe, Kadıköy / İstanbul) in 13<sup>th</sup> April, 2016, 10:00 am.
2. In the 64<sup>th</sup> Ordinary General Meeting, it has been decided with the majority of shares that 33.400.000 TRY from the distributable profit resulting from 2015 operations and defined according to the Dividend Communique Series II No:19-1, will be distributed to our shareholders as cash starting with July 29, 2016 and remaining 54.312.334,16 TRY after allocating of the 2<sup>nd</sup> composition of legal reserves, 1.670.000 TRY, will be added to extraordinary reserves.
3. Mr. Şükrü KUTLU, the board member and general manager of our company has resigned from his aforementioned duties as of April 12, 2016. With the resolution of the board dated April 12, 2016, Mr. Ferhat Şenel, Deputy General Manager of the Company, was appointed as acting General Manager after resignation of Mr. Şükrü Kutlu, General Manager of the Company.



## VIII. CONCLUSION

### DEAR SHAREHOLDERS,

169.806 tons of various types of chemical fertilizer has been produced at our facilities in the first three months of 2016. 381.377 tons of fertilizers and raw materials, which start with nitrogenous fertilizers that cannot be produced in our facilities and is consumed heavily in our country, are procured from domestic and foreign markets. On the other hand, 722.641 tons of solid, 9.035 tons of liquid and powder fertilizers has been sold in the first three months of 2016. Net sale revenues realized as 718.530.346 TRY.

Also 376.294 tons of fertilizer and fertilizer raw materials have been produced, 295.703.155 TRY sale revenues has been realized by the sale of 287.777 tons of fertilizer and fertilizer raw material in our affiliated company Razi Petrochemical Co.

Our company reached to 985.811.635 TRY consolidated sales revenue. Beside, by adding 860.304.879 TRY cost of goods sold, 78.103.575 TRY operation expenses, 7.157.456 TRY net effect of other operating expenses-income, 1.034.038 TRY shares in loss of investments valued by equity method and 22.280.280 TRY financial expenses; 31.246.319 TRY profit realized before tax. 33.678.608 TRY consolidated profit occurred after deducting 3.655.872 TRY deferred tax income and 1.223.583 TRY current period tax. 30.268.836 TRY profit to shareholders has occurred after deducting 3.409.772 TRY shares of minority shareholders.

We would kindly like to ask you to evaluate the results mentioned above regarding our first three months of 2016 activities.

**Best Regards,  
BOARD OF DIRECTORS**

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

# **Gübre Fabrikaları Türk Anonim Şirketi**

**Interim condensed consolidated financial statements  
for the period January 1 – March 31, 2016**

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(Convenience translation of a report and interim condensed consolidated financial statements originally issued in Turkish)

## Gübre Fabrikaları Türk Anonim Şirketi

### Interim consolidated statement of financial position as of 31 March 2016

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Unaudited	Audited
	Notes	31 March 2016	31 December 2015
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4	414.580.069	364.409.394
Financial investments		7.490.813	7.720.146
Trade receivables			
- Trade receivables from related parties	16	87.466.031	135.955.617
- Trade receivables from third parties	6	312.148.335	251.170.309
Other receivables			
- Other receivables from related parties	16	459.623	228.630
- Other receivables from third parties	7	222.074.901	193.544.984
Inventories	8	615.528.273	958.089.021
Prepaid expenses		48.271.905	54.210.898
Assets related to the current period taxes		189.533	387.155
Other current assets		5.311.721	49.506.210
<b>Total current assets</b>		<b>1.713.521.204</b>	<b>2.015.222.364</b>
<b>Non-current assets:</b>			
Financial investments		38.412.512	39.504.710
Other receivables			
- Other receivables from related parties	16	90.548.418	102.902.884
- Other receivables from third parties	7	52.923.815	55.531.783
Investments valued by equity method		7.988.711	8.581.263
Investment properties		14.266.000	14.266.000
Property, plant and equipment	9	1.136.263.481	1.157.908.601
Intangible assets			
- Goodwill	10	162.340.501	168.244.294
- Other intangible assets	10	471.342	434.916
Prepaid expenses		22.066.874	20.020.062
Deferred tax assets		43.682.747	44.939.625
<b>Total non-current assets</b>		<b>1.568.964.401</b>	<b>1.612.334.138</b>
<b>Total assets</b>		<b>3.282.485.605</b>	<b>3.627.556.502</b>

The interim condensed consolidated financial statements for the year ended 31 March 2016 have been approved by the Board of Directors on 6 May 2016.

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

(Convenience translation of a report and interim condensed consolidated financial statements originally issued in Turkish)

## Gübre Fabrikaları Türk Anonim Şirketi

### Interim consolidated statement of financial position as of 31 March 2016

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Unaudited	Audited
	Notes	31 March 2016	31 December 2015
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short term borrowings	5	684.592.847	919.798.706
Current portion of long-term borrowings	5	35.128.124	36.809.807
Trade payables			
- Trade payables to related parties	16	12.074.122	3.706.743
- Trade payables to third parties	6	434.524.472	513.673.796
Employee benefit obligations		18.254.611	16.622.317
Other payables			
- Other payables to third parties	7	379.103.627	45.040.111
Deferred income		19.690.522	32.648.994
Current income tax liability		52.917.631	53.257.524
Short-term provisions			
- Short-term provisions for employee benefits		14.343.486	19.438.117
- Other short term provisions	12	79.428.849	68.233.395
<b>Total current liabilities</b>		<b>1.730.058.291</b>	<b>1.709.229.510</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	5	103.167.209	119.304.435
Long-term provisions			
- Long-term provisions for employee benefits		146.554.963	152.525.000
Deferred tax liability		33.753.425	32.279.455
<b>Total non-current liabilities</b>		<b>283.475.597</b>	<b>304.108.890</b>
<b>Total liabilities</b>		<b>2.013.533.888</b>	<b>2.013.338.400</b>
<b>Shareholders' equity:</b>			
Share capital		334.000.000	334.000.000
Accumulated other comprehensive income / expense not to be reclassified to profit or loss			
- Revaluation gains/losses		262.570.832	262.570.832
Accumulated other comprehensive income / expense to be reclassified to profit or loss			
- Foreign currency translation reserve		(84.261.754)	(74.870.622)
- Translation reserve belongs to investment valued by equity method		(12.539.692)	(13.780.834)
Restricted reserves			
- Legal reserves		38.325.728	38.325.728
- Real estate sales gain to be added to capital		1.382.652	1.382.652
Retained earnings		506.080.505	416.698.169
Net income		30.268.836	89.382.336
<b>Equity attributable to equity holders of the parent</b>		<b>1.075.827.107</b>	<b>1.053.708.261</b>
<b>Non-controlling interests</b>		<b>193.124.610</b>	<b>560.509.841</b>
<b>Total shareholders' equity</b>		<b>1.268.951.717</b>	<b>1.614.218.102</b>
<b>Total liabilities and equity</b>		<b>3.282.485.605</b>	<b>3.627.556.502</b>

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

(Convenience translation of a report and interim condensed consolidated financial statements originally issued in Turkish)

**Gübre Fabrikaları Türk Anonim Şirketi**

**Interim consolidated statement of profit or loss and other comprehensive income as of 31 March 2016**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited 1 January – 31 March 2016	Unaudited 1 January – 31 March 2015
Sales	13	985.811.635	911.985.491
Cost of sales (-)	13	(860.304.879)	(705.935.603)
<b>Gross profit</b>		<b>125.506.756</b>	<b>206.049.888</b>
General and administrative expense (-)		(19.537.790)	(17.759.648)
Marketing, selling and distribution expense (-)		(58.565.785)	(52.633.692)
Other operating income	14	52.331.502	103.272.670
Other operating expenses (-)	14	(45.174.046)	(126.183.527)
<b>Operating profit</b>		<b>54.560.637</b>	<b>112.745.691</b>
Income/(expense) from investment activities		-	657.431
Profit / (loss) from investments accounted by equity method		(1.034.038)	(4.300.691)
<b>Financial income / (expense) before operating profit</b>		<b>53.526.599</b>	<b>109.102.431</b>
Financial income / (expense)		(22.280.280)	8.083.125
<b>Profit before tax from continuing operations</b>		<b>31.246.319</b>	<b>117.185.556</b>
- Current period tax income / (expense)		(1.223.583)	(7.339.096)
- Deferred tax income / (expense)		3.655.872	5.190.491
<b>Total tax income / (expense)</b>		<b>2.432.289</b>	<b>(2.148.605)</b>
<b>Net profit</b>		<b>33.678.608</b>	<b>115.036.951</b>
<b>Distribution of income for the period:</b>			
Non-controlling interests		3.409.772	82.217.552
Attributable to equity holders of the parent		30.268.836	32.819.399
		33.678.608	115.036.951
<b>Other Comprehensive Income:</b>			
<b>Items to be reclassified to profit or loss</b>			
Changes in currency translation differences		(19.211.813)	80.909.091
Changes in currency translation differences from investments accounted by equity method		1.241.142	-
<b>Other comprehensive income / (expense)</b>		<b>(17.970.671)</b>	<b>80.909.091</b>
<b>Total comprehensive income</b>		<b>15.707.937</b>	<b>195.946.042</b>
<b>Distribution of total comprehensive income</b>			
-Non-controlling interests		(6.410.909)	123.578.279
-Equity holders of the parent		22.118.846	72.367.763
<b>Earnings per share</b>	15	<b>0,091</b>	0,098

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

(Convenience translation of a report and interim condensed consolidated financial statements originally issued in Turkish)

**Gübre Fabrikaları Türk Anonim Şirketi**

**Interim consolidated statement of changes in equity as of 31 March 2016**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Share capital	Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss		Restricted reserves	Real estate sales gain to be added to capital	Retained earnings		Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
		Revaluation reserves	Changes in currency translation differences from investments accounted by equity method	Foreign currency translation reserve			Retained earnings	Net profit for the period			
1 January 2015	334.000.000	209.923.776	-	(125.735.921)	16.700.000	1.382.652	249.900.199	94.713.933	780.884.639	345.121.739	1.126.006.378
Transfer to retained earnings	-	-	-	-	-	-	94.713.933	(94.713.933)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(223.329.375)	(223.329.375)
Total comprehensive income	-	-	-	4.037.767	-	-	-	19.235.907	23.273.674	53.543.154	76.816.828
31 March 2015	334.000.000	209.923.776	-	(121.698.154)	16.700.000	1.382.652	344.614.132	19.235.907	804.158.313	175.335.518	979.493.831
<b>1 January 2016</b>	<b>334.000.000</b>	<b>262.570.832</b>	<b>(13.780.834)</b>	<b>(74.870.622)</b>	<b>38.325.728</b>	<b>1.382.652</b>	<b>416.698.169</b>	<b>89.382.336</b>	<b>1.053.708.261</b>	<b>560.509.841</b>	<b>1.614.218.102</b>
Transfer to retained earnings	-	-	-	-	-	-	89.382.336	(89.382.336)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(360.974.322)	(360.974.322)
Total comprehensive income	-	-	1.241.142	(9.391.132)	-	-	-	30.268.836	22.118.846	(6.410.909)	15.707.937
<b>31 March 2016</b>	<b>334.000.000</b>	<b>262.570.832</b>	<b>(12.539.692)</b>	<b>(84.261.754)</b>	<b>38.325.728</b>	<b>1.382.652</b>	<b>506.080.505</b>	<b>30.268.836</b>	<b>1.075.827.107</b>	<b>193.124.610</b>	<b>1.268.951.717</b>

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

(Convenience translation of a report and interim condensed consolidated financial statements originally issued in Turkish)

**Gübre Fabrikaları Türk Anonim Şirketi**

**Interim consolidated statement of cash flows as of 31 March 2016**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited 1 January – 31 March 2016	Unaudited 1 January – 31 March 2015
<b>Cash flows from operating activities</b>			
<b>Profit from continuing operations</b>		<b>33.678.608</b>	115.036.951
<i>Adjustments to reconcile net profit/(loss) for the period</i>			
Depreciation and amortization expense	9,10	16.831.839	11.971.868
(Gain) / loss on equity investments		1.034.038	4.300.691
Retirement pay provision, early retirement pay liability and vacation payment liability		11.328.733	17.188.466
Interest (income) / expense		20.814.864	(1.913.558)
Foreign exchange (income) / expense		1.821.746	48.471.175
Profit / (loss) on sale of plant, property and equipment	9,10	(466.724)	(466.108)
Foreign currency translation reserves		-	(36.781.759)
Deferred financial income / expense		4.046.399	2.648.409
Current year tax (income) / expense		(2.432.289)	2.148.605
<b>Cash flows from the operating activities before changes in the assets and liabilities</b>		<b>86.657.214</b>	162.604.740
Changes in working capital (net):			
Increase / decrease in trade receivables		(15.123.403)	78.987.421
Increase / decrease in other receivables		(13.798.476)	12.364.393
Increase / decrease in inventories		342.560.748	115.765.289
Other current / non-current assets and liabilities		44.194.487	(23.199.864)
Increase / decrease in trade payables		(72.193.381)	(285.856)
Employee benefit obligations		1.632.294	4.585.143
Deferred income		(12.958.472)	(40.604.627)
Increase in prepaid expenses		3.892.181	53.147.300
Increase / decrease in other payables		(27.352.292)	6.901.679
Increase / decrease in debt provisions		6.100.823	54.327.136
<b>Cash flows from the operations after the changes in working capital</b>		<b>343.611.723</b>	424.592.754
Taxes paid		(1.081.312)	(32.307.821)
Payment termination Indeminty		(13.430.659)	(10.242.450)
<b>Cash flow regarding investment activities</b>		<b>329.099.752</b>	382.042.483
<b>Investment activities:</b>			
Cash outflows from the purchases of property, plant and equipment and intangible assets	9,10	(11.725.042)	(13.286.474)
Proceeds from sales of property, plant and equipment	9,10	616.849	460.709
Payments for the capital increases in investments valued by the Equity Method		-	(4.568.541)
Cash proceeds about financial investments		1.321.531	7.690.360
<b>Cash flows from investment activities</b>		<b>(9.786.662)</b>	(9.703.946)
<b>Financing activities:</b>			
Proceeds from financial borrowings		(254.846.515)	(130.003.371)
Interest collected		148.031	1.913.558
Interest paid		(20.962.895)	24.619.057
<b>Cash flows from financing activities</b>		<b>(275.661.379)</b>	(103.470.756)
Change in pledge cash and cash equivalents	4	(7.466.009)	-
<b>Net change in cash and cash equivalents</b>		<b>50.170.675</b>	268.867.782
<b>Cash and cash equivalents as of January 1</b>		<b>4</b>	364.409.394
Foreign currency translation difference		6.518.964	-
<b>Cash and cash equivalents as of March 31</b>		<b>4</b>	407.114.060
			731.717.943

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



**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 1- GROUP'S ORGANIZATION AND NATURE OF OPERATIONS**

Gübre Fabrikaları T.A.Ş. and its subsidiaries (altogether referred to as "the Group") are composed of three subsidiaries and two associates. Gübretaş, established in 1952, operates in the field of production and marketing of chemical fertilizers.

The Company performs the majority of its operations together with Türkiye Tarım Kredi Kooperatifleri Merkez Birliği. The registered head Office is in Istanbul and the information about the locations of the other production facilities and offices are summarised here below:

<b>Operational units</b>	<b>Operation details</b>
Yarımca Facilities Directorate	Production / Port facilities / Storage
İzmir Regional Office	Sales-marketing / Liquid-powder fertilizer production / Storage
Samsun Regional Office	Sales-marketing / Storage
İskenderun Regional Office	Sales-marketing / Port facilities / Storage
Tekirdağ Regional Office	Sales-marketing / Storage
Ankara Regional Office	Sales-marketing
Diyarbakır Regional Office	Sales-marketing
Antalya Regional Office	Sales-marketing

The number of employees of the Company and its subsidiaries for the year ended 31 March 2016 is 1.676 (31 December 2015 – 1.613)

24,05% of the shares of the Company are traded in the Istanbul Stock Exchange and is registered to the Capital Market Board (CMB).

The shareholders who hold 10% and above of the Company are listed here below:

<b>Name</b>	<b>31 March 2016</b>		<b>31 December 2015</b>	
	<b>Share %</b>	<b>Share amount</b>	<b>Share %</b>	<b>Share amount</b>
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	<b>75,95%</b>	<b>253.684.607</b>	75,95%	253.684.607
Other	<b>24,05%</b>	<b>80.315.393</b>	24,05%	80.315.393
<b>Total</b>	<b>100,00%</b>	<b>334.000.000</b>	100,00%	334.000.000

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 1- GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)**

**Subsidiaries**

Gübretaş has invested in Razi Petrochemical Co., which is located in Iran and operates in the production and sales of fertilizer and fertilizer raw materials on May 24, 2008. The share of Gübretaş in the capital of Razi as of the date of balance sheet is 48,88% (December 31, 2014: 48,88). Razi is considered subsidiary because Gübretaş has the right to select and nominate three of the five member Company Board of Razi. Also, it has the controlling power in the operational management of Razi.

At 2010 year end, Razi has established Raintrade Petrokimya ve Dış Ticaret A.Ş. ("Raintrade") in Turkey in order to conduct its sales activities outside Iran. Raintrade has commenced its operations in April 2011. Razi has 100% share in Raintrade; therefore the Group has an indirect ownership of 48,88% in Raintrade.

In 2012, Razi Petrochemical Co. has purchased 87,5% of Arya Phosphoric Jonoob Co., which operates in the same region and has a production facility with an annual production capacity of 126.000 tons of phosphoric acid. In 2013, Razi has purchased the remaining 12,5% of the shares and fully owns Arya Phosphoric Jonoob Co. Consequently, Arya Phosphoric Jonoob Co has become the subsidiary of Razi Petrochemical Co. The Group's indirect ownership is 48,88%.

The Company and its Subsidiaries together will be referred to as "the Group"

**Associates**

On June 30, 2008, the Company has invested in Negmar Denizcilik Yatırım A.Ş., operating in sea transportation. As of the balance sheet date, the participation percentage is 40% (31 December 2015: 40%).

On April 13, 2009, the Company has invested in Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. (Tarkim), operating in the production and sales of agricultural pesticide in Turkey. As of the balance sheet date, the participation percentage is 40% (31 December 2015: 40%).

**Financial assets available for sale**

Other than its associates and subsidiaries, the Group has invested in İmece Prefabrik Yapı Tarım Makineleri Temizlik ve Güvenlik Hizmetleri Tic. A.Ş. and Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş. in Turkey with shares of 15% of 17% respectively that are the associates of its controlling shareholder.

**The approval of the financial statements:**

The interim condensed consolidated financial statements have been approved by the Board of Directors and instructed to be issued on May 6, 2016. The General Assembly has the power to amend the financial statements.

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1. Basis of Presentation**

**Applied Financial Reporting Standards**

The Company and its subsidiaries located in Turkey record and prepare their statutory books and statutory financial statements in line with the Turkish Commercial Code and accounting principles stated by the tax legislation. The associate company in Iran keeps its books and accounting entries as per the Iranian legislation in the currency of Iranian rial (IRR).

The accompanying condensed consolidated financial statements of the Group have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") on 13 June 2013 which is published on Official Gazette numbered 28676 in order to comply with Turkish Accounting Standards / Turkish Financial Reporting Standards and interpretations prepared in compliance with international standards. These standards are updated in parallel to the changes made in International Financial Reporting Standards (IFRS).

The companies are free to prepare their interim financial statements either as full set or in condensed form as per the Turkish accounting standard no: 34 - "interim financial reporting". In this regard, the Group has selected to prepare interim consolidated financial statements. Therefore, these interim condensed and consolidated financial statements should be evaluated together with the consolidated financial statements of the Group as of December 31, 2015.

The interim condensed consolidated financial statements have been prepared with historical cost principal excluding the revaluation of land and buildings presented in property plant and equipment and investment properties. In the calculation of the historical cost, the fair value of the amount paid for the assets are generally considered.

**Going concern**

The Group has prepared its condensed consolidated financial statements considering the going concern concept.

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**  
(Continued)

**Functional currency**

The financial statements of the entities of the Group are presented in local currencies (functional currency) of the economic zones they operate in. All of the financial position and operational results of the entities are presented in Turkish Lira (TL) which is functional currency of the Company and presentation currency of the condensed consolidated financial statements.

The functional currency of the subsidiary in Iran is Iranian Rial (IRR). In accordance with IAS 21 Effects of the Changes in Foreign Exchange Rates, during consolidation, the assets and liabilities of the subsidiaries of the Group in foreign countries are converted into TL using the parity as of the balance sheet date.

Income and expense items are converted into TL using the average conversion rates realized in the related period. The exchange differences occurred as a result of application of the closing and average rates are followed under the equity in the foreign currency translation reserve account. The translation differences occurred is recorded as income or expense at the end of the operation period. Currency translation differences resulted from closing and average rate usage is accounted under currency translation difference under equity. These translation differences are booked as income or loss at the period operations end.

The conversion rates used are as follows:

Currency	31 March 2016		31 March 2015		31 December 2015	
	Period End	Period Average	Period End	Period End	Period End	Period End
IRR / TL	0,00009364	0,0000974	0,0000929	0,0000889	0,0000965	0,00009371

**2.2. Changes in Turkish Financial Reporting Standards (TFRS)**

**The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 31 March 2016 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2016. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

**i) The new standards, amendments and interpretations which are effective as at January 1, 2016 are as follows:**

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

IFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment clarifies that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments did not have an impact on the financial position or performance of the Group.

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**i) The new standards, amendments and interpretations which are effective as at January 1, 2016 are as follows: (Continued)**

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

The amendments to IAS 16 and IAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments did not have an impact on the financial position or performance of the Group.

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

IAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in IAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of IAS 41, measured at fair value less costs to sell. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

**IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27)**

IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

- At cost
  - In accordance with IFRS 9,
- Or
- Using the equity method defined in IAS 28

The entity must apply the same accounting for each category of investments. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

**IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)**

Amendments issued to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)**

Amendments issued to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

**IAS 1: Disclosure Initiative (Amendments to IAS 1)**

Amendments issued to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. These amendments did not have significant impact on the notes to the interim condensed consolidated financial statements of the Group.

**Annual Improvements to IFRSs - 2012-2014 Cycle**

IASB issued, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan

- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting – clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

These amendments did not have any impact on the financial position or performance of the Group.

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the condensed consolidated financial statements and disclosures, when the new standards and interpretations become effective.

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**IFRS 15 Revenue from Contracts with Customers**

The IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 effective date is 1 January 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**Clarifications to IFRS 15 'Revenue from Contracts with Customers' (Amendment)**

IASB has published final clarifications to IFRS 15 in April 2016. The amendments address three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The amendments are effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**IFRS 9 Financial Instruments - Final standard (2014)**

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

**IFRS 16 Leases**

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)**

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Company/Group applies this relief, it shall disclose that fact. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

**IAS 7 'Statement of Cash Flows (Amendments)**

The IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after 1 January 2017 with earlier application permitted. When the Company/Group first applies those amendments, it is not required to provide comparative information for preceding periods. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

**2.3 Basis of consolidation**

- a) Consolidated financial statements have been prepared in accordance with principles stated on consolidated financial statements for the period ended 31 March 2016 and include financial statements of Gübretaş and its Subsidiaries.
- b) As of 31 March 2016, there are no changes in voting rights or proportion of effective interest on Subsidiaries that are subject to consolidation from the information stated on consolidated financial statements for the year ended 31 December 2015.

The statement of financial position and statement of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation. The cost of and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from equity and income for the year, respectively.

- c) The Group's significant interest in affiliates is accounted for with equity method. Affiliates accounted by equity method are presented in consolidated statement of financial position with additions or deductions of changes on share of the Group on net assets of the affiliate and with deduction of provisions for the decline in the value. The comprehensive income statement presents shares of financial results of the Group's affiliates. The changes of the amount, not reflected on income or loss of the affiliate, on the equity of the affiliate can requisite an adjustment on the net book value of the affiliate in proportion of the Group's share. The share of the Group from these changes is directly accounted under the Group's equity.



**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**  
(Continued)

**2.3 Basis of consolidation (Continued)**

d) Other investments in which the Group has interest below 20%, or over which the Group does not exercise a significant influence, or which are immaterial, are classified as available-for-sale. Available-for-sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value.

e) The non-controlling shareholders' share of the net assets and results for the period for the subsidiaries are classified separately in the consolidated statement of financial position and statements of comprehensive income as non-controlling interest.

**2.4 Summary of significant accounting policies**

Condensed consolidated financial statements for the period ended 31 March 2016, have been prepared in compliance with IAS 34, the IFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 31 March 2016 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended 31 December 2015. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2015.

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 3 -SEGMENT REPORTING**

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.

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

The distribution of segment assets and liabilities pertaining to the periods ending on 31 March 2016 and 31 December 2015 is as follows:

	Turkey		Iran	Consolidation	Total
Assests	31 March 2016	31 March 2016	31 March 2016	Adjustments	31 March 2016
<b>Current assets</b>	<b>708.682.041</b>	<b>1.118.069.779</b>		<b>(113.230.616)</b>	<b>1.713.521.204</b>
<b>Non-current assets</b>	<b>1.087.155.892</b>	<b>750.659.234</b>		<b>(268.850.725)</b>	<b>1.568.964.401</b>
<b>Total assests</b>	<b>1.795.837.933</b>	<b>1.868.729.013</b>		<b>(382.081.341)</b>	<b>3.282.485.605</b>
<b>Liabilities</b>					
<b>Short term liabilities</b>	<b>964.751.165</b>	<b>1.199.209.561</b>		<b>(433.902.435)</b>	<b>1.730.058.291</b>
<b>Long term liabilities</b>	<b>112.107.194</b>	<b>171.368.403</b>		<b>-</b>	<b>283.475.597</b>
<b>Equities</b>	<b>718.979.574</b>	<b>498.151.048</b>		<b>51.821.095</b>	<b>1.268.951.717</b>
<b>Total liabilities</b>	<b>1.795.837.933</b>	<b>1.868.729.012</b>		<b>(382.081.340)</b>	<b>3.282.485.605</b>

	Turkey		Iran	Consolidation	Total
Assests	31 December 2015	31 December 2015	31 December 2015	Adjustments	31 December 2015
<b>Current assets</b>	<b>1.012.177.945</b>	<b>1.143.571.734</b>		<b>(140.527.315)</b>	<b>2.015.222.364</b>
<b>Non-current assets</b>	<b>1.083.652.046</b>	<b>788.935.617</b>		<b>(260.253.525)</b>	<b>1.612.334.138</b>
<b>Total assests</b>	<b>2.095.829.991</b>	<b>1.932.507.351</b>		<b>(400.780.840)</b>	<b>3.627.556.502</b>
<b>Liabilities</b>					
<b>Short term liabilities</b>	<b>1.290.213.915</b>	<b>547.987.185</b>		<b>(128.971.590)</b>	<b>1.709.229.510</b>
<b>Long term liabilities</b>	<b>127.425.543</b>	<b>176.683.347</b>		<b>-</b>	<b>304.108.890</b>
<b>Equities</b>	<b>678.190.533</b>	<b>1.207.836.819</b>		<b>(271.809.250)</b>	<b>1.614.218.102</b>
<b>Total liabilities</b>	<b>2.095.829.991</b>	<b>1.932.507.351</b>		<b>(400.780.840)</b>	<b>3.627.556.502</b>

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 3 -SEGMENT REPORTING (continued)**

The distribution of income statements by segments for the periods ending on 31 March 2016 and 31 March 2015 is as follows:

	Turkey		Iran		Consolidation Adjustments	Total
Operating income	1 January 2016 31 March 2016	1 January 2016 31 March 2016	1 January 2016 31 March 2016	1 January 2016 31 March 2016	1 January 2016 31 March 2016	1 January 2016 31 March 2016
Sales (Net)	718.530.346	295.703.155	(28.421.866)	985.811.635		
Cost of sales (-)	(635.958.589)	(252.768.156)	28.421.866	(860.304.879)		
Gross profit	82.571.757	42.934.999	-	125.506.756		
Marketing, selling and distribution expense (-)	(31.356.600)	(27.209.185)	-	(58.565.785)		
General and administrative expense (-)	(9.472.862)	(10.064.928)	-	(19.537.790)		
Other operating income / expense (-)(net)	7.533.343	(2.072.080)	1.696.193	7.157.456		
Operating profit	49.275.638	3.588.806	1.696.193	54.560.637		
Income / (expense) from investments	346.881.871	-	(346.881.871)	-		
Profit / (loss) from investments accounted by equity method	(1.034.038)	-	-	(1.034.038)		
Operation profit before financial income / (expense)	395.123.471	3.588.806	(345.185.678)	53.526.599		
Financial income / (expense)	(24.786.982)	2.506.702	-	(22.280.280)		
Profit before tax	370.336.489	6.095.508	(345.185.678)	31.246.319		
Tax expense	-	(1.223.583)	-	(1.223.583)		
Deferred tax income / (expense)	1.857.399	1.798.473	-	3.655.872		
Profit / (loss) for the period	372.193.888	6.670.398	(345.185.678)	33.678.608		

	Turkey		Iran		Consolidation Adjustments	Total
Operating income	1 January 2015 31 March 2015	1 January 2015 31 March 2015	1 January 2015 31 March 2015	1 January 2015 31 March 2015	1 January 2015 31 March 2015	1 January 2015 31 March 2015
Sales	534.197.318	450.488.360	(72.700.187)	911.985.491		
Cost of sales (-)	(470.175.762)	(308.460.028)	72.700.187	(705.935.603)		
Gross profit	64.021.556	142.028.332	-	206.049.888		
Marketing, selling and distribution expense (-)	(27.824.641)	(24.809.051)	-	(52.633.692)		
General and administrative expense (-)	(4.663.485)	(13.096.163)	-	(17.759.648)		
Other operating income / expense (-)	(53.892.492)	30.418.133	-	(23.474.360)		
Operating profit	(22.359.062)	134.541.251	-	112.182.189		
Income / (expense) from investments	23.319.661	-	(22.098.727)	1.220.934		
Profit / (loss) from investments accounted by equity method	(4.300.691)	-	-	(4.300.691)		
Operation profit before financial income / (expense)	(3.340.093)	134.541.251	(22.098.727)	109.102.431		
Financial income / (expense)	(25.767.478)	33.850.603	-	8.083.124		
Profit before tax	(29.107.571)	168.391.853	(22.098.727)	117.185.555		
Tax expense	-	(7.339.096)	-	(7.339.096)		
Deferred tax income / (expense)	5.404.256	(213.765)	-	5.190.491		
Profit / (loss) for the period	(23.703.315)	160.838.993	(22.098.727)	115.036.951		

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 3 - SEGMENT REPORTING (continued)**

**Investment expenditures:**

Investment expenditures pertaining to segment assets for the periods ending on 31 March 2016 and 31 March 2015 are as follows:

	<b>1 January - 31 March 2016</b>	1 January – 31 March 2015
Gubre Fabrikaları T.A.Ş.	<b>6.269.333</b>	9.651.368
Razi Petrochemical Co. and its subsidiary	<b>5.455.709</b>	3.645.902
<b>Total</b>	<b>11.725.042</b>	13.297.270

**Depreciation and amortization:**

Depreciation and amortization expenditures pertaining to segment assets for the periods ending on 31 March 2016 and 31 March 2015 are as follows:

	<b>1 January - 31 March 2016</b>	1 January – 31 March 2015
Gubre Fabrikaları T.A.Ş.	<b>3.689.084</b>	1.739.322
Razi Petrochemical Co. and its subsidiary	<b>13.142.755</b>	10.232.546
<b>Total</b>	<b>16.831.839</b>	11.971.868

**NOTE 4 - CASH AND CASH EQUIVALENTS**

	<b>31 March 2015</b>	31 December 2015
Cash on hands	<b>689.018</b>	274.762
Bank	<b>404.791.443</b>	362.244.428
- demand deposits	<b>6.950.870</b>	161.740.581
- time deposits	<b>397.840.573</b>	200.503.847
Other cash equivalents(**)	<b>9.099.608</b>	1.890.204
<b>Total</b>	<b>414.580.069</b>	364.409.394
Pledge cash and cash equivalents (*)	<b>(7.466.009)</b>	-
<b>Cash and cash equivalents at the statement of cash flow</b>	<b>407.114.060</b>	364.409.394

(\*) As of 31 March 2016, pledge cash and cash equivalents include 7.466.009 TL, which is related with the letters of credit opened by Raintrade.

(\*\*) As of 31 March 2016 and 31 December 2015, other cash equivalents consist of Gübretaş's receivables from the sales by credit card.

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 4 - CASH AND CASH EQUIVALENTS (continued)**

**Time Deposits**

As of March 31, 2016 and December 31, 2015 the maturity of time deposits are less than 3 months and values with effective interest method are as below:

**Time Deposits (TL):**

Interest Rate (%)	Maturity	31 December 2015
10	January 2016	1.600.373
		1.600.373

**Time Deposits (Foreign Currency):**

Interest Rate (%)	Maturity	Currency	Foreign currency amount	31 March 2016 Amount in TL
Libor + 0,5	April 2016	EUR	132.188	424.074
10 - 22	April 2016	Mil. IRR	1.770.847	165.813.546
1,33 – 1,93	April - May 2016	USD	81.740.295	231.602.953
<b>Total</b>				<b>397.840.573</b>

Interest Rate (%)	Maturity	Currency	Foreign currency amount	31 December 2015 Amount in TL
Libor + 0,5	January 2016	EUR	152.515	484.632
20 - 22	January 2016	Mil. IRR	93.767	9.048.687
1,90 - 2,10	January 2016	USD	65.129.370	189.370.155
<b>Total</b>				<b>198.903.474</b>

(Convenience translation of a report and interim condensed consolidated financial statements originally issued in Turkish)

## Gübre Fabrikaları Türk Anonim Şirketi

### Notes to the interim condensed consolidated financial statements as of 31 March 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 5 – FINANCIAL BORROWINGS

As of March 31, 2016 and December 31, 2015, details of short and long term borrowings are as follows:

	31 March 2016	31 December 2015
Short term borrowings	684.592.847	919.798.706
Short term portion of long term borrowings	35.128.124	36.809.807
<b>Total</b>	<b>719.720.971</b>	<b>956.608.513</b>

Short and long term borrowings	31 March 2016	31 December 2015
Payable within 1 year	719.720.971	956.608.513
Payable within 1 – 5 years	103.167.209	119.304.435
<b>Total</b>	<b>822.888.180</b>	<b>1.075.912.948</b>

#### a) Short term borrowings and short term portion of long term borrowings

As of March 31, 2016 details of short term borrowings and short term portion of long term borrowings are as follows:

#### Bank Loans:

Currency	Maturity	Average effective annual Interest Rate (%)	Original Amount	Amount in TL
EUR	April - July 2016	3,40	10.949.822	35.128.124
TL	April - June 2016	12,80 - 13,50	510.706.546	510.706.546
<b>Total</b>				<b>545.834.670</b>

#### Other Financial Borrowings (\*):

Currency	Maturity	Average effective annual Interest Rate (%)	Original Amount	Amount in TL
EUR	April 2016	Libor + 0,5	54.202.270	173.886.301
<b>Total</b>				<b>173.886.301</b>

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 5 – FINANCIAL BORROWINGS (continued)**

As December 31, 2015 details of short term borrowings and short term portion of long term borrowings are as follows:

Bank Loans:

Currency	Maturity	Average effective annual Interest Rate (%)	Original Amount	Amount in TL
EUR	January - July 2016	3,40	11.584.154	36.809.807
USD	January - February 2016	2,30 - 3,10	60.349.446	175.472.050
TL	January - December 2016	12,75 - 13,00	570.382.162	570.382.162
<b>Total</b>				<b>782.664.019</b>

Other Financial Borrowings (\*):

Currency	Maturity	Average effective annual Interest Rate (%)	Original Amount	Amount in TL
EUR	January 2016	Libor+0,5	54.740.840	173.944.494
<b>Total</b>				<b>173.944.494</b>

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

**b) Long term borrowings**

	<b>31 March 2016</b>	31 December 2015
Long term bank loans (Gübretaş)	<b>103.167.209</b>	119.304.435
<b>Total</b>	<b>103.167.209</b>	119.304.435

As March 31, 2016 details of long term borrowings are as follows:

Bank Loans:

Currency	Maturity	Average effective annual Interest Rate (%)	Original Amount	Amount in TL
EUR	January 2020	3,40	32.158.352	103.167.209
<b>Total</b>				<b>103.167.209</b>

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 5 – FINANCIAL BORROWINGS (continued)**

As December 31, 2015 details of long term borrowings are as follows:

Bank Loans:

Currency	Maturity	Average effective annual Interest Rate (%)	Original Amount	Amount in TL
EUR	January 2020	3,4	37.545.454	119.304.435
<b>Total</b>				<b>119.304.435</b>

**NOTE 6 - TRADE RECEIVABLES AND PAYABLES**

**Short term trade receivables:**

	<b>31 March 2016</b>	31 December 2015
Trade receivables	<b>289.333.709</b>	226.906.125
Notes receivables	<b>355.740</b>	125.380
Receivables from National Petrochemical Company ("NPC") (Razi)	<b>26.824.695</b>	28.504.613
<b>Trade receivables from third parties (gross)</b>	<b>316.514.144</b>	255.536.118
Allowance for doubtful receivables (-)	<b>(4.365.809)</b>	(4.365.809)
<b>Trade receivables from third parties (net)</b>	<b>312.148.335</b>	251.170.309

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

The details of the Group's regarding the doubtful receivables and allowances allocated regarding these receivables are as follows:

<b>Overdue following the maturity</b>	<b>31 March 2016</b>	31 March 2015
More than 9 months	<b>4.365.809</b>	3.430.740
<b>Total</b>	<b>4.365.809</b>	3.430.740



**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 6 - TRADE RECEIVABLES AND PAYABLES (continued)**

The movement of allowance for doubtful trade receivables is as follows:

	2016	2015
<b>Balance at January 1</b>	<b>4.365.809</b>	3.430.740
Period cost	-	-
Collection	-	-
<b>Balance at March 31</b>	<b>4.365.809</b>	3.430.740

As of March 31, 2016 and December 31, 2015 guarantees related to not overdue receivables are as follows:

	31 March 2016	31 December 2015
Guarantee Letters	251.111.567	243.038.812
Collateral cheques and notes	60.806.521	60.831.521
<b>Total</b>	<b>311.918.088</b>	303.870.333

**Short term trade payables:**

	31 March 2016	31 December 2015
Trade payables (Gübretaş)	269.401.875	336.820.254
Trade payables (Razi)	88.323.895	93.492.706
Payables to NPC (Razi)	72.908.176	78.779.458
Other trade payables	3.890.526	4.581.378
<b>Total</b>	<b>434.524.472</b>	513.673.796

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**NOTE 7 – OTHER RECEIVABLES AND PAYABLES**

**Other short term receivables:**

	<b>31 March 2016</b>	<b>31 December 2015</b>
VAT receivables (Razi)	<b>70.388.079</b>	67.916.248
Receivables from Non-controlling interests (Razi) (**)	<b>48.829.801</b>	53.210.914
Other various receivables (Tabosan) (*)	<b>35.383.699</b>	34.870.723
Due from personnel	<b>7.576.014</b>	20.930.410
Other various receivables	<b>59.897.308</b>	16.616.689
<b>Other short term receivables</b>	<b>222.074.901</b>	193.544.984

(\*) The total amount of capital receivables sourcing from payments made as co-guarantor and accrued interest receivable as of the report date of the Group is 35.383.699 TL. The Group management have requested from the Bankruptcy Administration as of report date to realize share transfer of Razi shares owned by Tabosan at a rate of 1,31% corresponding to payments at an amount of 5.439.402 EURO made as co-guarantor. Since the aforementioned request was not accepted by the Bankruptcy Administration, the Group went to law and it is decided to pass a cautionary judgment on 27 June 2013 in order to avoid any savings on shares and distribution of 1,31% of Razi shares owned to Tabosan. Share transfer lawsuit brought by the Group to the court was dismissed and appealed by the Group and is still under Supreme Court investigation. The share transfer file brought to the court by the Group has been rejected and appealed by the Group but the decision of the court is approved by the Supreme Court. Therefore the Group has made a request of revision of the decision. The Group shall apply to record the receivable subject to the aforementioned case in the Bankruptcy estate if the case with a share transfer request which was brought to court by the Group to the Bankruptcy Administration is resulted in a negative manner.

Additionally, since the request of the Group regarding the recording of its other receivables sourcing from payments made as a co-guarantor to the bankruptcy estate was dismissed, the Group brought a lawsuit against Bankruptcy Administration regarding the recording of its receivables to the court. Bankruptcy Administration accepted the aforementioned lawsuit and the Court decided to accept the lawsuit regarding recording of receivables following this acceptance declaration in 15 July 2015. Since the accumulated dividend receivables striking to 10,88% shares of Tabosan at Razide reverted to bankruptcy estate, the Bankruptcy Administration has made a payment to the Group at an amount of 25.278.225 TL for its capital receivable. The aforementioned registration acceptance file has been finalized. Balance receivable of the Group, which a registration acceptance decision is made, shall be paid provided that a dividend receivable of Tabosan in Razi arisen and reverted to Bankruptcy Estate. Accrued interest receivable of the Group shall be paid provided that a dividend receivable of Tabosan in Razi arisen and reverted to Bankruptcy Estate following the complete payment of capital receivables of the Bankruptcy Estate.

(\*\*) The amount is Razi's receivables from non-controlling interests.

(\*\*\*) As of 31 March 2016, 51.970.444 TL of Group's other various receivables consist of the receivables of Gübretaş regarding VAT returns.

**Gübre Fabrikaları Türk Anonim Şirketi**

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 7 – OTHER RECEIVABLES AND PAYABLES (Continued)**

**Other long term receivables:**

	<b>31 March 2016</b>	<b>31 December 2015</b>
Deposits & guarantees given	<b>39.385.468</b>	41.561.985
Due from personnel (*)	<b>13.537.304</b>	13.969.798
Other long term receivables	<b>1.043</b>	-
<b>Other long term receivables</b>	<b>52.923.815</b>	55.531.783

(\*) Due from personnel is composed of funds given to Razi employees.

**Other short term payables:**

	<b>31 March 2016</b>	<b>31 December 2015</b>
Dividend payables to non-controlling interests	<b>341.019.728</b>	5.774.573
Payables from investments accounted by equity method	<b>24.814.307</b>	25.613.963
Other payables	<b>13.269.592</b>	13.651.575
<b>Other short term payables</b>	<b>379.103.627</b>	45.040.111

**NOTE 8 – INVENTORIES**

	<b>31 March 2016</b>	<b>31 December 2015</b>
Raw materials and supplies	<b>222.614.397</b>	258.573.487
Finished goods	<b>137.228.931</b>	213.142.287
Trade goods	<b>217.959.619</b>	445.366.727
Other inventories	<b>37.725.326</b>	41.006.520
<b>Total</b>	<b>615.528.273</b>	958.089.021

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. (2015: None).

**Gübre Fabrikaları Türk Anonim Şirketi**

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**NOTE 9 –PROPERTY, PLANT AND EQUIPMENT**

The depreciation cost and amortization of the company is 16.831.839 TL as of 31 March 2016 and 31 March 2015 details are given below;

	31 March 2016		
	Gübretaş	Razi	Total
Amortization Cost	3.638.270	13.142.755	16.781.025
Depreciation Cost	50.814	-	50.814
<b>Total</b>	<b>3.689.084</b>	<b>13.142.755</b>	<b>16.831.839</b>

31 March 2016: Out of the total of 16.831.839 TL depreciation and amortization costs; 16.265.776 TL have been included in General Production Costs, 184.156 TL in Sales and Marketing Costs, 381.907 TL in General Management Costs.

	31 March 2015		
	Gübretaş	Razi	Total
Amortization Cost	1.717.408	10.232.546	11.949.954
Depreciation Cost	21.914	-	21.914
<b>Total</b>	<b>1.739.322</b>	<b>10.232.546</b>	<b>11.971.868</b>

31 March 2015: Out of the total of 11.971.868 TL depreciation and amortization costs; 11.499.239 TL have been included in General Production Costs, 165.310 TL in Sales and Marketing Costs, 307.319 TL in General Management Costs.

**Pledges and Mortgages on Assets**

There are no pledges or mortgages on the property, plant and equipment of the company as of the dates 31 March 2016 and 31 December 2015.

(Convenience translation of a report and interim condensed consolidated financial statements originally issued in Turkish)

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 9 –PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Lands and Parcels	Land Improvements	Buildings	Facility, Machinery and Equipment	Vehicles	Fixtures	Leasehold improvements	Construction in progress	Total
<b>Cost Value</b>									
Opening balance on January 2016	442.159.860	59.045.134	268.218.825	930.988.887	9.418.267	21.331.584	956.608	206.418.175	1.938.537.340
Foreign currency translation differences	(3.966.095)	-	(2.882.639)	(25.344.104)	(169.580)	(401.289)	-	(1.361.880)	(34.125.587)
Additions	-	-	96.313	148.626	56.879	328.554	-	11.007.429	11.637.801
Sales/Cancellations	-	-	-	-	(713.849)	(1.568)	-	-	(715.417)
Transfer from construction in progress	-	432.612	32.501.815	112.443.275	-	-	-	(145.377.702)	-
<b>Closing Balance on 31 March 2016</b>	<b>438.193.765</b>	<b>59.477.746</b>	<b>297.934.314</b>	<b>1.018.236.684</b>	<b>8.591.717</b>	<b>21.257.281</b>	<b>956.608</b>	<b>70.686.022</b>	<b>1.915.334.137</b>
<b>Accrued Depreciation</b>									
Opening balance on January 2016	-	(48.807.274)	(103.344.501)	(612.726.157)	(5.990.380)	(9.680.084)	(80.343)	-	(780.628.739)
Foreign currency translation differences	-	-	1.211.976	16.232.406	133.309	196.125	-	-	17.773.816
Expenses of the period	-	(239.235)	(2.655.621)	(12.998.266)	(481.888)	(377.159)	(28.856)	-	(16.781.025)
Sales/Cancellations	-	-	-	-	564.247	1.045	-	-	565.292
<b>Closing Balance on 31 March 2016</b>	<b>-</b>	<b>(49.046.509)</b>	<b>(104.788.146)</b>	<b>(609.492.017)</b>	<b>(5.774.712)</b>	<b>(9.860.073)</b>	<b>(109.199)</b>	<b>-</b>	<b>(779.070.656)</b>
<b>Net Book Value on 31 March 2016</b>	<b>438.193.765</b>	<b>10.431.237</b>	<b>193.146.168</b>	<b>408.744.667</b>	<b>2.817.005</b>	<b>11.397.208</b>	<b>847.409</b>	<b>70.686.022</b>	<b>1.136.263.481</b>

As of 31 March 2016, 5.471.508 TL within construction in progress is capitalized interest and foreign currency exchange difference (31 December 2015 – TL 31.391.356).

(Convenience translation of a report and interim condensed consolidated financial statements originally issued in Turkish)

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 March 2016**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 9 –PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Lands and Parcels	Land Improvements	Buildings	Facility, Machinery and Equipment	Vehicles	Fixtures	Leasehold improvements	Construction in progress	Total
<b>Cost Value</b>									
Opening balance on January 2015	283.210.320	17.610.534	406.884.136	730.877.173	7.661.994	15.827.781	167.655	253.721.137	1.715.960.730
Foreign currency translation differences	5.278.348	-	4.062.336	46.469.386	377.772	748.170	-	4.839.998	61.776.009
Additions	2.471.754	2.750	1.101.600	86.713	179.267	418.215	65.019	8.971.953	13.297.270
Sales/Cancellations	-	-	-	-	(47.068)	(419.039)	-	-	(466.108)
Transfer from construction in progress	-	208.702	577.662	311.915	-	-	-	(1.098.280)	-
<b>Closing Balance on 31 March 2015</b>	<b>290.960.422</b>	<b>17.821.986</b>	<b>412.625.734</b>	<b>777.745.186</b>	<b>8.171.964</b>	<b>16.575.126</b>	<b>232.674</b>	<b>266.434.808</b>	<b>1.790.567.902</b>
<b>Accrued Depreciation</b>									
Opening balance on January 2015	-	(11.833.908)	(303.222.702)	(482.203.668)	(4.744.306)	(7.017.816)	(33.469)	-	(809.055.869)
Foreign currency translation differences	-	-	(2.263.308)	(25.084.606)	(248.802)	(372.299)	-	-	(27.969.015)
Expenses of the period	-	(166.016)	(1.697.280)	(9.360.399)	(222.570)	(475.392)	(28.297)	-	(11.949.954)
Sales/Cancellations	-	-	-	-	41.670	419.039	-	-	460.709
<b>Closing Balance on 31 March 2015</b>	<b>-</b>	<b>(11.999.924)</b>	<b>(307.183.290)</b>	<b>(516.648.673)</b>	<b>(5.174.008)</b>	<b>(7.446.468)</b>	<b>(61.766)</b>	<b>-</b>	<b>(848.514.129)</b>
<b>Net Book Value on 31 March 2015</b>	<b>290.960.422</b>	<b>5.822.062</b>	<b>105.442.444</b>	<b>261.096.513</b>	<b>2.997.956</b>	<b>9.128.659</b>	<b>170.909</b>	<b>266.434.808</b>	<b>942.053.773</b>

**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 December 2015**  
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**NOTE 10 – INTANGIBLE ASSETS**

**Rights:**

	<b>31 March 2016</b>	31 March 2015
Opening balance on 1 January	<b>1.020.640</b>	660.747
Purchases	<b>87.240</b>	-
<b>Closing Balance on 31 March</b>	<b>1.107.880</b>	660.747

**Accrued Depreciation:**

Opening balance on 1 January	<b>(585.724)</b>	(380.588)
Amortization expenses for current period	<b>(50.814)</b>	(21.914)
<b>Closing Balance on 31 March</b>	<b>(636.538)</b>	(402.502)
<b>Net Book Value</b>	<b>471.342</b>	258.245

**Goodwill:**

	<b>31 March 2016</b>	31 March 2015
Opening balance on 1 January	<b>168.244.294</b>	148.146.765
Foreign currency translation differences	<b>(5.903.793)</b>	12.987.242
<b>Balance as of 31 March</b>	<b>162.340.501</b>	161.134.007

**NOTE 11- 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, transferring and selling assets unless they pay all of debts or have written permission from Iranian Privatization Organization. Group and other consortium members has disclaimed to their rights about chaging on articles of incorporation ,transferring and selling the financial assets of Razi unless having written acknowledgement from Privatization Administration. 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.

***Purchasing Commitments***

As of 31 March 2016 Group has USD 108.821.000 accredited purchasing commitment. (31 December 2015: USD 28.971.400).

(Convenience translation of the independent auditor's report and consolidated financial statements originally issued in Turkish )

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**NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**Short Term Debt Provision:**

	<b>31 March 2016</b>	31 December 2015
Provision for cost expenses	<b>77.648.491</b>	66.453.037
Provisions for law suits	<b>1.780.358</b>	1.780.358
<b>Other Short Term Debt Provision</b>	<b>79.428.849</b>	68.233.395

**Law suit Provision:**

	<b>31 March 2016</b>	31 March 2015
As of 1 January	<b>1.780.358</b>	897.864
Addition / Cancellation	-	459.580
<b>As of 31 March</b>	<b>1.780.358</b>	1.357.444

In the current period, total lawsuit amount against the Group is 9.316.051 TL. (2015: 9.207.455 TL). In the current period, Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi has sued against the Group for 7.645.856 TL profit loss. The Group Management has not made any provision for this lawsuit in the added consolidated financial statements according to received legal opinion but it has made 1.780.358 TL (2015: 1.780.358 TL) provision for other lawsuits.



**Gübre Fabrikaları Türk Anonim Şirketi**

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**NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

As from 31 March 2016 and 31 December 2015, the tables related to the Group's tables related to Assurance- Pledge-Hypothecs position are as follows:

	31 March 2016			31 December 2015		
	Currency	Currency Amount	Amount in TL	Currency	Currency Amount	Amount in TL
APH Given by the Company						
A. Total amount of APH's given for own legal entity (Assurance)	TL	8.662.663	8.662.663	TL	9.987.517	9.987.517
B.Total Amount of APH's given for the Partnership included to full consolidation (hypethec)	-	-	-	-	-	-
C. APH given for guaranteeing the debts of other 3 <sup>rd</sup> parties for the performance of ordinary businesss activites	USD	33.154.697	93.940.518	USD	34.644.944	100.733.640
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	-	-	-	-	-	-
			<b>102.603.181</b>			<b>110.721.157</b>

**Contingent Liabilities**

The cost of natural gas which took a significant part of production costs of Razi Petrochemical Co. was determined by National Iranian Oil Company (NOIC) at the rate of cubic meter. NOIC is determine the price of natural gas in March of every year. NOIC was decided to increase the cost of natural gas as far as fifteen times of Razi's original costs in 21 March of 2010 and realize the billing with this price level. Razi has protest this price decision, and did not record the liability worth as 65 Million TL which was formed by the price discrimination as a result of NOIC decision. The price of the natural gas was rearranged in 19 December 2010 and unit price on the basis of cubic meter was increased as far as seven times of Razi's original costs. All of the billing has realize over this price level since 19 December 2010. Special Envoy of Petroleum Affairs of Islamic Republic of Iran was decided about price which was rated with 21 March 2010 and 19 December 2010 period at 13 November 2011. So invoices were calculated over 67% of Razi's original costs for mentioned period. Based on this the effect of the increase on the price was recorded in current period but the NOIC has not applied this decision yet and has not started to billing on new price. The group management did not make any additional provision as a result continuation of the process.

**Gübre Fabrikaları Türk Anonim Şirketi**

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**NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

Corporate tax declarations of Razi are examined by the tax authority of Islamic Republic of Iran. It is established that exports carried out by Razi are recorded as income exempted from taxation in its tax calculations. The tax authority accrued additional tax expenditure at an amount of 60.000.000 TL for 2012 and 2013 through accepting the aforementioned income subject to taxation and provision is made for the related amount. The company has not made provision for the fine amounting to 6.000.000 TL and appealed against this fine decision. An appeal is also made regarding the original tax at an amount of 15.000.000 TL regarding 2012. Original tax at an amount of 45.000.000 TL regarding 2013 has been paid. A provision is also made for 35.000.000 TL accrued by the auditing authority related to 2014. Razi has not made a provision for 2015 since it has losses from its operations except for export exemption.

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

Iskenderun Fiscal Directorate ("Treasury") brought a suit in order to hypothecate on behalf of public and cancel land register of property owned by the Group having a surface area of 79.350 m<sup>2</sup> located in Hatay, Iskenderun, Sariseki in accordance with the Regulation on Implementation of Coastal Law and its provisions since the Shore Edge Line passes through the aforementioned land. The net book value of the aforementioned property is 117.968.827 TL as of balance sheet date. The Group has appealed against the case in its legal period and requested to re-preparation of expert's report issued towards determining Shore Edge Line which constitutes a base for the aforementioned case. Additionally, the Group has brought a suit for the compensation of property right through considering that the case will result in favour of Treasury. Judicial process is going on as of balance sheet date. The Group Management has not made a provision in its accompanying consolidated financial statements since the legal procedures have not been finalized yet with respect to views of legal advisors and tax experts.

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 becomes a co-guarantor in the name of Tabosan to Iran Privatization Administration and banks for the finance obtained during the acquisition process of Razi shares. The amounts of 46.994.091 TL which should be paid by Tabosan to banks and Iran Privatization Administration have been paid by the Group in scope of this surety. Receivables rising as a result of these transactions have been accounted in other receivables account. The Group management have not made a provision at this stage yet in the current period related to this receivable, taking hypothecs and deposits transferred to the Group by bank and its right to purchase shares owned by Tabosan at initial purchase price per share in accordance with the protocol concluded during the purchase of Razi shares with Tabosan into consideration. In addition, the Group Management has made a request to realize a share transfer of 1,31%, corresponding to a partial payment made for surety from Razi shares owned by Tabosan, to Bankruptcy Administration as of report date.

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**NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

The Group went to law and it is decided to pass a cautionary judgment on 27 June 2013 in order to avoid any savings on shares and distribution of 1,31% of Razi shares owned to Tabosan. Share transfer lawsuit brought by the Group to the court was dismissed and appealed by the Group and is still under Supreme Court investigation. Additionally, since the request of the Group regarding the recording of its other receivables sourcing from payments made as a co-guarantor to the bankruptcy estate was dismissed, the Group brought a lawsuit against Bankruptcy Administration regarding the recording of its receivables to the court. Bankruptcy Administration accepted the aforementioned lawsuit and the Court decided to accept the lawsuit regarding recording of receivables following this acceptance declaration in 15 July 2015. Since the accumulated dividend receivables striking to 10,88% shares of Tabosan at Razide reverted to bankruptcy estate, the Bankruptcy Administration has made a payment to the Group at an amount of 25.278.225 TL for its capital receivable in 8 July 2015. This receivable acceptance case is finalized. Balance receivable of the Group, which a registration acceptance decision is made, shall be paid provided that a dividend receivable of Tabosan in Razi arisen and reverted to Bankruptcy Estate. Accrued interest receivable of the Group shall be paid provided that a dividend receivable of Tabosan in Razi arisen and reverted to Bankruptcy Estate following the complete payment of capital receivables of the Bankruptcy Estate.

An administrative fine at an amount of 47.026.820 TL, having a judicial remedy and appeal right, was imposed in the framework of Customs law numbered 4458 by the Orta Akdeniz Custom and Trade Region Directorate Mersin Custom Office on October 2, 2015 and notified to the Company. The parties could not come to an agreement in the meeting held with the company representatives on February 10, 2016 upon the invitation of Ministry of Customs and Trade Department of Central Conciliation Commission. The objection appeal is made on February 11, 2016 to Orta Akdeniz Regional Directorate of Ministry of Custom and Trade. The company management has not made any provision in its condensed consolidated financial statements since a cash outflow related to this issue is not expected.

**NOTE 13 – REVENUE AND COST OF SALES**

<b>Sales</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
Domestic Sales	<b>842.222.172</b>	665.621.625
Foreign Sales	<b>155.182.822</b>	250.076.582
Sales Returns(-)	<b>(491.182)</b>	(255.510)
Sales Discounts(-)	<b>(9.430.424)</b>	(3.441.744)
Other Discounts from Sales(-)	<b>(1.671.753)</b>	(15.463)
<b>Total</b>	<b>985.811.635</b>	911.985.491

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**NOTE 13 – REVENUE AND COST OF SALES (Continued)**

<b>Cost of Sales (-)</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
Cost of Good Produced	<b>349.412.975</b>	331.175.899
Change in the Good Inventory	<b>75.913.356</b>	(32.623.312)
-Goods at the beginning of the Period	<b>213.142.287</b>	46.346.717
-Goods at the end of the Period	<b>(137.228.931)</b>	(78.970.030)
Cost of Good Sold	<b>425.326.331</b>	298.552.587
-Merchandise Inventory at the beginning of the Period	<b>445.366.727</b>	469.424.512
-Purchases	<b>207.123.114</b>	167.408.694
-Merchandise Inventory at the end of the Period	<b>(217.959.619)</b>	(229.494.444)
Cost of merchandise Sold	<b>434.530.222</b>	407.338.762
Cost of Other Sales	<b>448.326</b>	44.253
<b>Total</b>	<b>860.304.879</b>	<b>705.935.603</b>

**NOTE 14 – OTHER OPERATING INCOME AND EXPENSES**

<b>Other Operating Income:</b>	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
Foreign exchange gain from trade receivables	<b>43.242.109</b>	91.379.051
Interest Income	<b>30.212</b>	1.913.558
Credit finance gains from trade receivables	<b>3.783.620</b>	3.268.358
Other income	<b>5.275.561</b>	6.711.703
<b>Total</b>	<b>52.331.502</b>	<b>103.272.669</b>

<b>Other Operating Expenses:</b>	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
Foreign exchange loss from trade payables	<b>31.453.559</b>	119.200.010
Interest expenses	<b>4.513.810</b>	2.648.409
Credit finance loss from trade receivables	<b>1.420.981</b>	1.367.801
Other expenses	<b>7.785.696</b>	2.967.307
<b>Total</b>	<b>45.174.046</b>	<b>126.183.527</b>

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**NOTE 15 - EARNINGS PER SHARE**

Earnings per share stated in the income statement are calculated by dividing the net income to the weighted average number of ordinary shares outstanding during the year.

Companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from statutory retained earnings and statutory revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares in existence during the year has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

The weighted average of the shares and profit per share calculations of the company as of 31 March 2016 and 31 March 2015 are as follows.

	<b>1 January- 31 March 2016</b>	1 January- 31 March 2015
Net profit for the period	<b>30.268.836</b>	32.819.399
Weighted average number of ordinary shares outstanding during the year (each 1 kr)	<b>33.400.000.000</b>	33.400.000.000
<b>Earnings per share (kr) (*)</b>	<b>0,091</b>	0,098

(\*) The earnings and dividends paid per diluted and basic shares do not differ since the shareholders have equal rights on the shares and there is no preferred share.

At the Ordinary General Meeting on 13 April 2016 approved that date from 29 July 2016 to pay 33.400.000 TL (1 TL nominal value share: Gross 0,1000 TL, Net 0,0850 TL) cash from profit of 2015 year (2015: Gross 0,1500, Net 0,1275 TL)

**NOTE 16 - RELATED PARTIES TRANSACTIONS**

**(i) Balances due from related parties**

**(a) Trade and other receivables**

	<b>31 March 2016</b>	31 December 2015
<b><i>Main parent</i></b>		
Türkiye Tarım Kredi Kooperatif Merkez Birliği	<b>77.627.881</b>	125.807.493
Other related parties	<b>9.838.150</b>	10.148.124
<b>Total</b>	<b>87.466.031</b>	135.955.617
<b><i>Affiliates and other related parties (Short Term)</i></b>		
Negmar Denizcilik A.Ş.	<b>457.722</b>	228.630
Other related parties	<b>1.901</b>	-
<b>Total</b>	<b>459.623</b>	228.630
<b><i>Affiliates and other related parties (Long Term)</i></b>		
Negmar Denizcilik A.Ş.	<b>65.636.276</b>	73.131.945
Other related parties	<b>24.912.142</b>	29.770.939
<b>Total</b>	<b>90.548.418</b>	102.902.884

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**NOTE 16 - RELATED PARTIES TRANSACTIONS (Continued)**

**(b) Trade payables:**

	31 March 2016	31 December 2015
<b><i>Affiliates and other related parties</i></b>		
Tarkim Bitki Koruma San. ve Tic. A.Ş.	10.146.940	873.868
Other related parties	1.884.520	2.626.489
Tarnet A.Ş.	42.662	206.386
<b>Total</b>	<b>12.074.122</b>	<b>3.706.743</b>

Average maturity of sales to Central Union of Turkish Agricultural Credit Cooperatives are 15 days. Hence there aren't any delays in collection of revenues, there aren't interest rate implemented. Receivables from affiliates and other related parties include deposits and guarantees which is given by the Group for the transportation of Razi's productions.

**Sales of Goods and Services:**

	1 January- 31 March 2016	1 January- 31 March 2015
<b><i>Main parent</i></b>		
Türkiye Tarım Kredi Kooperatif Merkez Birliği	521.833.810	385.512.596
<b><i>Affiliates</i></b>		
Negmar Denizcilik A.Ş.	481.575	683.788
Tarkim Bitki Koruma San. ve Tic. A.Ş.	21.000	-
Tarnet A.Ş.	-	52.617
<b>Total</b>	<b>522.336.385</b>	<b>386.249.000</b>

**(ii) Transactions with Related Parties**

**Purchase of Goods and Services:**

	1 January- 31 March 2016	1 January- 31 March 2015
<b><i>Affiliates</i></b>		
Negmar Denizcilik A.Ş.	40.255.006	37.301.740
Tarkim Bitki Koruma San. ve Tic. A.Ş.	14.649.554	229.576
Tarnet A.Ş.	177.051	381.046
<b>Total</b>	<b>55.081.611</b>	<b>37.912.362</b>

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

**Remuneration of board of directors and executive management:**

The total benefits the company has provided to its board of directors and executive management as of 31 March 2015 shown below table:

	31 March 2016		31 March 2015	
	Gübretaş	Razi	Gübretaş	Razi
Short-term employee benefits (*)	429.832	2.101.141	337.267	1.576.016
<b>Total</b>	<b>429.832</b>	<b>2.101.141</b>	<b>337.267</b>	<b>1.576.016</b>

(\*)The amount consists of attendance fee paid to Board of Directors.

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**NOTE 17- FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

Foreign exchange position table of the foreign asset and liabilities of the company in terms of original and Turkish Lira currency units as of 31 March 2016 is as follows;

	31 March 2016		
	TL (functional currency)	USD	EURO
1 Trade receivables	141.379.416	42.549.520	6.489.700
2 Monetary financial assets (cash and bank accounts included)	235.231.352	82.522.900	439.814
3 Other current assets	11.235.924	448.356	3.106.372
4 Current assets (1+2+3)	387.846.692	125.520.776	10.035.886
5 Trade payables	263.220.676	91.442.489	1.286.595
6 Financial liabilities	209.014.426	-	65.152.092
7 Other short term liabilities, net	173.921	61.383	-
8 Short term liabilities (5+6+7)	472.409.023	91.503.872	66.438.687
9 Trade payables	-	-	-
10 Financial liabilities	103.167.209	-	32.158.352
11 Long term liabilities (9+10)	103.167.209	-	32.158.352
12 Total liabilities (8+11)	575.576.232	91.503.872	98.597.039
13 Net Foreign Exchange Asset/ (Liability) Position (4-12)	(187.729.540)	34.016.904	(88.561.154)
14 Monetary Items Net Foreign Exchange Asset/(Liability) (4-12)	(187.729.540)	34.016.904	(88.561.154)

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**Gübre Fabrikaları Türk Anonim Şirketi**

**Notes to the interim condensed consolidated financial statements as of 31 December 2015**

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**NOTE 17- FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

Foreign exchange position table of the foreign asset and liabilities of the company in terms of original and Turkish Lira currency units as of 31 December 2015 is as follows;

	31 December 2015		
	TL (functional currency)	USD	EURO
1 Trade receivables	176.457.348	53.010.321	-
2 Monetary financial assets (cash and bank accounts included)	196.357.556	67.294.692	342.496
3 Other current assets	8.449.531	568.285	2.139.041
4 Current assets (1+2+3)	381.264.435	120.873.298	2.481.537
5 Trade payables	363.300.902	123.483.439	1.340.779
6 Financial liabilities	386.226.351	60.349.446	66.324.994
7 Other short term liabilities, net	210.756	72.479	-
8 Short term liabilities (5+6+7)	749.738.009	183.905.364	67.665.773
9 Trade payables	-	-	-
10 Financial liabilities	119.304.436	-	37.545.455
11 Long term liabilities (9+10)	119.304.436	-	37.545.455
12 Total liabilities (8+11)	869.042.445	183.905.364	105.211.228
13 Net Foreign Exchange Asset/ (Liability) Position (4-12)	(487.778.010)	(63.032.066)	(102.729.691)
14 Monetary Items Net Foreign Exchange Asset/(Liability) (4-12)	(487.778.010)	(63.032.066)	(102.729.691)



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**NOTE 17- FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

In the years ending on 31 March 2016 and 31 March 2015, 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:

	<b>31 March 2016</b>	
	<b>Profit/(Loss)</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD by %10 against TL</b>		
1- Assets/liability denominated in USD - net	9.638.350	(9.638.350)
2- The part hedged for USD risk (-)	-	-
3- The impact of TL net profit for the period	9.638.350	(9.638.350)
<b>Change of EUR by %10 against TL</b>		
1- Assets/liability denominated in EUR - net	(28.411.304)	28.411.304
2- The part hedged for EUR risk (-)	-	-
3- The impact of TL net profit for the period	(28.411.304)	28.411.304

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 increase by approximately 49 Billion TL and the foreign currency adjustments would increase by 89 Million TL.

	<b>31 March 2015</b>	
	<b>Profit/(Loss)</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD by %10 against TL</b>		
1- Assets/liability denominated in USD - net	(26.790.707)	26.790.707
2- The part hedged for USD risk (-)	-	-
3- The impact of TL net profit for the period	(26.790.707)	26.790.707
<b>Change of EUR by %10 against TL</b>		
1- Assets/liability denominated in EUR - net	(32.415.907)	32.415.907
2- The part hedged for EUR risk (-)	-	-
3- The impact of TL net profit for the period	(32.415.907)	32.415.907
<b>Change of other foreign currency %10 against TL</b>		
1- Assets/liability denominated in other foreign currency - net	546.065	(546.065)
2- The part hedged for currency risk (-)	-	-
3- The impact of TL net profit for the period	546.065	(546.065)

**NOTE 18 - SUBSEQUENT EVENTS**

None.