

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

## Gübre Fabrikaları Türk Anonim Şirketi

### Notes to the interim condensed consolidated financial statements as of 30 June 2018

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

		Current Period Reviewed	Previous Period Reviewed
	Notes	January 1 – June 30, 2018	January 1 – June 30, 2017
<b>Cash Flows From Operating Activities:</b>			
<b>Profit for the period</b>		<b>51.416.962</b>	27.165.377
<i>Adjustments to reconcile net profit/(loss) for the period</i>			
Depreciation and amortization expense	9, 10	<b>35.945.611</b>	34.402.492
Adjustments related to retained earnings of investments accounted by equity method		<b>(4.431.516)</b>	14.337.929
Retirement pay provision, early retirement pay liability interest (income)/expense		<b>48.472.363</b>	54.039.572
Interest expense		<b>70.166.158</b>	28.777.490
Interest income		<b>(14.311.452)</b>	(979.815)
Provision for lawsuit /cancellation		<b>1.008.049</b>	1.570.812
Current tax income/expense		<b>(37.412.492)</b>	6.164.618
Deferred financial income/expense		<b>(591.516)</b>	3.350.120
Impairment on inventories		<b>133.331</b>	16.944.270
Adjustments related to doubtful receivables	6	<b>2.294.632</b>	-
Adjustments related to losses (gains) on sale of property, plant and equipments		-	(499.052)
Adjustments related to fair value losses (gains) on derivative financial instruments		<b>(13.486.084)</b>	(2.479.647)
<b>Net cash provided by the operating activities before changes in the assets and liabilities</b>		<b>139.204.046</b>	182.794.166
<i>Changes in working capital (net):</i>			
Increase / decrease in trade receivables		<b>(132.600.665)</b>	(53.362.717)
Increase / decrease in other receivables		<b>(68.209.725)</b>	7.070.979
Increase / decrease in inventories		<b>(98.671.158)</b>	(4.859.675)
Increase / decrease in trade payables		<b>240.695.967</b>	183.275.009
Employee benefit obligations		<b>13.278.040</b>	(10.231.445)
Deferred income		<b>4.705.336</b>	(15.040.619)
Increase / decrease in prepaid expenses		<b>13.611.992</b>	59.382.081
Increase /decrease in other payables		<b>232.552.430</b>	17.178.813
Other increase / decrease in working capital		<b>43.448.206</b>	4.808.179
<b>Cash provided by the operations after the changes in working capital</b>		<b>388.014.469</b>	371.014.771
Interest received		-	979.815
Interest paid		<b>(70.174.440)</b>	(12.411.363)
Taxes paid		<b>(2.659.606)</b>	(16.135.503)
Severance paid		<b>(44.659.633)</b>	(38.458.198)
<b>Cash flow regarding operational activities</b>		<b>270.520.790</b>	304.989.522
<b>Cash flows from investing activities:</b>			
Cash outflows from the purchase of property, plant and equipment and intangible assets	9, 10	<b>(25.070.993)</b>	(66.760.873)
Cash inflows from the sales of property, plant and equipment and intangible assets	9	<b>5.924.580</b>	2.076.248
Other cash inflows / outflows		<b>50.043.037</b>	(8.175.456)
<b>Net cash amount used in investment activities</b>		<b>30.896.624</b>	(72.860.081)
<b>Cash flows (used in)/from financing activities</b>			
Dividends paid		-	(1.081.549)
Cash inflows from financial borrowings		<b>1.313.544.139</b>	1.498.965.644
Principle repayment of financial borrowings		<b>(1.374.388.791)</b>	(1.571.412.948)
<b>Net cash (used)/provided by financial activities</b>		<b>(60.844.652)</b>	(73.528.853)
Change in cash and cash equivalents		<b>240.572.762</b>	158.600.588
<b>Cash and cash equivalents as of January 1</b>	4	<b>223.188.075</b>	125.519.427
Foreign currency translation		<b>9.552.083</b>	(2.852.148)
<b>Cash and cash equivalents as of June 30</b>	4	<b>473.312.920</b>	281.267.867