



2016 3rd QUARTER
OPERATING REVIEW
REPORT

GÜBRE FABRİKALARI TÜRK A. Ş.
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I. INTRODUCTION

A. REPORTING PERIOD

01.01.2016 - 30.09.2016

B. CORPORATE'S NAME

Gübre Fabrikaları Türk Anonim Şirketi (Gübretas)

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 Gübretas are as below:

Tel: +90 (216) 468 50 50

Fax: +90 (216) 407 10 11

E-mail address: gubretas@gubretas.com.tr

Web address: www.gubretas.com.tr

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

YARIMCA PRODUCTION FACILITIES MANAGEMENT

Address: Gübretas Yarımca Tesisleri 41740 Körfez / KOCAELİ

Phone : +90 (262) 528 46 40

Fax : +90 (262) 528 21 31

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	Mahmut GÜNGÖR	27.07.2016
Member	Ertekin ÇOLAK	24.06.2016
Member	Kazım AYDIN	17.06.2016
Executive Member	Tahir OKUTAN	13.04.2016
Executive Member	Şenol DUMAN	27.07.2016
Independent Member	Ali Yekta SUNAR	13.04.2016
Independent Member	Bahattin YILDIZ	13.04.2016
Independent Member	Ali Rıza ÖZDEMİR	17.06.2016

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
Member	Hüsamettin GÜLHAN	13.04.2016	06.05.2016
Independent Member	İsmet SU	13.04.2016	13.05.2016
Member	Ömer EKŞİ	06.05.2016	27.05.2016
Member	Mahmut GÜNGÖR	13.04.2016	24.06.2016
Vice Chairman	Kazım ÇALIŞKAN	28.05.2015	27.07.2016
Executive Member	Ferhat ŞENEL	13.04.2016	27.07.2016
Executive Member	Dr. Şenol DUMAN	27.07.2016	28.09.2016

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 (per pro.)	İbrahim YUMAKLI	28.10.2016
Deputy General Manager - Finance		28.10.2016
Deputy General Manager - Sales and Marketing	Tahir OKUTAN	20.01.2006
Deputy General Manager - Facilities and Investments	Dr. Mahmut KARAMAN	04.02.2015
Deputy General Manager - Supply Chain	Mesud ŞENKARDEŞLER	30.09.2016
Deputy General Manager - Logistics and Support Services	Metin ÖZYÜREK	18.10.2016

Members of Top Management, which resigned during the period and after balance sheet date:

Title	Name	Date of Appointment	Date of Completion
General Manager	Şükrü KUTLU	23.02.2015	12.04.2016
Deputy General Manager - Finance	Ferhat ŞENEL	09.02.2004	27.07.2016
Deputy General Manager - Supply Chain Management	Dr. Şenol DUMAN	08.01.2015	28.09.2016

G. CAPITAL STRUCTURE

As of 30.09.2016 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 Coop.	253.684.606,88	75,95
Other	80.315.393,12	24,05
Total	334.000.000,00	100,00

H. AFFILIATES AND SUBSIDIARIES

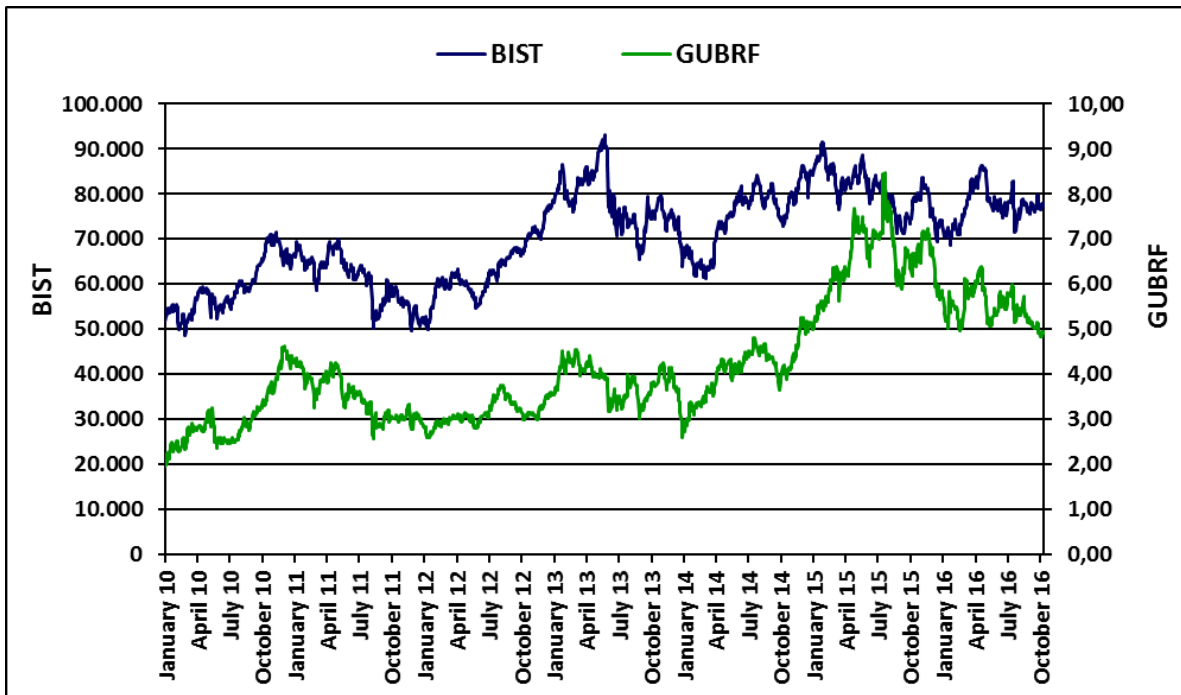
Table 2 : SUBSIDIARIES

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 Tarım Kredi Bil. ve İle. Hiz. San Tic. A.Ş.	15,78

İ. PERFORMANCE OF THE STOCK

Graph 1 : PERFORMANCE OF THE STOCK


II. GÜBRE FABRİKALARI T.A.Ş. ACTIVITIES

A. PRODUCTION

Gübretaş produced 61.150 tons of TSP, 336.602 tons of compound fertilizers and a total of 397.752 tons in the first nine months of 2016. In addition, 7.379 tons of liquid and powder fertilizers were produced.

Solid fertilizer production decreased by 21,85% and liquid-powder production increased by 32,29% in 2016 compared to 2015. Total fertilizer production including solid, liquid and powder decreased 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 53,23% in the first nine months of 2016.

Table 4 : PRODUCTION BY GROUP -TON

Production	2016/9	2015/9	Change
Solid Fertilizer	397.752	508.949	-21,85%
Liquid - Powder Fertilizer	7.379	5.578	32,29%
GRAND TOTAL	405.131	514.527	-21,26%

B. SALES AND PURCHASES

Our Company sold 1.259.081 tons of solid, , 21.299 tons of liquid and powder fertilizers in the first nine months of 2016. In the first nine months of 2015, 1.312.046 tons of solid, 14.750 tons of liquid and powder fertilizers were sold.

The sales decreased by 4,04% in the first nine months of 2016, compared to the same period of the year before.

The volume of purchases was 1.160.757 tons in the first nine months of 2015, and it decreased by 21,43% to 912.019 tons in first nine months of 2016. Export sales was 1.750 tons in the first nine months of 2016, while it was 1.950 tons in the same period of 2015.

Table 5 : SALES, IMPORT AND DOMESTIC PURCHASES-TON

	2016/9	2015/9	Change
Domestic Purchases	57.883	91.111	-36,47%
Import	854.136	1.069.646	-20,15%
Total Purchases	912.019	1.160.757	-21,43%
Sales	1.259.081	1.312.046	-4,04%

Table 6: SALES BY PRODUCT GROUPS-TON

Solid Chemical Fertilizer	2016/9	2015/9	Change
COMPOUND	422.177	508.535	-16,98%
AN	211.579	194.704	8,67%
UREA	236.245	241.215	-2,06%
CAN	123.826	110.866	11,69%
AS	100.235	97.737	2,56%
DAP	161.672	155.363	4,06%
Other	3.347	3.626	-7,69%
Total Solid Fertilizer	1.259.081	1.312.046	-4,04%
Total Liquid - Powder Fertilizer	21.299	14.750	44,40%
Pesticide	2.334	28	8235,71%
Grand Total	1.282.714	1.326.824	-3,32%

C. INVESTMENTS

In Turkish operations, our company spent 37.343.763 TRY for capital expenditure in the first nine months of 2015, while this figure was 89.286.738 TRY in the same period of 2016.

D. ADMINISTRATIVE ACTIVITIES

Number of Personnel

Our number of personnel increased by 13,69 % to 515 persons in the first nine months of 2016.

Training Activities

Training activities are aimed at developing managerial, personal and professional capabilities of the staff. A total of 6.720 hours of educational activities with the participation of 243 employees were carried out in the first nine months of 2016.

III. RAZI PETROCHEMICAL CO. ACTIVITIES

A. PRODUCTION

In the first three quarter of 2016, 1.306.146 tons of fertilizer and fertilizer raw materials were produced in Razi Petrochemical Co. and its subsidiary Arya Phosphoric Jonoub Co., capacity utilization rate was 47,86%.

Table 7: RAZI PETROCHEMICAL CO. PRODUCTION-TON

Product	2016/9	2015/9	Change	Capacity	2016/9 CUR
Ammonia	587.341	557.835	5,29%	1.336.000	58,57%
Urea	255.077	213.987	19,20%	594.000	57,39%
Sulphur	198.745	229.972	-10,80%	508.000	52,19%
Sulphuric Acid	167.166	187.403	-13,58%	627.000	35,61%
Phosphoric Acid	51.809	55.187	-6,12%	126.000	54,73%
DAP	46.008	64.112	-28,24%	450.000	13,71%
Total	1.306.146	1.308.496	-0,18%	3.641.000	47,86%

B. SALES

In the first nine months of 2016, 834.832 tons of fertilizer were sold and 818.465.780 TRY of revenue were achieved in Razi Petrochemical Co. and its subsidiaries. Razi Petrochemical Co. exported 588.803 tons and sold 246.029 tons in the domestic market in the first nine months of 2016. Share of export in total sales was 70,53%.

Table 8 : RAZİ PETROCHEMICAL CO. SALES-TON

Product	2016/9	2015/9	Change
Ammonia	368.673	429.878	-14,24%
Urea	241.324	231.967	4,03%
Sulphur	145.086	134.633	7,76%
DAP	35.590	48.480	-26,59%
Phophoric Acid	26.201	31.863	-17,77%
Sulphuric Acid	17.959	23.979	-25,11%
Total	834.832	900.800	-7,32%

C. INVESTMENTS

In Iran operations, our company spent 41.877.881 TRY for capital expenditure in 2015, while this figure was 17.622.629 TRY in 2016.

IV. FINANCIAL STRUCTURE

A. BALANCE SHEET ASSETS-TRY

ASSETS	30 September 2016	31 December 2015
Current Assets	1.446.422.835	2.015.222.364
Cash and Cash Equivalents	232.653.319	364.409.394
Financial Investments	7.618.309	7.720.146
Trade Receivables	281.332.734	387.125.926
- <i>Trade receivables from related parties</i>	10.495.797	135.955.617
- <i>Other trade receivables</i>	270.836.937	251.170.309
Other Receivables	177.081.313	193.773.614
- <i>Other receivables from related parties</i>	486.778	228.630
- <i>Other receivables</i>	176.594.535	193.544.984
Inventories	700.699.400	958.089.021
Prepaid expenses	39.701.656	54.210.898
Current tax assets	-	387.155
Other Current Assets	7.336.104	49.506.210
Fixed Assets	1.629.106.207	1.612.334.138
Financial Investments	39.019.711	39.504.710
Other receivables	145.854.735	158.434.667
- <i>Other receivables from related parties</i>	79.575.399	102.902.884
- <i>Other receivables from third parties</i>	66.279.336	55.531.783
Investments Valued by Equity Method	9.102.550	8.581.263
Investment Properties	14.266.000	14.266.000
Tangible Fixed Assets	1.202.536.505	1.157.908.601
Intangible Fixed Assets	165.412.593	168.679.210
- <i>Goodwill</i>	165.103.587	168.244.294
- <i>Other intangible assets</i>	309.006	434.916
Prepaid expenses	32.443.161	20.020.062
Deferred Tax Assets	20.470.952	44.939.625
TOTAL ASSETS	3.075.529.042	3.627.556.502

B. BALANCE SHEET LIABILITY-TRY

LIABILITIES	30 September 2016	31 December 2015
Short-term Liabilities	1.611.612.194	1.717.823.392
Financial Liabilities	597.413.493	919.798.706
Short-term portion of long-term borrowings	37.574.826	36.809.807
Trade payables	476.707.045	517.380.539
- <i>Trade payables to related parties</i>	5.430.376	3.706.743
- <i>Other trade payables to third payables</i>	471.276.669	513.673.796
Payables for Employment Termination Benefits	21.490.816	16.622.317
Other Payables	221.487.699	45.040.111
Deferred Incomes	126.044.726	32.648.994
Current Tax Liabilities	58.336.679	61.851.406
Short-term provisions	72.556.910	87.671.512
- <i>Short-term provisions for employee benefits</i>	24.006.099	19.438.117
- <i>Provisions for payables</i>	48.550.811	68.233.395
Long-term Liabilities	286.502.878	304.108.890
Long-term borrowings	90.130.546	119.304.435
Provisions for employee benefits	159.999.692	152.525.000
Deferred tax liabilities	36.372.640	32.279.455
EQUITY CAPITAL	1.177.413.970	1.605.624.220
Equities of Parent Company	951.716.860	1.049.507.393
Paid-in Capital	334.000.000	334.000.000
Value Appreciation Funds	262.570.832	262.570.832
Foreign Currency Adjustments (-)	(119.751.790)	(74.870.622)
Translation reserve belongs to investment valued by equity method (-)	(15.232.721)	(13.780.834)
Restricted Reserves From Profit	41.378.380	39.708.380
- <i>Legal Reserves</i>	41.378.380	38.325.728
- <i>Gains from fixed asset sales</i>	466.809.637	1.382.652
Previous Years Profit / (Loss)	(18.057.478)	416.698.169
Net Period Profit / (Loss)	225.697.110	85.181.468
Minority Shares	951.716.860	556.116.827
TOTAL LIABILITIES	3.075.529.042	3.627.556.502

C. INCOME STATEMENT-TRY

CONTINUING OPERATIONS	30 September 2016	30 September 2015
Sales (net)	2.131.497.340	2.268.181.808
Costs of Sales (-)	(1.824.073.622)	(1.828.227.522)
GROSS PROFIT	307.423.718	439.954.286
Administrative Expenses (-)	(93.650.704)	(87.497.056)
Marketing, Sales and Distribution Expenses (-)	(151.612.210)	(157.639.433)
Other Operating Incomes	131.047.860	373.101.471
Other Operating Expenses (-)	(118.668.292)	(306.125.766)
OPERATION PROFIT/(LOSS)	74.540.372	261.793.502
Shares in Profit/Loss of Investments Valued by Equity Method	(1.599.700)	3.950.155
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE	72.940.672	265.743.657
Finance Expenses (-)	(2.575.914)	(78.143.885)
PRE-TAX PROFIT / LOSS FROM CONTINUING OPERATIONS	70.364.758	187.599.772
Total Tax Income / Expense (-)	(55.637.999)	15.240.265
- Period Tax Income / Expense (-)	(26.596.680)	(6.029.700)
- Deferred Tax Income / Expense(-)	(29.041.319)	21.269.965
PERIOD PROFIT/ (LOSS)	14.726.759	202.840.037
PERIOD PROFIT/ (LOSS)	14.726.759	202.840.037
Distribution of Period Profit / (Loss)		
Minority Shares	32.784.237	155.025.982
Parent Company's Shares	(18.057.478)	47.814.055
Earnings / (Loss) Per Share (kr)	(0,0005)	0,0014

V. 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 third quarter of 2016 covering the dates of 1.7.2016 - 30.9.2016, the following works have been realized by the Company in order to be compliant with the principles issued in the related communiqué:

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

VI. EVENTS AFTER BALANCE SHEET DATE

1. After transferring of Koza Altın İşletmeleri A.Ş. to Saving Deposit Insurance Fund (SDIF) within the context of Decree Law numbered 674, our company made an appointment to SDIF;
 - in order to be surrendered aforementioned mine areas to our company in conjunction with discharging,
 - in order to start the necessary transfer transactions at Maden İşleri Genel Müdürlüğü within the context of contract cancelled by our company for registry of business licenses, which were transferred to Koza Altın İşletmeleri A.Ş. previously.
2. Mr. Metin Özyürek has started to his duty in our company as Deputy General Manager responsible from Logistics and Support Services.
3. With the resolution of the Board meeting held on 28 October 2016;
 - Mr. İbrahim Yumaklı started to his duty as Deputy General Manager in the company
 - Mr. İbrahim Yumaklı started to his duty as General Manager by proxy in the company after Tahir Okutan's duty was terminated for the same position.

- The Board elected Mr. İbrahim Yumaklı to the duty of membership of the Board after the resignation of Mr. Şenol Duman in accordance with 363th article of Turkish Commercial Code.

4. With the resolution of the Board meeting held on 28 October 2016;

The Board has appointed Mr. Mesud Şenkardeşler to the position of Deputy General Manager personally while he was acting as Deputy General Manager by proxy previously.

5. It is decided at Board of Directors meeting of the Company, held on 28 October 2016, that the Company shall go out to tender for the purpose of selling of its shares owned at Negmar Denizcilik Yatırım A.Ş. at a ratio of 40% and receive tender, make preparations for sale in order to decide upon received tenders through reviewing them in Board of Directors meeting which will be held on 18 November 2016 and authorize the Management for carrying out all related works and transactions in this scope.

VII. CONCLUSION

DEAR SHAREHOLDERS,

In the first nine months of 2016, 912.019 tons of fertilizers and raw materials were procured from domestic and foreign markets and 405.131 tons of various types of chemical fertilizer were produced at our facilities. On the other hand, 1.282.714 tons of solid, liquid and powder fertilizers were sold in the first nine months of 2016. Net sale revenues realized as 1.272.060.390 TRY.

Also 1.306.146 tons of fertilizer and fertilizer raw materials were produced, 818.465.780 TRY sale revenues were realized by the sale of 834.832 tons of fertilizer and fertilizer raw material in our affiliated company Razi Petrochemical Co and its subsidiaries.

Our company reached to 2.131.497.340 TRY consolidated sales revenue. Beside, by extracting cost of goods sold, operation expenses, other operating expenses-income and financial expenses; 70.364.758 TRY profit realized before tax. 14.205.472 TRY consolidated profit occurred after deducting 55.637.999 TRY net tax expense. 18.057.478 TRY loss to shareholders has occurred after deducting 32.784.238 TRY shares of minority shareholders.

We would kindly like to ask you to evaluate the results mentioned above regarding our first nine 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 interim period 1 January – 30 September, 2016**

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Gübre Fabrikaları Türk Anonim Şirketi

Interim consolidated statement of financial position as of 30 September 2016

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

		Current Period	Prior Year
		Non-Audited	Audited
			(Restated – Note 2.4)
	Notes	30 September 2016	31 December 2015
ASSETS			
Current assets:			
Cash and cash equivalents	4	232.653.319	364.409.394
Financial investments		7.618.309	7.720.146
Trade receivables			
- Trade receivables from related parties	16	10.495.797	135.955.617
- Trade receivables from third parties	6	270.836.937	251.170.309
Other receivables			
- Other receivables from related parties	16	486.778	228.630
- Other receivables from third parties	7	76.594.535	193.544.984
Inventories	8	700.699.400	958.089.021
Prepaid expenses		39.701.656	54.210.898
Assets related to the current period taxes		-	387.155
Other current assets		7.336.104	49.506.210
Total current assets		1.446.422.835	2.015.222.364
Non-current assets:			
Financial investments		39.019.711	39.504.710
Other receivables			
- Other receivables from related parties	16	79.575.399	102.902.884
- Other receivables from third parties	7	66.279.336	55.531.783
Investments valued by equity method		9.102.550	8.581.263
Investment properties		14.266.000	14.266.000
Property, plant and equipment	9	1.202.536.505	1.157.908.601
Intangible assets			
- Goodwill	10	165.103.587	168.244.294
- Other intangible assets	10	309.006	434.916
Prepaid expenses		32.443.161	20.020.062
Deferred tax assets		20.470.952	44.939.625
Total non-current assets		1.629.106.207	1.612.334.138
Total assets		3.075.529.042	3.627.556.502

The interim condensed consolidated financial statements for the year ended 30 September 2016 have been approved by the Board of Directors on 8 November 2016.

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

Gübre Fabrikaları Türk Anonim Şirketi

Interim consolidated statement of financial position as of 30 September 2016
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Curent Period	Prior Year
		Non-Audited	Audited
			(Restated – Note 2.4)
	Notes	30 September 2016	31 December 2015
LIABILITIES			
Current liabilities:			
Short term borrowings	5	597.413.493	919.798.706
Current portion of long-term borrowings	5	37.574.826	36.809.807
Trade payables			
- Trade payables to related parties	16	5.430.376	3.706.743
- Trade payables to third parties	6	471.276.669	513.673.796
Employee benefit obligations		21.490.816	16.622.317
Other payables			
- Other payables to third parties	7	221.487.699	45.040.111
Deferred income		126.044.726	32.648.994
Current income tax liability		58.336.679	61.851.406
Short-term provisions			
- Short-term provisions for employee benefits		24.006.099	19.438.117
- Other short term provisions	12	48.550.811	68.233.395
Total current liabilities		1.611.612.194	1.717.823.392
Non-current liabilities:			
Long-term borrowings	5	90.130.546	119.304.435
Long-term provisions			
- Long-term provisions for employee benefits		159.999.692	152.525.000
Deferred tax liability		36.372.640	32.279.455
Total non-current liabilities		286.502.878	304.108.890
Total liabilities		1.898.115.072	2.021.932.282
Shareholders' equity:			
Share capital		34.000.000	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		(119.751.790)	(74.870.622)
- Translation reserve belongs to investment valued by equity method		(15.232.721)	(13.780.834)
Restricted reserves			
- Legal reserves		41.378.380	39.708.380
Retained earnings		466.809.637	416.698.169
Net income		(18.057.478)	85.181.468
Equity attributable to equity holders of the parent		951.716.860	1.049.507.393
Non-controlling interests		225.697.110	556.116.827
Total shareholders' equity		1.177.413.970	1.605.624.220
Total liabilities and equity		3.075.529.042	3.627.556.502

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

Gübre Fabrikaları Türk Anonim Şirketi

Interim consolidated statement of profit or loss and other comprehensive income as of 30 September 2016

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

	Notes	Current Period		Prior Period	
		Non - Audited		Non - Audited	
		1 January – 30 September 2016	1 July – 30 September 2016	1 January – 30 September 2015	1 July – 30 September 2015
Sales	13	2.131.497.340	540.509.510	2.268.181.808	745.262.965
Cost of sales (-)	13	(1.824.073.622)	(467.955.354)	(1.828.227.522)	(597.395.917)
Gross profit		307.423.718	72.554.156	439.954.286	147.867.048
General and administrative expense (-)		(93.650.704)	(25.200.365)	(87.497.056)	(28.796.447)
Marketing, selling and distribution expense (-)		(151.612.210)	(46.583.967)	(157.639.433)	(54.414.340)
Other operating income	14	131.047.860	32.483.141	373.101.471	236.254.901
Other operating expenses (-)	14	(118.668.292)	(60.649.043)	(306.125.766)	(207.765.505)
Operating profit		74.540.372	(27.396.078)	261.793.502	93.145.657
Profit / (loss) from investments accounted by equity method		(1.599.700)	(3.572.305)	3.950.155	3.960.326
Financial income/(expense) before operating profit		72.940.672	(30.968.383)	265.743.657	97.105.983
Financial income / (expense)		(2.575.914)	15.553.150	(78.143.885)	(37.780.831)
Profit before tax from continuing operations		70.364.758	(15.415.233)	187.599.772	59.325.152
Current period tax income/expense		(26.596.680)	(9.928.123)	(6.029.700)	(2.785.238)
Deferred tax income/(expense)		(29.041.319)	(7.399.512)	21.269.965	10.018.667
Total tax (expense)/income		(55.637.999)	(17.327.635)	15.240.265	7.233.429
Net profit for the period		14.726.759	(32.742.868)	202.840.037	66.558.581
Distribution of income for the period					
Non-controlling interests		32.784.237	3.155	155.025.982	54.213.367
Equity holders of the parent		(18.057.478)	(32.746.023)	47.814.055	12.345.214
Other comprehensive income:					
Items to be reclassified to profit or loss					
Changes in currency translation differences		(47.110.800)	4.104.436	153.439.072	92.562.648
Changes in currency translation difference from investments accounted by equity method		(1.451.887)	(2.259.413)	-	4.196.445
Other comprehensive income/expense:		(48.562.687)	1.845.023	153.439.072	96.759.093
Total comprehensive income		(33.835.928)	(30.897.845)	356.279.109	163.317.674
Distribution of total comprehensive income					
-Non-controlling interests		30.554.605	4.209.110	233.460.848	101.529.470
-Equity holders of the parent		(64.390.533)	(35.106.955)	122.818.261	61.788.204
Earnings per share	15	(0,0005)	(0,0010)	0,0014	0,0004

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 30 September 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	Retained Earnings		Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
		Revaluation reserves	Other comprehensive income not to be reclassified to profit/loss of equity method investments	Foreign currency translation reserve		Retained earnings	Net profit for the period			
1 January 2015	334.000.000	218.073.621	-	(133.068.622)	28.477.401	267.419.383	210.609.765	925.511.548	352.900.809	1.278.412.357
Transfers	-	-	-	-	11.230.979	199.378.786	(210.609.765)	-	-	-
Dividend paid	-	-	-	-	-	(50.100.000)	-	(50.100.000)	(23.109.513)	(73.209.513)
Total comprehensive income	-	-	-	75.004.206	-	-	47.814.055	122.818.261	233.460.848	356.279.109
30 September 2015	334.000.000	218.073.621	-	(58.064.416)	39.708.380	416.698.169	47.814.055	998.229.809	563.252.144	1.561.481.953
1 January 2016	334.000.000	262.570.832	(13.780.834)	(74.870.622)	39.708.380	416.698.169	89.382.336	1.053.708.261	560.509.841	1.614.218.102
Financial statement of Razi restatement affect (Note 2.4)	-	-	-	-	-	-	(4.200.868)	(4.200.868)	(4.393.014)	(8.593.882)
1 January 2016 (restated)	334.000.000	262.570.832	(13.780.834)	(74.870.622)	39.708.380	416.698.169	85.181.468	1.049.507.393	556.116.827	1.605.624.220
Transfers	-	-	-	-	1.670.000	83.511.468	(85.181.468)	-	-	-
Dividend paid	-	-	-	-	-	(33.400.000)	-	(33.400.000)	(360.974.322)	(394.374.322)
Total comprehensive income	-	-	(1.451.887)	(44.881.168)	-	-	(18.057.478)	(64.390.533)	30.554.605	(33.835.928)
30 September 2016	334.000.000	262.570.832	(15.232.721)	(119.751.790)	41.378.380	466.809.637	(18.057.478)	951.716.860	225.697.110	1.177.413.970

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

Gübre Fabrikaları Türk Anonim Şirketi

Interim consolidated statement of cash flows as of 30 September 2016
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current Period	Prior Period
		Non - Audited	Non - Audited
		1 January –	1 January –
		30 September	30 September
	Notes	2016	2015
Cash Flows From Operating Activities:			
Profit for the period		14.726.759	202.840.037
<i>Adjustments to reconcile net profit/(loss) for the period</i>			
Depreciation and amortization expense	9,10	50.134.104	43.340.381
Income / expenses from subsidiaries valued by equity method		1.599.700	(1.201.474)
Retirement pay provision, early retirement pay liability interest (income)/expense		50.322.431	41.274.353
Interest income		(3.407.223)	(12.781.699)
Interest expense		38.731.796	68.219.846
Exchange rate difference income/expense		6.878.327	(27.989.565)
Impairment on inventories	8	989.300	-
Deferred financial income/expense		1.456.093	2.945.812
Provision for lawsuit /cancellation		114.349	905.594
Provisions for doubtful receivables		-	418.462
Current tax income/expense		55.637.999	(15.240.265)
Net cash provided by the operating activities before changes in the assets and liabilities		217.183.635	302.731.482
Changes in working capital (net):			
Increase/decrease in trade receivables		105.187.837	51.637.961
Increase in other receivables		29.272.233	(77.645.405)
Increase in inventories		218.328.795	(94.196.893)
Increase/decrease in trade payables		(41.524.232)	(111.307.649)
Employee benefit obligations		4.868.499	8.406.244
Deferred income		93.395.732	(27.979.373)
Increase in prepaid expenses		2.086.143	49.094.863
Increase in other payables		25.516.032	(133.336.249)
Other increase / decrease in working capital		16.180.124	99.389.572
Cash provided by the operations after the changes in working capital		670.494.798	66.794.553
Interest received		3.407.223	12.781.699
Interest paid		(38.731.796)	(68.219.846)
Taxes paid		(41.250.943)	2.384.261
Severance paid		(39.396.084)	(1.122.548)
Cash flow regarding investment activities		554.523.198	12.618.119
Cash flows from investing activities:			
Purchases of property, plant and equipment and intangible assets	9,10	(106.909.368)	(79.221.644)
Sales of property, plant and equipment	9	6.349.198	456.953
Cash proceeds about financial investments		586.836	7.690.360
Net cash amount used in investment activities		(99.973.334)	(71.074.331)
Cash flows (used in)/from financing activities			
Cash inflows from financial borrowings		2.356.173.617	4.141.733.606
Principle repayment of financial borrowings		(2.713.846.028)	(4.031.776.135)
Dividends paid		(243.442.766)	(17.030.329)
Net cash (used)/provided by financial activities		(601.115.177)	92.927.142
Change in pledge cash and cash equivalents		(146.565.313)	34.470.930
Cash and cash equivalents as of 1 January	4	364.409.394	378.469.391
Foreign currency translation		4.533.301	66.238.662
Cash and cash equivalents as of 30 September	4	222.377.382	479.178.983

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 30 September 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:

Operational units	Operation details
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 30 September 2016 is 1.599 (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:

Name	30 September 2016		31 December 2015	
	Share %	Share amount	Share %	Share amount
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	%75,95	253.684.607	75,95%	253.684.607
Other	% 24,05	80.315.393	24,05%	80.315.393
Total	%100,00	334.000.000	100,00%	334.000.000

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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 24 May, 2008. The share of Gübretaş in the capital of Razi as of the date of balance sheet is 48,88% (31 December, 2015: 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. ("Arya Phosphoric"), 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. Consequently, Arya Phosphoric 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 30 September, 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 13 April, 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

As of 30 September 2016 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. On 5 October 2016, İmece Tahmil Temizlik ve Güvenlik Hizmetleri A.Ş. company has been transferred to Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri Sanayi ve Ticaret A.Ş. company without liquidation and universally and completely in the framework of provisions of Turkish Commercial Code and other related legislation regarding business combinations through taking its assets and liabilities as basis identically. Participation rate of Tarnet Tarım Kredi Bilişim ve İletişim A.Ş. has changed as 15.78% following the aforementioned transfer transaction.

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 8 November 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 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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 31 December, 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.

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.

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

The conversion rates used are as follows:

Currency	30 September 2016		30 September 2015		31 December 2015	
	Period End	Period Average	Period End	Period Average	Period End	Period Average
IRR / TL	0,00009523	0,00009588	0,0000916	0,0000909	0,00009650	0,00009371

2.2. Summary of Significant Accounting Policies

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 September 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 1 January, 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.

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.

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.2. Summary of Significant Accounting Policies (Continued)

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, 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 significant 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 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.2. Summary of Significant Accounting Policies (Continued)

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 consolidated financial statements and disclosures, when the new standards and interpretations become effective.

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. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. An entity shall apply those amendments prospectively. The amendment will not have an impact on the financial position or performance of the Group.

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 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.

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Notes to the interim condensed consolidated financial statements as of 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.2. Summary of Significant Accounting Policies (Continued)

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.

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 amendments will not have an impact on the financial position or performance of the 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 Group first applies those amendments, it is not required to provide comparative information for preceding periods. The amendments will not have an impact on the financial position or performance of the the Group.

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Notes to the interim condensed consolidated financial statements as of 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.2. Summary of Significant Accounting Policies (Continued)

IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

The IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

- a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
- c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

IFRS 4 Insurance Contracts (Amendments)

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- a. give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 Financial instruments is applied before the new insurance contracts Standard is issued; and
- b. give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 Financial instruments until 2021. The entities that defer the application of IFRS 9 Financial instruments will continue to apply the existing financial instruments Standard—IAS 39.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Group and will not have an impact on the 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 30 September 2016 and include financial statements of Gübretaş and its Subsidiaries.
- b) As of 30 September 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.

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.3 Basis of consolidation (continued)

- 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.
- 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 Restatement of consolidated financial statements

The tax authority accrued tax expenditure at an amount of 8.6 Million TL for Razi regarding the year of 2015 and consolidated financial statements of 31 December 2015 has been restated and the Company made provision in the consolidated financial statements.

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.

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 3 -SEGMENT REPORTING (Continued)

The distribution of segment assets and liabilities pertaining to the periods ending on 30 September 2016 and 31 December 2015 is as follows:

	Turkey	Iran	Consolidation	Total
	30 September	30 September	Adjustments	
Assests	2016	2016	30 September	30 September
			2016	2016
Current assets	708.637.916	802.537.815	(64.752.896)	1.446.422.835
Non-current assets	1.147.944.973	747.357.524	(266.196.290)	1.629.106.207
Total assests	1.856.582.889	1.549.895.339	(330.949.186)	3.075.529.042
Liabilities				
Short term liabilities	843.817.360	817.651.872	(49.857.038)	1.611.612.194
Long term liabilities	99.953.078	186.549.800	-	286.502.878
Equities	912.812.452	545.693.667	(281.092.149)	1.177.413.970
Total liabilities	1.856.582.890	1.549.895.339	(330.949.187)	3.075.529.042

	Turkey	Iran	Consolidation	Total
	31 December	31 December	Adjustments	
Assests	2015	2015	31 December	31 December
			2015	2015
Current assets	1.012.177.945	1.143.571.734	(140.527.315)	2.015.222.364
Non-current assets	1.083.652.046	788.935.617	(260.253.525)	1.612.334.138
Total assests	2.095.829.991	1.932.507.351	(400.780.840)	3.627.556.502
Liabilities				
Short term liabilities	1.290.213.915	556.581.067	(128.971.590)	1.717.823.392
Long term liabilities	127.425.543	176.683.347	-	304.108.890
Equities	678.190.533	1.199.242.937	(271.809.250)	1.605.624.220
Total liabilities	2.095.829.991	1.932.507.351	(400.780.840)	3.627.556.502

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 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 30 September 2016 and 30 September 2015 is as follows:

	Turkey	Iran	Consolidation Adjustments	Total
	1 January 2016- 30 September 2016	1 January 2016- 30 September 2016	1 January 2016- 30 September 2016	1 January 2016- 30 September 2016
Operating income				
Sales (Net)	1.272.060.390	818.465.780	40.971.170	2.131.497.340
Cost of sales (-)	(1.145.365.614)	(649.292.563)	(29.415.445)	(1.824.073.622)
Gross profit	126.694.776	169.173.217	11.555.725	307.423.718
Marketing, selling and distribution expense (-)	(65.937.144)	(85.675.066)	-	(151.612.210)
General and administrative expense (-)	(20.910.938)	(72.739.766)	-	(93.650.704)
Other operating income / expense (-)(net)	(19.459.338)	31.838.906	-	12.379.568
Operating profit	20.387.356	42.597.291	11.555.725	74.540.372
Income / (expense) from investments	334.011.626	-	(334.011.626)	-
Profit / (loss) from investments accounted by equity method	(1.599.700)	-	-	(1.599.700)
Operation profit before financial income / (expense)	352.799.282	42.597.291	(322.455.901)	72.940.672
Financial income / (expense)	(55.490.758)	22.552.071	30.362.773	(2.575.914)
Profit before tax	297.308.524	65.149.362	(292.093.128)	70.364.758
Tax expense	(21.667.073)	(4.929.607)	-	(26.596.680)
Deferred tax income / (expense)	(21.400.366)	(4.752.022)	(2.888.931)	(29.041.319)
Profit / (loss) for the period	254.241.085	55.467.733	(294.982.059)	14.726.759

	Turkey	Iran	Consolidation Adjustments	Total
	1 Januray - 30 September 2015	1 Januray - 30 September 2015	1 Januray - 30 September 2015	1 Januray - 30 September 2015
Operating income				
Sales(Net)	1.297.123.288	1.045.692.707	(74.634.187)	2.268.181.808
Cost of sales (-)	(1.183.987.027)	(713.707.746)	69.467.251	(1.828.227.522)
Gross profit	113.136.261	331.984.961	(5.166.936)	439.954.286
Marketing, selling and distribution expense (-)	(72.737.929)	(84.901.504)	-	(157.639.433)
General and administrative expense (-)	(16.578.436)	(70.918.620)	-	(87.497.056)
Other operating income / expense (-)	(65.745.590)	132.721.295	-	66.975.705
Operating profit	(41.925.694)	308.886.132	(5.166.936)	261.793.502
Income / (expense) from investments	18.728.472	-	(18.728.472)	-
Profit / (loss) from investments accounted by equity method	3.950.155	-	-	3.950.155
Financial income / (expense) before operating profit	(19.247.067)	308.886.132	(23.895.408)	265.743.657
Financial income / (expense)	(84.575.653)	4.602.088	1.829.680	(78.143.885)
Profit before tax	(103.822.720)	313.488.220	(22.065.728)	187.599.772
Tax expense	-	(6.029.700)	-	(6.029.700)
Deferred tax income / (expense)	20.290.261	(53.683)	1.033.387	21.269.965
Profit / (loss) fort he period	(83.532.459)	307.404.837	(21.032.341)	202.840.037

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 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 30 September 2016 and 30 September 2015 are as follows:

	1 January – 30 September 2016	1 January – 30 September 2015
Gubre Fabrikaları T.A.Ş	89.286.738	37.343.763
Razi Petrochemical Co.	17.622.629	41.877.881
Total	106.909.367	79.221.644

Depreciation and amortization:

Depreciation and amortization expenditures pertaining to segment assets for the periods ending on 30 September 2016 and 30 September 2015 are as follows:

	1 January - 30 September 2016	1 January – 30 September 2015
Gubre Fabrikaları T.A.Ş	11.221.461	6.213.562
Razi Petrochemical Co.	38.912.643	37.126.819
Total	50.134.104	43.340.381

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 September 2015	31 December 2015
Cash on hands	289.285	274.762
Bank	227.071.539	362.244.428
- demand deposits	27.884.314	161.740.581
- time deposits	199.187.225	200.503.847
Other cash equivalents(**)	5.292.495	1.890.204
Total	232.653.319	364.409.394
Pledge cash and cash equivalents (*)	(10.275.937)	-
Cash and cash equivalents at the statement of cash flow	222.377.382	364.409.394

(*) As of 30 September 2016, pledge cash and cash equivalents include 10.275.937 TL, which is related with the letters of credit opened by Raintrade.

(**) As of 30 September 2016 and 31 December 2015, other cash equivalents consist of Gübretaş's receivables from the sales by credit card.

Gübre Fabrikaları Türk Anonim Şirketi

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NOTE 4 - CASH AND CASH EQUIVALENTS (continued)

Time Deposits

As of 30 September 2016 and 31 December 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):

30 September 2016				
Interest Rate (%)	Maturity	Currency	Foreign currency amount	Amount in TL
Libor + 0,5	November 2016	EUR	132.694	445.957
10 - 18	November 2016	Mill. IRR	390.293	37.167.158
1,00 - 2,30	November 2016	USD	53.931.743	161.574.110
Total				199.187.225
31 December 2015				
Interest Rate (%)	Maturity	Currency	Foreign currency amount	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
Total				198.903.474

NOTE 5 – FINANCIAL BORROWINGS

As of 30 September, 2016 and 31 December, 2015, details of short and long term borrowings are as follows:

	30 September 2016	31 December 2015
Short term borrowings	597.413.493	919.798.706
Short term portion of long term borrowings	37.574.826	36.809.807
Total	634.988.319	956.608.513

Gübre Fabrikaları Türk Anonim Şirketi

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

NOTE 5 – FINANCIAL BORROWINGS (Continued)

Short and long term borrowings	30 September 2016	31 December 2015
Payable within 1 year	634.988.319	956.608.513
Payable within 1 – 5 years	90.130.546	119.304.435
Total	725.118.865	1.075.912.948

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

As of 30 September, 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	January 2017	3,40	11.180.321	37.574.826
USD	January-September 2017	3,25	60.000.000	179.753.997
TL	October 2016	10,00-10,80	224.029.603	224.029.603
Toplam				441.358.426

Other Finansal Borrowings (*):

Currency	Maturity	Average effective annual Interest Rate (%)	Original Amount	Amount in TL
EUR	October 2016	Libor+0,5	57.614.227	193.629.893
Toplam				193.629.893

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
Total				782.664.019

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NOTE 5 – FINANCIAL BORROWINGS (continued)

Other Finansal 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
Total				173.944.494

(*) 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

	30 September 2016	31 December 2015
Long term bank loans (Gübretaş)	90.130.546	119.304.435
Total	90.130.546	119.304.435

As 30 September, 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	26.818.182	90.130.546
Toplam				90.130.546

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	3,40	37.545.454	119.304.435
Total				119.304.435

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Short term trade receivables:

	30 September 2016	31 December 2015
Trade receivables	259.676.838	226.906.125
Notes receivables	2.009.695	125.380
Receivables from National Petrochemical Company ("NPC") (Razi)	13.516.213	28.504.613
Trade receivables from third parties (gross)	275.202.746	255.536.118
Allowance for doubtful receivables (-)	(4.365.809)	(4.365.809)
Trade receivables from third parties (net)	270.836.937	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:

Overdue following the maturity	30 September 2016	30 September 2015
More than 9 months	4.365.809	3.849.202
Total	4.365.809	3.849.202

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

	30 September 2016	30 September 2015
Balance at 1 January	4.365.809	3.430.740
Charge for the period	-	456.606
Balance at 30 September	4.365.809	3.887.346

As of 30 September, 2016 and 31 December, 2015 guarantees related to not overdue receivables are as follows:

	30 September 2016	31 December 2015
Guarantee Letters	251.620.681	243.038.812
Collateral cheques and notes	60.937.401	60.831.521
Total	312.558.082	303.870.333

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Notes to the interim condensed consolidated financial statements as of 30 September 2016
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NOTE 6 - TRADE RECEIVABLES AND PAYABLES (continued)

	Overdue receivables					Total of Contractual Cash Outflows
	Shorter than 1 month	Between 1 - 3 months	Between 3 - 12 months	Between 1 - 5 years	Total	
30 September 2016	4.916.991	3.298.809	14.047.587	10.838.519	33.101.906	33.101.906
31 December 2015	6.608.107	7.720.340	9.396.622	4.156.220	27.881.289	27.881.289

Short term trade payables:

	30 September 2016	31 December 2015
Trade payables (Gübretaş)	229.647.230	338.897.353
Trade payables (Razi)	158.684.981	93.492.706
Payables to NPC (Razi)	79.196.036	78.779.458
Other trade payables	3.748.422	2.504.279
Total	471.276.669	513.673.796

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

Other short term receivables:

	30 September 2016	31 December 2015
VAT receivables (Razi)	83.672.724	67.916.248
Receivables from Non-controlling interests (Razi) (**)	-	53.210.914
Other various receivables (Tabosan) (*)	30.959.186	34.870.723
Due from personnel	8.446.843	20.930.410
Other various receivables	53.515.782	16.616.689
Other short term receivables	176.594.535	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 30.959.186 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 by 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.

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Notes to the interim condensed consolidated financial statements as of 30 September 2016
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NOTE 7 – OTHER RECEIVABLES AND PAYABLES (Continued)

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 Raziye 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. Administration of Bankruptcy paid the remaining principal receivable of the Group, for which registration admission decision is made, amounting to TL 5.548.880 to the Group on 4 August, 2016. Administration of Bankruptcy shall be able to pay interest receivable accrued to the receivable of the Group, for which registration admission decision is made, provided that dividend receivable of Tabosan in Razi arises and lapsing of the receivable in question to bankruptcy estate and to the extent that the amount of the aforementioned receivable.

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

(***) As of 30 September 2016, 44.549.726 TL of Group's other various receivables consist of the receivables of Gübretaş regarding VAT returns.

Other long term receivables:

	30 September 2016	31 December 2015
Deposits & guarantees given	52.446.604	41.561.985
Due from personnel (*)	13.830.373	13.969.798
Other long term receivables	2.359	-
Other long term receivables	66.279.336	55.531.783

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

Other short term payables:

	30 September 2016	31 December 2015
Dividend payables to non-controlling interests	150.931.556	5.774.573
Payables from investments accounted by equity method	29.186.837	25.613.963
Other payables	41.369.306	13.651.575
Other short term payables	221.487.699	45.040.111

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 8 – INVENTORIES

	30 September 2016	31 December 2015
Raw materials and supplies	223.785.593	258.573.487
Finished goods	237.223.465	213.142.287
Trade goods	194.538.217	445.366.727
Other inventories	45.152.125	41.006.520
Total	700.699.400	958.089.021

The Group carried out net realisable value analysis for inventories and the result of this analysis stock impairment of inventories has been made provisioned amounting to 841.233 TL. (2015: None). In addition, the Group made provision for inactive inventories amounting to 148.068 TL. (2015: None).

NOTE 9 –PROPERTY, PLANT AND EQUIPMENT

The depreciation cost and amortization of the company is 50.134.104 TL as of 30 September 2016 details are given below;

	30 September 2016		
	Gübretaş	Razi	Total
Amortization Cost	11.000.458	38.912.643	49.913.101
Depreciation Cost	221.003	-	221.003
Total	11.221.461	38.912.643	50.134.104

Total depreciation expense amounting to 50.134.104 TL in the consolidated statement of comprehensive income for the period ended 30 September 2016 has been allocated to cost of goods sold amounting to 48.282.062 TL, to marketing, sales and distribution expenses amounting to 514.281TL, to general administration expenses amounting to 1.337.761 TL.

	Gübretaş	Razi	Total
Amortization Cost	5.327.911	37.126.819	42.454.730
Depreciatipon Cost	885.651	-	885.651
Total	6.213.562	37.126.819	43.340.381

Total depreciation expense amounting to 43.340.381 TL in the consolidated statement of comprehensive income for the period ended 30 September 2015 has been allocated to cost of goods sold amounting to 42.270.938 TL, to marketing, sales and distribution expenses amounting to 719.883 TL, to general administration expenses amounting to 349.560 TL.

Pledges and Mortgages on Assets

There are no pledges or mortgages on the property, plant and equipment of the company as of the dates 30 September 2016 and 31 December 2015.

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 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
Cost									
Opening balance at 1 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	(1.761.174)	-	(1.280.057)	(11.521.220)	(306.160)	(183.962)	-	(575.302)	(15.627.875)
Additions	42.925.900	679.879	8.503.014	544.681	827.275	2.041.311	13.550	51.278.665	106.814.275
Disposals	-	(16.102)	(4.392.302)	(260.919)	(1.264.318)	(415.557)	-	-	(6.349.198)
Transfer from construction in progress	-	-	35.912.317	137.017.808	626.130	1.260.068	-	(174.816.323)	-
Closing Balance at 30 September 2016	483.324.586	59.708.911	306.961.797	1.056.769.237	9.301.194	24.033.444	970.158	82.305.215	2.023.374.542
Accumulated depreciation									
Opening balance at 1 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	-	-	533.701	7.247.066	229.653	94.702	-	-	8.105.122
Expenses of the period	-	(732.782)	(6.031.551)	(40.237.926)	(891.249)	(1.904.149)	(115.444)	-	(49.913.101)
Disposals	-	15.566	223.757	243.385	897.436	218.537	-	-	1.598.681
Closing Balance at 30 September 2016	-	(49.524.490)	(108.618.594)	(645.473.632)	(5.754.540)	(11.270.994)	(195.787)	-	(820.838.037)
Net Book Value at 30 September 2016	483.324.586	10.184.421	198.343.203	411.295.605	3.546.654	12.762.450	774.371	82.305.215	1.202.536.505

As of 30 September 2016, there is capitalized interest and foreign currency exchange difference amounting to 9.650.858 within construction in progress (31 December 2015 – TL 31.391.356).

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 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 Devices	Vehicles	Furniture and Fixtures	Special Costs	Construction in progress	Total
Cost Value									
Opening Balance on 1 January 2015	279.717.778	21.927.229	413.105.436	725.324.950	7.586.194	15.528.993	167.654	238.413.824	1.701.772.058
Translation Differences	21.213.532	-	15.464.692	192.384.655	769.881	1.721.784	-	11.067.848	242.622.392
Purchases	3.338.754	946.281	23.916.900	1.167.493	346.705	1.196.205	65.020	48.244.286	79.221.644
Sales	-	-	-	-	(86.300)	(370.653)	-	-	(456.953)
Transfer from construction in progress	-	-	-	-	(63.697)	63.697	-	-	-
Closing Balance on 30 September 2015	304.270.064	22.873.510	452.487.028	918.877.098	8.552.783	18.140.026	232.674	297.725.958	2.023.159.141
Accrued Depreciation									
Opening Balance on 1 January 2015	-	(11.971.331)	(302.130.621)	(468.715.504)	(4.639.364)	(6.860.781)	(33.469)	-	(794.351.070)
Translation Differences	-	-	(6.093.488)	(20.910.355)	(551.472)	(889.425)	-	-	(28.444.740)
Expenses of the Period	-	(505.970)	(6.705.836)	(33.098.905)	(692.303)	(1.421.356)	(30.360)	-	(42.454.730)
Sales	-	-	-	-	80.902	342.613	-	(423.515)	-
Closing Balance on 30 September 2015	-	(12.477.301)	(314.929.945)	(522.724.764)	(5.802.237)	(8.828.949)	(63.829)	(423.515)	(865.250.540)
Net Value on 30 September 2015	304.270.064	10.396.209	137.557.083	396.152.334	2.750.546	9.311.077	168.845	297.302.443	1.157.908.601

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 10 – INTANGIBLE ASSETS

Rights:

	30 September 2016	30 September 2015
Opening Balance on 1 January	1.020.640	660.747
Purchases	95.093	-
Closing Balance on 30 September	1.115.733	660.747
Accrued Depreciation		
Opening Balance on 1 January	(585.724)	409.102
Amortization Expenses for Current Period	(221.003)	(885.651)
Closing Balance on 30 September	(806.727)	(476.549)
Net Book Value	309.006	184.198

Goodwill:

	30 September 2016	30 September 2015
Balances on 1 January	168.244.294	148.146.765
Translation Differences	(3.140.707)	27.989.565
Balance as of 30 September	165.103.587	176.136.330

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 30 September 2016 the Group has USD 14.514.765 accredited purchasing commitment. (31 December 2015: USD 28.971.400).

Gübre Fabrikaları Türk Anonim Şirketi

Notes to the interim condensed consolidated financial statements as of 30 September 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short Term Debt Provision:

	30 September 2016	31 December 2015
Provision for cost expenses	45.967.764	66.453.037
Provisions for law suits	1.894.707	1.780.358
Other provisions	688.340	
Other Short Term Debt Provision	48.550.811	68.233.395

Law suit Provision:

	30 September 2016	30 September 2015
As of 1 January	1.780.358	897.864
Additon /Reversal of Provision	114.349	905.594
As of 30 September	1.894.707	1.803.458

In the current period, Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi has sued against the Group for 2.761.807 TL profit loss. The Group Management has not made any provision for this lawsuit in the added consolidated financial statements according to recieved legal opinion but it has made 1.894.707 TL (2015: 1.780.358 TL) provision for other lawsuits.

As from 30 September 2016 and 31 December 2015, the tables related to the Group's tables related to Assurance- Pledge-Hypothecs position are as follows:

	30 September 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	9.808.320	9.808.320	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 rd parties for the performance of ordinary businesss activites	USD	31.224.322	93.544.948	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	-	-	-	-	-	-
		103.353.268			110.721.157	

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Notes to the interim condensed consolidated financial statements as of 30 September 2016
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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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.

As explained in note numbered 12, corporate tax declarations of Razi Petrochemical Co. (Razi), subsidiary of the Company, for the previous years were examined by the tax authority of Islamic Republic of Iran. As a result of investigations, the tax authority accrued an additional tax expenditure at an amount of 15 million TL for 2012, 45 million TL for 2013 and 35 million TL for 2014. The amount accrued related to 2013 has been fully paid and no payments has made for 2012 and 2014 but provision corresponding to aforementioned tax expenditure was made in consolidated financial statements. Additionally, Razi Management appealed to fine at an amount of TL 13.3 million by tax authority and has not made a provision in its consolidated financial statements. Razi Management examined the tax assessment declared in 2015 taking investigation results of tax authority in 2016 into account and decided to accrue an additional tax amounting to 8.6 million TL. Therefore, the impact of aforementioned provision was included through restating consolidated financial statements dated 31 December 2015.

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 m2 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 119.186.939 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.

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Notes to the interim condensed consolidated financial statements as of 30 September 2016
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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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. 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.

NOTE 13 – REVENUE AND COST OF SALES

Sales	1 January – 30 September 2016	1 July – 30 September 2016	1 January – 30 September 2015	1 July – 30 September 2015
Domestic Sales	1.734.360.373	420.068.383	1.511.145.006	524.255.380
Overseas Sales	421.669.892	127.566.800	774.352.825	231.893.943
Sales Returns(-)	(1.378.083)	(226.833)	(723.251)	(116.904)
Sales Discounts(-)	(17.422.372)	(4.496.356)	(16.202.902)	(10.620.954)
Other Discounts from Sales(-)	(5.732.470)	(2.402.484)	(389.870)	(148.500)
Total	2.131.497.340	540.509.510	2.268.181.808	745.262.965

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NOTE 13 – REVENUE AND COST OF SALES (Continued)

Cost of Sales (-)	1 January – 30 September 2016	1 July – 30 September 2016	1 January – 30 September 2015	1 July – 30 September 2015
Cost of Good Produced	972.022.720	309.776.947	1.019.028.577	393.479.197
Change in the Good Inventory	(24.081.178)	(30.664.769)	(96.225.523)	(67.452.238)
-Goods at the beginning of the Period	213.142.287	206.558.696	46.346.718	-
-Goods at the end of the Period	(237.223.465)	(237.223.465)	(142.572.241)	(67.452.238)
Cost of Good Sold	947.941.542	279.112.178	922.803.054	326.026.959
-Merchandise Inventory at the beginning of the Period	445.366.727	158.430.387	469.424.512	-
-Purchases	622.811.278	223.861.360	782.182.939	307.989.916
-Merchandise Inventory at the end of the Period	(194.538.217)	(194.538.217)	(346.440.602)	(36.679.037)
Cost of merchandise Sold	873.639.788	187.753.530	905.166.849	271.310.879
Cost of Servises Sold	2.027.549	1.089.646	-	-
Cost of Othe Sales	464.743	-	257.619	58.079
Total	1.824.073.622	467.955.354	1.828.227.522	597.395.917

NOTE 14 – OTHER OPERATING INCOME AND EXPENSES

Other Operating Income	1 January – 30 September 2016	1 July – 30 September 2016	1 January – 30 September 2016	1 July – 30 September 2016
Exchange difference income from commercial transactions	108.966.882	29.314.077	312.387.149	203.338.018
Interest incomes	3.407.223	(1.159.931)	12.781.699	4.006.911
Trade receivables delay interest income	12.719.551	3.290.320	8.743.028	547.278
Other income	5.954.204	1.038.675	39.189.595	28.362.694
	131.047.860	32.483.141	373.101.471	236.254.901

Other Operating Expenses	1 January – 30 September 2016	1 July – 30 September 2016	1 January – 30 September 2016	1 July – 30 September 2016
Exchange difference expenses from commercial transactions	90.270.658	55.233.238	279.015.125	196.444.209
Interest expenses	1.487.988	(1.054.862)	-	-
Trade receivables delay expenses	4.443.740	1.250.657	3.774.702	243.120
Other expenses	22.465.906	5.220.010	23.335.939	11.078.176
	118.668.292	60.649.043	306.125.766	207.765.505

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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 30 September 2016 and 30 September 2015 are as follows.

	1 January- 30 September 2016	1 July – 30 September 2016	1 January- 30 September 2015	1 July – 30 September 2015
Net profit for the period	(18.057.478)	(32.746.023)	47.814.055	12.345.214
Weighted average number of ordinary shares outstanding during the year (each 1 kr)	33.400.000.000	33.400.000.000	33.400.000.000	33.400.000.000
Earnings per share (kr) (*)	(0,0005)	(0,0010)	0,0014	0,0004

(*) 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.

NOTE 16 - RELATED PARTIES TRANSACTIONS

(i) Balances due from related parties

(a) Trade and other receivables

	30 September 2016	31 December 2015
Main parent		
Türkiye Tarım Kredi Kooperatif Merkez Birliği	5.035	125.807.493
Other related parties	10.490.762	10.148.124
Total	10.495.797	135.955.617
Affiliates and other related parties (Short Term)		
Negmar Denizcilik A.Ş.	287.749	228.630
Tarnet A.Ş.	201	
Other Related Parties	198.828	
Total	486.778	228.630
Affiliates and other related parties (Long Term)		
Negmar Denizcilik A.Ş.	-	73.131.945
Other related parties	79.575.399	29.770.939
Total	79.575.399	102.902.884

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Notes to the interim condensed consolidated financial statements as of 30 September 2016
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NOTE 16 - RELATED PARTIES TRANSACTIONS (Continued)

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.

As of 30 September 2016, the Group has advances received from Tarım Kredi Kooperatifleri Merkez Birliği amounting to 115.286.228 TL. (31 December 2015: None) This balance has been booked in deferred income account.

(b) Trade payables:

	30 September 2016	31 December 2015
<i>Affiliates and other related parties</i>		
Tarkim Bitki Koruma San. ve Tic. A.Ş.	1.842.135	873.868
Negmar Denizcilik A.Ş.	58.997	-
Tarnet A.Ş.	58.494	206.386
Other related parties	3.470.750	2.626.489
	5.430.376	3.706.743
Total	1.842.135	873.868

Sales of Goods and Services:

	1 January – 30 September 2016	1 July – 30 September 2016	1 January – 30 September 2015	1 July – 30 September 2015
<i>Main parent</i>				
Tarım Kredi Koop. Merkez Birliği	900.002.046	220.319.326	972.534.605	368.342.464
<i>Subsidiaries</i>				
Negmar Denizcilik A.Ş.	1.310.800	533.813	1.567.600	524.431
Tarkim Bitki Koruma San. ve Tic. A.Ş.	428.446	320.036	46.550	18.900
Tarnet A.Ş.	-	-	127	252
Toplam	901.741.292	221.173.175	974.148.882	368.886.047

(ii) Transactions with Related Parties

Purchase of Goods and Services:

	1 January – 30 September 2016	1 July – 30 September 2016	1 January – 30 September 2015	1 July – 30 September 2015
<i>Main Party</i>				
Tarım Kredi Koop. Merkez Birliği	5.885.739	2.544.293	-	-
<i>Subsidiaries</i>				
Negmar Denizcilik A.Ş.	87.301.176	34.405.259	97.634.563	31.109.115
Tarkim Bitki Koruma San. Ve Tic. A.Ş.	26.915.529	4.661.289	579.786	296.400
Tarnet A.Ş.	569.852	268.451	1.360.394	579.170
Toplam	120.672.296	41.879.292	99.574.743	31.984.685

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

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NOTE 16 - RELATED PARTIES TRANSACTIONS (continued)

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 30 September 2015 shown below table:

	30 September 2016		30 September 2015	
	Gübretaş	Razi	Gübretaş	Razi
Short-term employee benefits (*)	997.325	4.164.497	1.238.267	2.736.287
Total	997.325	4.164.497	1.238.267	2.736.287

(*) 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 30 September 2016 is as follows;

	TL (functional currency)	30 September 2016	
		USD	EURO
1 Trade receivables	40.814.853	7.262.402	5.670.502
2 Monetary financial assets (cash and bank accounts included)	164.626.315	54.600.268	312.239
3 Other current assets	21.467.770	5.042.259	1.892.902
4 Current assets (1+2+3)	226.908.938	66.904.929	7.875.643
5 Trade payables	226.521.001	73.610.792	1.782.441
6 Financial liabilities	410.958.716	60.000.000	68.794.548
7 Other short term liabilities, net	1.065.209	355.556	-
8 Short term liabilities (5+6+7)	638.544.926	133.966.348	70.576.989
9 Trade payables	-	-	-
10 Financial liabilities	90.130.546	-	26.818.182
11 Long term liabilities (9+10)	90.130.546	-	26.818.182
12 Total liabilities (8+11)	728.675.472	133.966.348	97.395.171
13 Net Foreign Exchange Asset/ (Liability) Position (4-12)	(501.766.534)	(67.061.418)	(89.519.528)
14 Monetary Items Net Foreign Exchange Asset/(Liability) (4-12)	(501.766.534)	(67.061.418)	(89.519.528)

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Notes to the interim condensed consolidated financial statements as of 30 September 2016

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

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;

	TL (functional currency)	31 December 2015	
		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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Notes to the interim condensed consolidated financial statements as of 30 September 2016
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NOTE 17- FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

In the periods ending on 30 September 2016 and 30 September 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:

	30 September 2016	
	Profit/(Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD - net	(20.090.930)	20.090.930
2- The part hedged for USD risk (-)	-	-
3- The impact of TL net profit for the period	(20.090.930)	20.090.930
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	(30.085.723)	30.085.723
2- The part hedged for EUR risk (-)	-	-
3- The impact of TL net profit fort the period	(30.085.723)	30.085.723

As explained in Note 2, the Group management has used the rates published by the Foreign Exchange Center ("Center") monitored by Central Bank of Iran Islam Republic. Had the Group used Turkish Lira /Iran Riyal market rate based on expected American Dollar/Iran Riyal market rate and the current Turkish Lira/ American Dollar rate net income would decrease by approximately 5.440.406 TL and the foreign currency adjustments would decrease by 52 Million TL.

	30 September 2015	
	Profit/(Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD - net	(28.595.765)	28.595.765
2- The part hedged for USD risk (-)	-	-
3- The impact of TL net profit fort the period	(28.595.765)	28.595.765
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	(16.743.233)	16.743.233
2- The part hedged for EUR risk (-)	-	-
3- The impact of TL net profit fort the period	(16.743.233)	16.743.233
Change of JPY by %10 against TL		
1- Assets/liability denominated in JPY - net	5.920	(5.920)
2- The part hedged for JPY risk (-)	-	-
3- The impact of TL net profit fort the period	5.920	(5.920)

Gübre Fabrikaları Türk Anonim Şirketi

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NOTE 18 - FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND EXPLANATIONS WITHIN THE FRAME OF HEDGE ACCOUNTING)

Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

The carrying values of cash and cash equivalents are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values since they are short term.

Financial liabilities

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. The fair values of long-term bank borrowings with variable interest are considered to approximate their respective carrying values, since the initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations.

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

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

NOTE 19 - SUBSEQUENT EVENTS

It is decided at Board of Directors meeting of the Company, held on 28 October 2016, that the Company shall go out to tender for the purpose of selling of its shares owned at Negmar Denizcilik Yatırım A.Ş. at a ratio of 40% and receive tender, make preparations for sale in order to decide upon received tenders through reviewing them in Board of Directors meeting which will be held on 18 November 2016 and authorize the Management for carrying out all related works and transactions in this scope.