

**GÜBRE FABRİKALARI
TÜRK
ANONİM ŞİRKETİ
INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1-MARCH 31, 2021**

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of financial position as of March 31, 2021

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

		March	Audited
	Notes	31, 2021	December 31, 2020
ASSETS			
Current Assets			
Cash and cash equivalents	4	696.780.183	659.990.037
Financial investments		92.881.467	19.087.380
Trade receivables			
- Trade receivables from related parties	16	566.575.170	590.662.054
- Trade receivables from third parties	6	372.637.641	232.137.472
Other receivables			
- Other receivables from related parties	7-16	--	--
- Other receivables from third parties	7	131.214.416	71.106.865
Inventories	8	957.055.416	1.389.767.975
Prepaid expenses		275.895.069	163.416.237
Derivative instruments		--	--
Assets related to the current period tax		799.025	2.959.703
Other current assets		43.491.366	28.709.571
Total current assets		3.137.329.753	3.157.837.294
Non-current assets			
Financial investments		15.118.910	13.744.887
Other receivables			
- Other receivables from third parties	7	10.214.057	9.000.553
Investments valued by equity method		24.923.735	23.582.630
Investments properties		139.420.282	139.506.066
Property, plant and equipment	9	1.873.244.590	1.685.905.290
Intangible assets	10		
-Goodwill		69.303.062	60.572.972
-Other intangible assets		23.261.923	18.711.986
Prepaid expenses		27.626.935	30.680.425
Deferred tax assets		--	29.360.848
Total non-current assets		2.183.113.494	2.011.065.657
Total assets		5.320.443.247	5.168.902.951

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**Interim consolidated statement of financial position as of March 31, 2021****(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

		March 31, 2021	Audited December 31, 2020
	Notes		
LIABILITIES			
Current liabilities			
Short-term liabilities	5	1.100.681.322	1.542.470.426
Current portion of long-term borrowings	5	29.241.091	25.739.366
Trade payables			
- Trade payables to related parties	16	3.936.100	2.425.948
- Trade payables to third parties	6	1.449.824.528	1.429.845.764
Employee benefit obligations		31.305.190	30.867.564
Other payables			
Other payables to related parties	7-16	--	--
Other payables to third parties	7	68.876.155	58.688.797
Deferred income		74.035.125	30.579.281
Liabilities related to current period tax		11.665.954	9.252.087
Short-term provisions			
-Short-term provisions for employee benefits		22.641.222	28.045.036
-Other short-term provisions	12	162.946.267	72.430.797
Derivative instruments		--	--
Total current liabilities		2.955.152.954	3.230.345.066
Non-current liabilities			
Long-term borrowings	5	69.306.613	70.585.949
Long-term provisions			
- Long-term provisions for employee benefits		104.618.257	94.829.669
Deferred tax liability		45.894.478	10.887.382
Total non-current liabilities		219.819.348	176.303.000
Total liabilities		3.174.972.302	3.406.648.066
Shareholders' equity			
Share capital		334.000.000	334.000.000
Accumulated other comprehensive income / expense not to be reclassified to profit or loss			
-Impairment on property, plant and equipment		317.298.232	317.298.232
-Defined benefit plans re-measurement losses		(109.414)	(1.097.445)
Accumulated other comprehensive income / expense to be reclassified to profit or loss			
-Foreign currency translation differences		(366.521.676)	(490.429.269)
Restricted reserves from profit			
- Legal reserves		53.838.737	53.838.737
Prior year profit		886.926.949	604.588.289
Current period profit / (loss)		123.229.701	262.056.082
Shareholders' equity		1.348.662.529	1.080.254.626
Non-controlling interests		796.808.416	682.000.259
Total shareholders' equity		2.145.470.945	1.762.254.885
Total liabilities and equity		5.320.443.247	5.168.902.951

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of financial position as of March 31, 2021

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

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

**Interim consolidated statement of profit or loss and other comprehensive income as of March 31,2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

	Notes	January 1, – March 31, 2021	January 1, – March 31, 2020
Sales	13	2.344.638.252	1.732.035.641
Cost of sales (-)	13	(1.798.877.419)	(1.364.436.782)
Gross profit		545.760.833	367.598.859
General and administrative expense (-)		(60.155.050)	(32.315.055)
Marketing, selling and distribution expense (-)		(139.386.629)	(177.286.016)
Other operating income	14	159.962.526	83.755.785
Other operating expenses (-)	14	(273.052.280)	(173.325.162)
Operating profit		233.129.400	68.428.411
Income from investment activities		5.923.634	16.828.573
Expenses from investment activities		(96.513)	--
Profit / (loss) from investments accounted by equity method		1.341.105	64.740
Operating profit before financial income / (expense)		240.297.626	85.321.724
Financial income		68.173.456	114.687.530
Financial expense		(122.918.207)	(68.472.219)
Gain / (loss) from net monetary position		(24.442.874)	--
Profit before tax from continuing operations		161.110.001	131.537.035
- Current period tax (expense)		(4.770.509)	(2.495.382)
- Deferred tax (expense) / income		(61.678.313)	(2.465.477)
Total tax (expense) / income		(66.448.822)	(4.960.859)
Current period profit / (loss)		94.661.179	126.576.176
Distribution of income for the period			
Non-controlling interests		(28.568.522)	56.920.397
Attributable to equity holders of the parent		123.229.701	69.655.779
Gain / (Loss) per share (kr)	15	0,0037	0,0021
Other comprehensive income			
Items not to be reclassified to profit or loss			
Defined benefit plans re-measurement gains		1.235.039	(1.875.278)
Tax effect of other comprehensive income/expense not to be reclassified to profit or loss		(247.008)	375.056
Items to be reclassified to profit or loss			
Foreign currency translation differences		246.073.979	(32.610.290)
Other comprehensive (expense) / income		247.062.010	(34.110.512)
Total comprehensive (expense) / income		341.723.189	92.465.664
Distribution of total comprehensive income /(income)			
Non-controlling interests		93.597.864	48.636.563
Attributable to equity holders of the parent		248.125.325	43.829.101

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

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of changes in equity as of March 31, 2021

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

	Share capital	Accumulated other comprehensive income / (expense) not to be reclassified to profit or loss		Accumulated other comprehensive income / (expense) items to be reclassified to profit or loss			Accumulated profits		Equity attributable to equity holders of the parent	Non-controlling interests	Total equities
		Impairment on property, plant and equipment	Actuarial gain/(loss) arising from defined benefit plans	Shares to be classified in profit / (loss) from other comprehensive income of investments accounted for using equity method	Foreign currency translation reserve	Restricted reserves	Retained earnings	Net profit / (los) for the period			
Balances at January 1, 2020	334.000.000	328.930.319	(1.678.630)	--	(359.020.958)	53.838.737	348.259.261	(149.740.564)	554.588.165	286.320.656	840.908.821
Adjustments related to errors	--	(11.632.087)	--	--	--	--	444.440.632	--	432.808.545	461.600.753	894.409.298
Balances after adjustments	334.000.000	317.298.232	(1.678.630)	--	(359.020.958)	53.838.737	792.699.893	(149.740.564)	987.396.710	747.921.409	1.735.318.119
Transfers	--	--	--	--	--	--	(149.740.564)	149.740.564	--	--	--
Acquisition and disposal of subsidiaries	--	--	--	--	--	--	(38.841.145)	--	(38.841.145)	(60.550.643)	(99.391.788)
Dividends	--	--	--	--	--	--	--	--	--	(36.752.069)	(36.752.069)
Total comprehensive income/ (expense)	--	--	(1.500.222)	--	(24.326.456)	--	--	69.655.779	43.829.101	48.636.563	92.465.664
Balances at March 31, 2020	334.000.000	317.298.232	(3.178.852)	--	(383.347.414)	53.838.737	604.118.184	69.655.779	992.384.666	699.255.260	1.691.639.926
Balances at January 1, 2021	334.000.000	317.298.232	(1.097.445)	--	(490.429.269)	53.838.737	604.588.289	262.056.082	1.080.254.626	682.000.259	1.762.254.885
Adjustments related to errors	--	--	--	--	--	--	20.282.578	--	20.282.578	21.210.293	41.492.871
Balances after adjustments	334.000.000	317.298.232	(1.097.445)	--	(490.429.269)	53.838.737	624.870.867	262.056.082	1.100.537.204	703.210.552	1.803.747.756
Transfers	--	--	--	--	--	--	262.056.082	(262.056.082)	--	--	--
Total comprehensive income/ (expense)	--	--	988.031	--	123.907.593	--	--	123.229.701	248.125.325	93.597.864	341.723.189
Balances at March 31, 2021	334.000.000	317.298.232	(109.414)	--	(366.521.676)	53.838.737	886.926.949	123.229.701	1.348.662.529	796.808.416	2.145.470.945

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

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of cash flows as of March 31, 2021

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

	Notes	January 1, – March 31, 2021	January 1, – March 31, 2020
Cash flows from operating activities			
Period income /loss		94.661.179	126.576.176
Adjustments to reconcile net profit/(loss) for the period			
Adjustments related to depreciation and amortization expense	9-10	34.564.845	17.637.318
Adjustments for undistributed profits of investments valued by equity method		(1.341.105)	(64.740)
Adjustments related to provisions for employee benefits		6.693.848	14.656.335
Adjustments related to interest expenses		36.714.502	43.359.830
Adjustments related to impairment of inventories	8	4.039.490	352.916
Adjustments related to impairment of receivables	6	118.104	(2.026.027)
Deferred financial income		(2.421.572)	1.704.072
Adjustments related to lawsuit provision	12	(323.579)	(179.033)
Adjustments related to tax income		66.448.822	4.960.859
Adjustments related to gains on sale of property, plant and equipments	9-10	(4.970.741)	(340.386)
Adjustments related to fair value gains on derivative financial instruments		--	(4.711.850)
Adjustments related to fair value losses (gains) on investment properties		85.785	(388.024)
Cash flows from the operating activities before changes in the assets and liabilities		234.269.578	201.537.446
Change in working capital			
Increase in trade receivables		(116.259.757)	(186.281.624)
Increase in other receivables		(61.321.055)	(78.084.901)
Decrease in inventories		409.000.069	511.009.698
Increase in trade payables		23.638.856	84.989.406
Increase / (decrease) in employee benefit obligations		437.626	(4.101.382)
Increase / (decrease) in deferred income		43.455.844	51.344.276
Increase / (decrease) in prepaid expenses		(109.425.342)	(85.463.797)
Increase / (decrease) in other payables		10.187.358	30.484.656
Adjustments related to other decrease in working capital		79.188.337	(24.126.723)
Cash flows from the operations after the changes in working capital		513.171.514	501.307.055
Interest paid		(7.146.055)	(9.329.161)
Taxes refunds/ (payments)		(6.246.882)	(6.394.618)
Payments related to provision for employee benefits		(13.773.803)	(9.944.233)
Cash flow regarding investment activities		486.004.774	475.639.043
Cash flow from investment activities			
Cash outflows from the purchases of property, plant and equipment and intangible assets	9-10	(56.510.250)	(21.904.081)
Cash inflows from the sales of property, plant and equipment and intangible assets	9-10	25.291.830	--
Other inflows (outflows) of cash		(75.168.110)	4.661.251
Cash flow from discontinued operations, net		--	(15.260.028)
Cash flow from investment activities		(106.386.530)	(32.502.858)
Cash flow from financing activities			
Cash inflows from financing borrowings		300.000.000	920.966.144
Cash outflows from financing borrowings payments		(769.135.163)	(990.460.798)
Cash flow from financing activities		(469.135.163)	(69.494.654)
Net change in cash cash equivalents before affect of foreign currency translation differences		(89.516.919)	373.641.531
Cash and cash equivalents as of January 1		657.508.102	174.457.909
Foreign currency translation difference		122.676.277	(21.014.218)
Cash and cash equivalents as of March 31		690.667.460	527.085.222

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

Gübre Fabrikaları T.A.Ş. (“Gübretaş” or “the Company”) and its subsidiaries (altogether referred to as “the Group”) are composed of direct or indirect four subsidiaries (December 31, 2020: four) and two associates (December 31, 2020: two). Gübretaş, established in 1952, operates in the field of production and marketing of chemical fertilizers.

The Company conducts the majority of its operations together with Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (“TTK”) (Turkish Agricultural Loan Cooperative Association). The registered head Office is in Istanbul and information about the locations of the other production facilities and offices are summarized here below:

Operational units	Operation details
Yarımca Plant Directorate	Production / Port facilities / Storage
Aegean Regional Directorate	Sales-marketing / Liquid-powder fertilizer production / Storage
Black Sea Region Directorate	Sales-marketing / Storage
Eastern Mediterranean Region Directorate	Sales-marketing / Port facilities / Storage
Marmara Region Directorate	Sales-marketing / Storage
Central Anatolia Region Directorate	Sales-marketing
Southeast Anatolia Region Directorate	Sales-marketing
GAP Region Directorate	Sales-marketing
West Mediterranean Region Directorate	Sales-marketing

The number of employees of the Company and its subsidiaries for the period ended March 31, 2021 is 1.565 (December 31, 2020: 1.569).

23,79% of the shares of the Company are traded in the Istanbul Stock Exchange and is registered to the Capital Market Board (“CMB”).

The shareholders holding 10% and above shareholding in the Company’s share capital are listed below:

Name	March 31, 2021		December 31, 2020	
	Share %	Share amount	Share %	Share amount
TKK	%75,95	253.684.607	%75,95	253.684.607
Other - public	%24,05	80.315.393	%24,05	80.315.393
Total	%100,00	334.000.000	%100,00	334.000.000

1.1 Subsidiaries

The companies, which are included in the scope of consolidation as of March 31, 2021 and December 31, 2020, the direct and indirect voting rights of Gübretaş and their effective ownership rates (%) and the applicable currencies according to the countries of operation are shown below:

Adı	March 31, 2021			December 31, 2020	
	Currency in Use	Voting Right	Effective Ownership Rate	Voting Right	Effective Ownership Rate
Razi Petrochemical Co.	Iranian Rial	48,88%	48,88%	48,88%	48,88%
Arya Phosphoric Jonoob Co.	Iranian Rial	48,88%	48,88%	48,88%	48,88%
Raintrade Petrokimya ve Dış Ticaret A.Ş.	Turkish Lira	48,88%	48,88%	48,88%	48,88%
Gübretaş Maden Yatırımları A.Ş.	Turkish Lira	100,00%	100,00%	100,00%	100,00%
Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.	Turkish Lira	40,00%	40,00%	40,00%	40,00%
Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	Turkish Lira	15,78%	15,78%	15,78%	15,78%

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (Cont’d)

1.1 Subsidiaries (Cont’d)

Razi Petrochemical Co.

Gübretaş has participated in Razi Petrochemical Co. (“Razi”) on May 24, 2008, which is located in Iran and conducts the production and sale of fertilizer and fertilizer raw materials. The share of Gübretaş in the share capital of Razi as of the date of balance sheet is 48,88% (December 31, 2020: 48,88%). Razi is considered a subsidiary because Gübretaş has the right to select and nominate three of the five-member Board of Razi. Also, it has the controlling power over the operational management of Razi.

Raintrade Petrokimya ve Dış Ticaret A.Ş.

As of March 31, 2021, 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% shareholding of Raintrade; therefore, the Group has indirect ownership of 48,88% of the shares of Raintrade. In the Extraordinary General Assembly of Razi held on August 19, 2020, it was decided to liquidate Raintrade Petrokimya ve Dış Ticaret A.Ş. and the relevant liquidation process has not been realized yet as of the report date.

Arya Phosphoric Jonoob Co.

In 2012, Razi has purchased 87,5% of Arya Phosphoric Jonoob Co. (“Arya”), which operates in the same region and owns a production facility having an annual production capacity of 126.000 tons of phosphoric acid. In 2013, Razi purchased the remaining 12,5% of the shares and fully owns Arya, which resulted as an indirect ownership of 48,88% for the Group.

Gübretaş Maden Yatırımları A.Ş.

Gübretaş established Gübretaş Maden Yatırımları A.Ş. (“Gübretaş Maden”) on March 31, 2020, in which it owns 100% of the shares, in order to operate nationally and internationally in order to realize mining investments. On February 24, 2021, the Söğüt Gold Mine license with registration number 82050 and the studies conducted within the scope of the license were transferred to Gübretaş Maden. At the General Assembly of Gübretaş Maden, dated January 29, 2021, it was decided to increase the capital of the company to TL 40.000.000 and it was fully paid in cash on May 6, 2021. As of report date Gübretaş Maden, included in the accompanying financial statements, continues its preparations in order to start its operations.

1.2 Affiliates

Gübretaş has participated in Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. (“Tarkim”), which operates in agricultural pesticide sector on April 13, 2009. As of the balance sheet date, the shares held by Gübretaş is 40% of total shares of Tarkim (December 31, 2020: 40%).

1.3 Other financial investments

The Group has participated at the rate of 15,78% in Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş. (“Tarnet”) which is a subsidiary of TTK.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Cont'd)

1.4 The approval of the consolidated financial statements

The consolidated financial statements have been approved by the Board of Directors and authorized to be issued on May 28, 2021. The General Assembly has the power to amend the consolidated financial statements.

NOTE 2 – BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial Reporting Standards

The Company and its subsidiaries located in Turkey record and prepare their statutory books of accounts and their statutory financial statements in line with the Turkish Commercial Code ("TCC") and accounting principles stated by the tax legislation. The subsidiaries based in Iran keep their books of accounts and prepare their financial statements in the currency of Iranian Rial ("IRR") in accordance with the prevailing regulation in Iran.

The accompanying 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 June 13, 2013 which is published on Official Gazette numbered 28676 in order to comply with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TFRS") and interpretations prepared in compliance with international standards. These standards are updated in parallel to the changes made in International Financial Reporting Standards ("IFRS").

Turkey Accounting Standard ("IAS") No. 34, "Interim Financial Reporting" in accordance businesses are free to prepare as completed or condensed set of interim financial statements. In this framework, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group as of December 31, 2020.

The Group has prepared and presented its condensed consolidated financial statements for the interim period ended March 31, 2021 in accordance with TAS 34 Interim Financial Reporting Standards with the announcement of the CMB's Communiqué Serial: XII, 14.1 and its announcements.

The accounting policies used in the preparation of the condensed consolidated financial statements for the interim period ended as of March 31, 2021, comply with those in the consolidated financial statements of the previous year, except for the effect of the new and amended TFRSs and TFRYK interpretations summarized in Note 2.2 and valid as of January 1, 2021.

The consolidated financial statements have been prepared with historical cost principal excluding the revaluation of land and buildings presented in property plant and equipment, investment and derivative financial instruments stated at fair value as measured on the balance sheet date. However due to the accumulative inflation rate of last three years in Iran exceeding 100% (120%), the financial statements have been prepared accounting the effects of inflation instead of historical cost basis, as of the beginning of the accounting period of 2020. IAS 29 "Financial Reporting in Highly Inflationary Economies" standard was applied during the preparation of the financial statements of the subsidiary in Iran.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 2 – BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.1 Basis of presentation (Cont’d)

Going Concern

The Group has prepared its consolidated financial statements based on going concern assumption.

Comparative Information and Restatement of the Prior Period Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of trends in the financial position and performance. Comparative figures are reclassified where necessary, to conform to changes in presentation in the current period financial statements and the significant changes are explained.

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 Company's subsidiary operating in Iran is Iranian Rial (“IRR”). In Iran, the exchange rates used in the market for foreign currency-based transactions differ significantly from the announced fixed exchange rates. The Center for Foreign Exchange Transactions (“Center”) has been established under the supervision of the Central Bank of Iran and the benchmark rates, which are close to the free market rates, have begun to be announced. In the foreign currency valuations of Razi, as the exchange rate regime in Iran is ambiguous and it is uncertain with which exchange rate will be realized in the future cash flows, the year-end exchange rate (NIMA) announced by the Center is used. Similarly, while calculating the period average exchange rates, the average of the rates announced by the Center was taken into consideration. Şirket’in

According to TAS 21 Changes in Exchange Rates, the assets and liabilities of the subsidiaries in foreign countries are converted to Turkish Lira with the parity on the balance sheet day. Income and expense items are translated into Turkish Lira with the average exchange rate in the period. Currency translation differences resulted from closing and average rate usage is accounted under currency translation difference under equity. These translation differences are recognized as income or loss at the period.

The conversion rates used are as follows:

Currency	March 31, 2021		December 31, 2020	
	Period End	Period Average	Period End	Period Average
IRR/TL	0,000032442	0,000031001	0,000028789	0,000027031

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 2 – BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Restatement of Previous Period and Restatement Financial Statements in High Inflation Periods

CMB declared with the decision taken on March 17, 2005, that the listed companies operating in Turkey and preparing financial statements for the accepted financial reporting standards by the Capital Markets Board ("CMB Financial Reporting Standards") were not subjected to inflation accounting effective as from January 1, 2005. However due to the accumulative inflation rate of last three years in Iran exceeding 100% (120%), the financial statements have been prepared accounting the effects of inflation instead of historical cost basis, as of the beginning of the accounting period of 2020. IAS 29 "Financial Reporting in Highly Inflationary Economies" standard was applied during the preparation of the financial statements of the subsidiary in Iran.

Financial statements are prepared on the basis of historical costs of purchases and sales; thus, the balance sheet items that have not yet been expressed in currency in the balance sheet should be converted using a general price index. This also should be applying for income and expenses. Monetary assets and liabilities are not required to be converted using a general price index, if they are subject to price changes depending on the contract or are expressed as current value.

Subsidiaries reporting in a hyperinflationary currency of the parent company in a non-hyperinflationary economy

According to TAS 21, when the financial statements and financial information of an entity, whose functional currency is the currency of a hyperinflationary economy, are converted to the currency of a non-hyperinflationary economy, comparative amounts may be those presented as current year amounts in the relevant previous year's financial statements (not adjusted according to changes in price level or foreign currency in next period).

The effect of the adjustment of the financial statements for inflation amounting to TL 894.409.298 related with the prior periods was recognized in the opening balances in the equity in the previous year's profits as of January 1, 2020.

2.2 Changes in Turkish Financial Reporting Standards ("TFRS")

The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

The accounting policies adopted in preparation of the consolidated financial statements as at March 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2021.

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 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.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 2 – BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.2 Changes in Turkish Financial Reporting Standards (“TFRS”) (Cont’d)

Standards issued but not yet effective and not early adopted (Cont’d)

Amendments to IFRS 16 ‘Leases’ – Covid-19 related rent concessions;

Effective from April 1, 2021, this change has been extended to June 2022 as of March 31, 2021. As a result of coronavirus (COVID-19) pandemic, rent concession have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On May 28, 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. Lessees can elect to account for a such rent concessions in the same ways as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Amendments to TAS 1, Application Statement 2, and TAS 8

Effective from annual periods beginning on or after January 1, 2023. These changes are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

Amendments IFRS 1, IFRS 9, IAS 41 and IFRS 16,

Amendments related to Interest Rate Benchmark Reform – Phase 2; that addresses issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates are effective for annual periods beginning on or after January 1, 2021.

The Group is evaluating the impact of these standards and changes on its consolidated financial position and performance.

2.3 Principles of Consolidation

- a) The interim condensed consolidated financial statements for the period ended on March 31, 2021, have been prepared in accordance with principles stated on consolidated financial statements for the year ended on December 31, 2020 and include the financial statements of Gübretaş and those of subsidiaries.
- b) As of March 31, 2021, there have been no changes in voting rights or proportion of effective interest on subsidiaries that are subject to consolidation with respect to the information stated in the consolidated financial statements for the year ended December 31, 2020.
- c) 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 statement of comprehensive income for the year, respectively.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 2 – BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.3 Principles of Consolidation (Cont’d)

- d) 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.
- e) The Company’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.
- f) Financial asset held for sale in which the total voting rights of the Group do not have a material impact or are not material to the consolidated financial statements and whose fair values cannot be reliably determined, or not quoted in organized markets, are measured in the consolidated financial statements at cost less impairment if any.

Impacts of Covid - 19 Pandemic

COVID-19 outbreak, a “Pandemic” has been declared by the World Health Organization, spreads to various countries around the world and causes potentially fatal respiratory infections, causes disruptions in operations, especially in countries that are overly exposed to the epidemic, and negatively affects economic conditions both regionally and globally. In addition to these measures, economic measures are also taken in order to minimize the economic effects of the virus epidemic on individuals and businesses in our country and worldwide. The Group Management predicts that the effects of the current situation will not be significant in the financial statements prepared as of March 31, 2021.

NOTE 3 – SEGMENT REPORTING

The 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 Parent Company operates in Turkey, whereas Razi, a subsidiary, operates in Iran.

The Company is engaged in carrying out the production and sales of chemical fertilizer within Turkey. Razi, is engaged in carrying out the production and trading of chemical fertilizers and fertilizer raw materials.

Since the Group management evaluates the operational results and financial performance based on consolidated financial statements prepared in accordance with TFRS, TFRS consolidated financial statements are used to prepare segment reporting.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 3 – SEGMENT REPORTING (Cont’d)

The distribution of segment assets and liabilities pertaining to the period ending March 31, 2021 and the year ending December 31, 2020 is as follows:

	Turkey	Iran	Consolidation	Total
	March 31,2021	March 31,2021	Adjustments	March 31,2021
Assets				
Current assets	1.968.152.813	1.254.325.018	(85.148.078)	3.137.329.753
Non-current assets	1.448.177.526	1.105.708.772	(370.772.804)	2.183.113.494
Total assets	3.416.330.339	2.360.033.790	(455.920.882)	5.320.443.247
Liabilities				
Short-term liabilities	2.449.522.984	590.372.612	(84.742.642)	2.955.152.954
Long-term liabilities	121.484.261	98.416.174	(81.087)	219.819.348
Equities	845.323.094	1.671.245.004	(371.097.153)	2.145.470.945
Total Liabilities	3.416.330.339	2.360.033.790	(455.920.882)	5.320.443.247

	Turkey	Iran	Consolidation	Total
	December	December	Adjustments	December
	31,2020	31,2020	December	31,2020
Assets				
Current assets	2.111.323.215	1.278.895.928	(232.381.849)	3.157.837.294
Non-current assets	1.471.511.164	916.160.738	(376.606.245)	2.011.065.657
Total assets	3.582.834.379	2.195.056.666	(608.988.094)	5.168.902.951
Liabilities				
Short-term liabilities	2.799.152.170	662.323.215	(231.130.319)	3.230.345.066
Long-term liabilities	89.895.478	86.407.522	--	176.303.000
Equities	693.786.731	1.446.325.929	(377.857.775)	1.762.254.885
Total Liabilities	3.582.834.379	2.195.056.666	(608.988.094)	5.168.902.951

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**Notes to the consolidated financial statements as of March 31, 2021**

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

NOTE 3 – SEGMENT REPORTING (Cont'd)

The distribution of statement of profit or loss for the three-month interim periods ended on March 31, 2021 and 2020 by segments are as follows:

	Turkey	Iran	Consolidation Adjustments	Total
	January 1- March 31 , 2021	January 1- March 31, 2021	January 1- March 31, 2021	January 1- March 31, 2021
Sales	2.177.584.536	348.733.906	(181.680.190)	2.344.638.252
Cost of sales	(1.712.599.098)	(267.553.075)	181.274.754	(1.798.877.419)
Gross profit	464.985.438	81.180.831	(405.436)	545.760.833
Marketing, selling and distribution expense	(135.517.679)	(3.868.950)	--	(139.386.629)
General and administrative expense	(40.837.231)	(19.317.819)	--	(60.155.050)
Other operating income / expense, net	(88.910.237)	(24.179.517)	--	(113.089.754)
Operating profit	199.720.291	33.814.545	(405.436)	233.129.400
Income from investments, net	5.827.121	--	--	5.827.121
Profit from investments accounted by equity method	1.341.105	--	--	1.341.105
Operation profit before financial income / (expense)	206.888.517	33.814.545	(405.436)	240.297.626
Financial expense, net	2.174.311	(81.361.936)	--	(79.187.625)
Profit / (loss) before tax	209.062.828	(47.547.391)	(405.436)	161.110.001
Tax Profit / (loss)	(58.514.161)	(8.015.748)	81.087	(66.448.822)
Profit / (loss) for the period	150.548.667	(55.563.139)	(324.349)	94.661.179

	Turkey	Iran	Consolidation Adjustments	Total
	January 1- March 31, 2020	January 1- March 31, 2020	January 1- March 31, 2020	January 1- March 31, 2020
Sales	1.348.676.957	659.401.864	(276.043.180)	1.732.035.641
Cost of sales	(1.178.352.168)	(459.359.320)	273.274.706	(1.364.436.782)
Gross profit	170.324.789	200.042.544	(2.768.474)	367.598.859
Marketing, selling and distribution expense	(93.617.950)	(83.668.066)	--	(177.286.016)
General and administrative expense	(8.457.196)	(23.857.859)	--	(32.315.055)
Other operating income / expense, net	(57.047.627)	(32.521.750)	--	(89.569.377)
Operating profit	11.202.016	59.994.869	(2.768.474)	68.428.411
Income from investments, net	16.828.573	--	--	16.828.573
Profit from investments accounted by equity method	64.740	--	--	64.740
Operation profit before financial income / (expense)	28.095.329	59.994.869	(2.768.474)	85.321.724
Financial expense, net	(9.282.179)	55.497.490	--	46.215.311
Profit / (loss) before tax	18.813.150	115.492.359	(2.768.474)	131.537.035
Tax Profit / (loss)	(3.588.128)	(1.981.795)	609.064	(4.960.859)
Profit / (loss) for the period	15.225.022	113.510.564	(2.159.410)	126.576.176

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 3 – SEGMENT REPORTING (Cont’d)

Investment expenditures pertaining to segment assets for the period ending March 31, 2021 and the year ending December 31, 2020.

	January 1- March 31, 2021	January 1- March 31, 2020
Gübretaş	6.835.395	20.451.980
Gübretaş Maden	38.389.376	--
Iran	11.285.479	1.452.101
Total	56.510.250	21.904.081

Depreciation / Amortization:

Depreciation and amortization expenditures pertaining to segment assets for the periods ending March 31, 2021 and March 31, 2020 are as follows:

	January 1- March 31, 2021	January 1- March 31, 2020
Turkey	11.173.293	11.175.339
Iran	23.391.552	6.461.979
Total	34.564.845	17.637.318

NOTE 4 – CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020
Cash on hands	707.820	288.354
Bank	694.266.663	655.981.343
- demand deposits	44.049.367	66.780.996
- time deposits	650.217.296	589.200.347
Other cash equivalents	1.805.700	3.720.340
Total	696.780.183	659.990.037
Blocked deposit	(6.112.723)	(2.481.935)
Cash and cash equivalents at the statement of cash flow	690.667.460	657.508.102

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 4 – CASH AND CASH EQUIVALENTS (Cont’d)

4.1 Time deposits (TL)

Interest rate (%)	Maturity	March 31, 2021
19,10	1-3 days	301.057.920
Total		301.057.920

Interest rate (%)	Maturity	December 31, 2020
19,00	3 day	176.629.065
Total		176.629.065

4.2 Time Deposits (Foreign Currency):

Interest rate (%)	Maturity	Currency	March 31, 2021	
			Foreign currency amount	Amount in TL
1,22 - 1,32	1-30 days	EUR	13.878.745	135.578.682
10 – 15	1-3 days	Mil. IRR	884.192	28.684.966
1,52 – 1,90	1-30 days	USD	22.207.563	184.895.728
Total				349.159.376

Interest rate (%)	Maturity	Currency	December 31, 2020	
			Foreign currency amount	Amount in TL
0,65	3 days	EUR	83.514	752.290
10 - 15	3 days	Mil. IRR	1.112.502	32.028.278
2,50-3,75	15 days	USD	51.739.080	379.790.714
Total				412.571.282

NOTE 5 – FINANCIAL BORROWINGS

Short-term and Long-term borrowings	March 31, 2021	December 31, 2020
Payable within 1 year	1.129.922.413	1.568.209.792
Payable within 1 – 5 years	69.306.613	70.585.949
Total	1.199.229.026	1.638.795.741

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 5 – FINANCIAL BORROWINGS (Cont’d)

As of March 31, 2021 and December 31, 2020, details of short-term and long-term borrowings are as follows:

Short-term borrowings	March 31, 2021	December 31, 2020
Short-term borrowings	1.095.316.832	1.537.005.210
Short-term parts of long-term borrowings	29.241.091	25.739.366
Lease liabilities	5.364.490	5.465.216
Total	1.129.922.413	1.568.209.792

5.1 Short-term borrowings and short-term portion of long-term borrowings:

The details of short-term borrowings and short-term parts of long-term borrowings as of March 31, 2021 and December 31, 2020 are as follows:

March 31, 2021

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
Bank loans			
TL	9,57	1.002.139.306	1.002.139.306
Other financial borrowings			
Mil. IRR (*)	18,00	3.773.460	122.418.617
Total			1.124.557.923

December 31, 2020

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
Bank loans			
TL	7,20 – 11,55	1.472.735.344	1.472.735.344
Other financial borrowings			
Mil. IRR (*)	18,00	3.126.470	90.009.232
Total			1.562.744.576

(*) The amounts included in the short-term and long-term other financial borrowings represent the financial payables to National Petrochemical Company (“NPC”), which was the owner of Razi prior to the privatization.

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 5 – FINANCIAL BORROWINGS (Cont'd)

5.2 Financial Lease Liabilities

March 31, 2020 Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	12	5.364.490	5.364.490
Total			5.364.490
December 31, 2020 Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	12	5.465.216	5.465.216
Total			5.465.216

5.3 Long-term Borrowings

	March 31, 2021	December 31, 2020
Long-term loans	60.745.714	60.745.714
Lease liabilities	8.560.899	9.840.235
Total	69.306.613	70.585.949

As March 31, 2021 details of long-term borrowings are as follows:

Bank Loans:

Currency	Maturity	Average effective annual interest rate (%)	Original amount	Amount in TL
TL	2024	14,89	60.745.714	60.745.714
Total				60.745.714

As December 31, 2020 details of long-term borrowings are as follows:

Bank Loans:

Currency	Maturity	Average effective annual interest rate (%)	Original amount	Amount in TL
TL	2024	14,89	60.745.714	60.745.714
Total				60.745.714

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 5 – FINANCIAL BORROWINGS (Cont’d)

Financial Lease Liabilities

March 31, 2020 Currency		Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	December 2023	12	8.560.899	8.560.899
Total				8.560.899

December 31, 2020 Currency		Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	December 2023	12	9.840.235	9.840.235
Total				9.840.235

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

6.1 Short-term trade receivables:

	March 31, 2021	December 31, 2020
Trade Receivables	211.662.316	133.404.855
Receivables from Iran Oil Ministry’s participations (*)	170.218.183	107.857.371
	381.880.499	241.262.226
Provision for doubtful trade receivables	(9.242.858)	(9.124.754)
Total	372.637.641	232.137.472

(*) As of March 31, 2021 and December 31, 2020, the related amounts have not been collected for a long period of time. Negotiations continues for the collection of these unsecured trade receivables, and since the trade with these companies is continuing, no provision has been made for the relevant amounts.

The details of the Group’s doubtful receivables and the allowances provided therein are as follows:

Time after maturity	March 31, 2021	December 31, 2020
More than 9 months	9.242.858	9.124.754
Total	9.242.858	9.124.754

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 6 – TRADE RECEIVABLES AND PAYABLES (Cont’d)

The movements of the doubtful trade receivables provision for the 3-month interim period ended on March 31, 2021 and March 31, 2020 are as follows:

	March 31, 2021	March 31, 2020
Balance at beginning of the period	9.124.754	12.212.963
Period cost	118.104	(2.026.027)
Balance at end of the period	9.242.858	10.186.936

As March 31, 2021 and December 31, 2020 guarantees obtained for receivables not due yet are as follows:

	March 31, 2021	December 31, 2020
Guarantee letters	117.401.888	131.844.008
Collateral cheques and notes	15.777.591	22.321.591
Total	133.179.479	154.165.599

6.2 Short-term trade payables

	March 31, 2021	December 31, 2020
Liabilities to the Iranian gas supplier	156.947.164	129.363.408
Creditors	1.271.951.788	1.279.368.406
Other trade payables	20.925.576	21.113.950
Total	1.449.824.528	1.429.845.764

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

7.1 Other short-term receivables:

	March 31, 2021	December 31, 2020
VAT receivables - Turkey	34.669.771	22.322.730
Due from personnel	12.643.589	3.127.245
Receivables from Tabosan (*)	35.259.932	35.259.932
Receivables from other government agencies - Razi	20.389.542	5.317.203
Other receivables from related parties	--	--
Other various receivables	28.251.582	5.079.755
Total	131.214.416	71.106.865

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 7 – OTHER RECEIVABLES AND PAYABLES (Cont’d)

(*) The total receivables of the Group arising from principal payments made as co-guarantor and accrued interest receivable thereon amounted to TL 35.259.932 as of report date. The Group management requested from the Bankruptcy Administration to affect the transfer of Razi shares pertaining to Tabosan Mühendislik ve İmalat ve Montaj San. A.Ş. (“Tabosan”) at the rate of 1,31% corresponding to payments in the amount of EUR 5.439.402 made as co-guarantor. Since this request was not accepted by the Bankruptcy Administration, the Group applied to court whereby it was ruled by the court to issue an interim injunction on June 27, 2013 in order to avoid any savings on the shares and the distribution of 1,31% of Razi shares owned by Tabosan. The share transfer lawsuit brought to the court by the Group was dismissed and appealed by the Group. However, the court ruling was approved by the Supreme Court. The Group hence applied to the Supreme Court in order to seek a revision of the verdict. The lawsuit filed by the Group against the Bankruptcy Court to seek share transfer plea was rejected.

Since the request made by the Group to register to the bankruptcy estate the other receivables arising from payments made as a co-guarantor was dismissed, the Group brought a lawsuit against the Bankruptcy Administration to seek approval of receivables. The Bankruptcy Administration ruled for the acceptance of the aforementioned lawsuit and the Court decided to accept the lawsuit regarding recording of receivables following this acceptance declaration on July 15, 2017. Since the accumulated dividend receivables corresponding to 10,88% shares of Tabosan at Razi reverted to bankruptcy estate, the Bankruptcy administration paid its principal receivable at an amount of TL 25.278.225 on July 8, 2015. Thus, the said receivable registration case was finalized. The Bankruptcy Administration paid TL 5.548.880 to the Group on August 4, 2017, being the principal amount receivable of the Group. The Bankruptcy Administration will be able to pay the Group's remaining receivables to the extent of dividend receivable of Tabosan from Razi, provided those receivables are registered to the bankruptcy table and will be sufficient to cover the remainder of the outstanding receivables of the Group.

7.2 Other long-term receivables

	March 31, 2021	December 31, 2020
Deposits and guarantees given	5.698.194	5.056.346
Due from personnel	1.120.754	984.584
Other long-term receivables	3.395.109	2.959.623
Total	10.214.057	9.000.553

7.3 Other short-term payables

	March 31, 2021	December 31, 2020
Dividend payables to non-controlling interests	14.023.221	12.392.247
Other payables to related parties	16.251.633	3.248.640
Other payables and liabilities	38.601.301	43.047.910
Total	68.876.155	58.688.797

7.4 Other long-term payables

None (December 31, 2020: None).

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 8 - INVENTORIES

	March 31, 2021	December 31, 2020
Raw materials and supplies	213.448.740	183.852.639
Finished goods	155.981.612	163.335.197
Trade goods	467.202.797	782.814.591
Other inventories	139.213.717	274.517.508
	975.846.866	1.404.519.935
Provision of impairment of inventories (-)	(18.791.450)	(14.751.960)
Total	957.055.416	1.389.767.975

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The details of depreciation and amortization expenses calculated by the Group as of March 31, 2021 and March 31, 2020 are given below.

			March 31, 2021
	Gübretaş	Razi	Total
Depreciation expense	10.716.373	23.199.560	33.915.933
Amortization expense	456.920	191.992	648.912
Total	11.173.293	23.391.552	34.564.845

During the period ended March 31, 2021, depreciation and amortization expense amounting to TL 34.564.845; TL 31.245.262 is included in general production expenses, 633.786 TL in sales and marketing expenses, TL 2.685.797 in general administrative expenses.

			March 31, 2020
	Gübretaş	Razi	Total
Depreciation expense	10.035.275	6.461.979	16.497.254
Amortization expense	1.140.064	--	1.140.064
Total	11.175.339	6.461.979	17.637.318

During the period ended March 31, 2020, depreciation and amortization expense amounting to TL 17.637.318; TL 16.081.068 is included in general production expenses, TL 596.428 in sales and marketing expenses, TL 959.822 in general administrative expenses.

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Cont’d)

	Lands	Land improvements	Buildings	Machinery, equipment and installations	Vehicles	Furnitures and fixtures	Right of use assets	Special Costs	Construction in progress	Total
Cost Value										
Opening balance at January 1,2021	441.715.486	203.034.895	648.328.125	5.639.827.669	28.877.200	99.237.132	25.778.418	1.387.441	58.376.740	7.146.563.106
Foreign currency translation differences	12.753.105	--	41.787.545	686.504.323	3.431.316	9.734.688	--	--	4.793.250	759.004.227
Inflation difference	8.322.408	--	29.604.701	468.048.103	2.786.644	7.800.407	--	--	2.785.773	519.348.036
Additions	--	785.241	86.504	1.234.729	--	989.306	--	--	49.357.579	52.453.359
Sales / disposals	--	(6.353)	--	(9.533.552)	--	(1.213.609)	--	--	(22.261.616)	(33.015.130)
Closing balance on March 31,2021	462.790.999	203.813.783	719.806.875	6.786.081.272	35.095.160	116.547.924	25.778.418	1.387.441	93.051.726	8.444.353.598
Accumulated depreciation										
Opening balance at January 1,2021	--	(70.935.633)	(374.984.509)	(4.898.171.392)	(25.817.253)	(80.899.764)	(9.151.060)	(698.205)	--	(5.460.657.816)
Foreign currency translation differences	--	--	(33.000.788)	(626.731.973)	(3.248.904)	(9.440.883)	--	--	--	(672.422.548)
Inflation difference	--	--	(19.937.015)	(379.291.422)	(1.954.232)	(5.682.601)	--	--	--	(406.865.270)
Period cost	--	(3.914.411)	(4.348.855)	(21.681.270)	(577.924)	(1.948.782)	(1.394.799)	(49.892)	--	(33.915.933)
Sales / disposals	--	424	--	1.600.865	--	1.151.270	--	--	--	2.752.559
Closing balance on March 31,2021	--	(74.849.620)	(432.271.167)	(5.924.275.192)	(31.598.313)	(96.820.760)	(10.545.859)	(748.097)	--	(6.571.109.008)
Net book value on March 31,2021	462.790.999	128.964.163	287.535.708	861.806.080	3.496.847	19.727.164	15.232.559	639.344	93.051.726	1.873.244.590

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Cont’d)

	Lands	Land improvements	Buildings	Machinery, equipment and installations	Vehicles	Furnitures and fixtures	Right of use assets	Special Costs	Construction in progress	Total
Cost Value										
Opening balance at January 1,2020	460.989.962	130.808.686	373.583.334	698.836.520	6.961.735	30.688.986	25.778.418	1.117.468	19.402.832	1.748.167.941
Foreign currency translation differences	(2.063.787)	--	(1.691.520)	(14.129.307)	(168.076)	(327.195)	--	--	(417.154)	(18.797.039)
Additions	--	126.735	353.310	1.039.735	891	469.956	--	--	18.613.480	20.604.107
Sales / disposals	--	--	--	(40.905)	--	(156.724)	--	--	--	(197.629)
Transfer from construction on progress	--	--	--	670.696	--	7.843	--	--	(678.539)	--
Closing balance on March 31,2020	458.926.175	130.935.421	372.245.124	686.376.739	6.794.550	30.682.866	25.778.418	1.117.468	36.920.619	1.749.777.380
Accumulated depreciation										
Opening balance at January 1,2020	--	(61.343.697)	(146.408.040)	(446.024.781)	(4.451.090)	(15.407.735)	(3.571.865)	(676.835)	--	(677.884.043)
Foreign currency translation differences	--	--	906.810	10.709.683	113.966	268.079	--	--	--	11.998.538
Period cost	--	(2.706.144)	(3.123.797)	(8.133.755)	(170.923)	(797.571)	(1.394.799)	(170.265)	--	(16.497.254)
Sales / disposals	--	--	--	40.905	--	91.095	--	--	--	132.000
Closing balance on March 31,2020	--	(64.049.841)	(148.625.027)	(443.407.948)	(4.508.047)	(15.846.132)	(4.966.664)	(847.100)	-	(682.250.759)
Net book value on March 31,2020	458.926.175	66.885.580	223.620.097	242.968.791	2.286.503	14.836.734	20.811.754	270.368	36.920.619	1.067.526.621

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 10 – INTANGIBLE ASSETS

10.1 Rights

March 31, 2021	Rights	Mine Research Expenses	Total
Cost			
Opening balance at January 1	27.319.638	--	27.319.638
Inflation difference	170.965	--	170.965
Purchases	3.029.835	1.027.056	4.056.891
Foreign currency translation differences, net	970.993	--	970.993
Closing balance	31.491.431	1.027.056	32.518.487

Accumulated Depreciation

Opening balance at January 1	(8.607.652)	--	(8.607.652)
Current period amortization expense	(648.912)	--	(648.912)
Closing balance	(9.256.564)	--	(9.256.564)
Net Book Value	22.234.867	1.027.056	23.261.923

December 31, 2020	Rights	Mine Research Expenses	Total
Cost			
Opening balance at January 1	27.348.692	--	27.348.692
Inflation difference	68.316	--	68.316
Purchases	5.658.121	--	5.658.121
Foreign currency translation differences, net	(5.755.491)	--	(5.755.491)
Closing balance	27.319.638	--	27.319.638

Accumulated Depreciation

Opening balance at January 1	(5.143.792)	--	(5.143.792)
Current period amortization expense	(3.463.860)	--	(3.463.860)
Closing balance	(8.607.652)	--	(8.607.652)
Net Book Value	18.711.986	--	18.711.986

10.2 Goodwill:

	March 31, 2021	March 31, 2020
Opening balance at January 1	60.572.972	87.044.600
Inflation difference	2.397.382	--
Foreign currency translation differences	6.332.708	(2.586.226)
Closing balance	69.303.062	84.458.374

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 11 – COMMITMENTS

11.1 Razi’s share purchase

Related to Razi’s purchase agreement, all shares of Razi are put in pledge by Iranian Privatization Organization until Group and other consortium members will pay all of their debts. The Group and consortium members have committed and agreed to the effect that they do not have any right to be involved in any manipulation whatsoever or effect any changes during the period the pledge continues.

As of 1 August 2016, a portion of shares held by the Group and other consortium members were released, and from 1.368.698.169 shares pertaining to the Group, 1.225.559.793 shares were physically taken delivery. As of the balance sheet date, all shares have been received and there is no pledge on the share certificates.

11.2 Purchase Commitments

As of March 31, 2021, the Group has USD 40.273.869 and EUR 1.043.910 of purchase commitment for raw materials and trade goods, planned to be imported for which purchase orders were placed and related letters of credit were opened (December 31, 2020: USD 45.057.580 ve EUR 12.671.599).

NOT 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

12.1 Short-term provisions

	March 31, 2021	December 31,2020
Provisions for cost expenses	129.847.333	37.912.475
Dealer sales premiums	3.600.000	3.600.000
Provisions for lawsuit (*)	24.963.490	25.287.070
Other short-term debt provisions	4.535.444	5.631.252
Total	162.946.267	72.430.797

(*) There is a lawsuit filed against Razi at the local court amounting to TL 2.422.254.731 (IRR 84.137 Billion) due to excessive gas consumption. A pledge was put on Razi's land, which was carried at TL 100.518.762 (IRR 3.492 Billion) accordingly. The Group Management made a provision amounting to TL 20.845.177 (IRR 624 Billion) in the current period.

The movement of provisions for lawsuits during the related periods is presented below:

	March 31, 2021	March 31, 2020
As of January 1,	25.287.069	4.663.112
Additional provision	(323.579)	(179.033)
Closing Balance	24.963.490	4.484.079

A lawsuit amounting to TL 785.193 was filed by Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi against the Group for loss of profit claims. The Group management has not made any provision for this lawsuit in the accompanying consolidated financial statements considering the opinion of the legal counsel.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOT 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

12.2 Guarantees given

As of March 31, 2021, and December 31, 2020, the tables related to the Group's tables related to Collaterals/ pledges/ mortgages/bill of guarantees ("CPMB") position are as follows:

	March 31, 2021			December 31, 2020		
	Currency	Currency Amount	Amount in TL	Currency	Currency Amount	Amount in TL
CPMB given by the company						
A. CPMB's given						
	TL	10.325.558	10.325.558	TL	10.325.558	10.325.558
	USD	8.800.000	73.267.040	USD	8.800.000	64.596.400
B. CPMB's given on behalf of fully consolidated companies	--	--	--	--	--	--
C. CPMB's given on behalf of third parties for ordinary of business	--	--	--	--	--	--
D. Total amount of other CPMB'S	--	--	--	--	--	--
i. Total amount of CPMB's given on behalf of the majority shareholder	--	--	--	--	--	--
ii. Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	--	--	--	--	--	--
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C	--	--	--	--	--	--
Total			83.592.598			74.921.958

12.3 Contingent liabilities and Assets

Iran Comprehensive Action Plan

The Comprehensive Joint Action Plan ("KOEP", "JCPOA") signed in July 2015 between Iran, permanent members of the United Nations Security Council, Germany and the European Union includes the abolition of economic sanctions imposed to Iran as a result of its nuclear activities by the US, the European Union and the United Nations Security Council and the suspension of some of the sanctions in exchange for restricting Iran's nuclear activities.

On May 8, 2018, the United States has stated that it had withdrawn from KOEP and stated that it would begin to re-apply sanctions that had previously been repealed or suspended.

The sanctions put into effect on November 4, 2018, Iran's oil, petroleum products and petrochemical products were subject to sanctions. None of the Group's companies is subject to sanction as of the date of these consolidated financial statements.

The consolidated financial statements include the Group management's assumptions about the effects of the current sanctions imposed on Iran on the operations and financial position of the subsidiary. The future economic situation of the Islamic Republic of Iran may differ from the Group Management's assumptions.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOT 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)

12.3 Contingent liabilities and Assets (Cont’d)

Receivables from Tabosan

During the acquisition of Razi shares, the Group and other consortium members jointly vouched on behalf of each other against the financing banks and the Iranian Privatization Administration. One of the consortium members, Tabosan Mühendislik Üretim ve Montaj A.Ş. (“Tabosan”), the bankruptcy request of Tabosan was rejected by the court in 2011 and Tabosan's bankruptcy and bankruptcy desk was established, and all transactions were transferred to bankruptcy desk. The Group requested share transfer for some of the payments made on behalf of the guarantor, Tabosan, and applied to the bankruptcy desk for the remaining receivables.

For the payments made on behalf of Tabosan, the Group filed a lawsuit for the transfer of 1.31% of the shares of Tabosan in Razi Petrochemical Company in Iran. On April 28, 2014, the court decided to dismiss the case. Thereupon, Gübretaş applied to the Court of Cassation for correction of the decision. However, this request was also rejected, and the application was made to register the receivable as a receivable to the bankruptcy desk and a part of this amount was written to the bankruptcy desk.

Even though the Group applied to the bankruptcy administration for the registration of other receivables that had not become subject to the share transfer case, the request made was rejected by the administration. This time the Group filed a lawsuit against the bankruptcy administration. The Bankruptcy Administration has accepted the Group's case for the registration of receivables and upon this declaration, the Court has decided on July 15, 2017 to accept the case of the Group's registration. As of the reporting date, the Group's principal receivable arising from the payments made on surety and total interest receivable as of the reporting date is TL 35.259.932

The Bankruptcy Administration may pay the Group's outstanding receivables to the extent that it meets the Group's balance receivable, provided that a dividend receivable is received by Tabosan at Razi and this is transferred to the bankruptcy table. The Group management has not made any provision in the prior years and current period regarding Tabosan's dividend share in respect of Razi shares and mortgages and guarantees transferred to it by the bank.

Coastal Line

Iskenderun Fiscal Directorate (“Treasury”) brought a lawsuit 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 TL 98.630.887 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. In March of 2018, Iskenderun 3rd Civil Court partially accepted the case opened by the Property Directorate and decided to cancel the title deed registration of 78.674,76 m² of the immovable property of the Company located in Hatay, Iskenderun and Sariseki borders, the court ruled that the applicant had been denied the registration with the abandonment as a line and rejected the request concerning the surplus and rejected the case against the group. Within the legal period, the Group has applied for the appeal law, the group has accepted the appeal and the Gaziantep Regional Court of Justice has removed the decisions given by the Law Department of the 15th Law Department and the Group actions and returned the case to the local court for reconsideration. The Group Management has not recorded any provision in its accompanying consolidated financial statements since the legal procedures have not been finalized yet with respect to views of legal advisors.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 13 - REVENUE

13.1 Sales	January 1 – March 31, 2021	January 1 – March 31, 2020
Domestic sales	2.170.648.238	1.392.427.788
Foreign sales	201.471.772	355.657.604
Service sales	1.233.108	914.174
Sales returns (-)	(88.598)	(301.795)
Sales discounts (-)	(28.429.349)	(16.343.610)
Other discounts from sales (-)	(196.919)	(318.520)
Total	2.344.638.252	1.732.035.641
13.2 Cost of sales	January 1 – March 31, 2021	January 1 – March 31, 2020
Cost of goods produced	744.821.243	518.526.803
Change in the finished goods	7.639.966	133.152.384
-Finished goods at the beginning of the period	163.621.578	310.773.646
-Finished goods at the end of the period	(155.981.612)	(177.621.262)
Cost of finished goods sold	752.461.209	651.679.187
-Trade goods at the beginning of the period	786.943.699	642.840.114
-Purchases	723.488.540	382.543.661
-Trade goods at the end of the period	(467.202.797)	(315.630.628)
Cost of trade goods sold	1.043.229.442	709.753.147
Cost of other sales	3.186.768	2.907.379
Cost of services sold	--	97.069
Total	1.798.877.419	1.364.436.782

NOTE 24 - OTHER OPERATING INCOME AND EXPENSES

14.1 Other operating income

	January 1 – March 31, 2021	January 1 – March 31, 2020
Foreign exchange income related to trade transactions	139.318.034	77.030.775
Interest income	2.353.720	2.131.648
Other revenues	18.290.772	4.593.362
Total	159.962.526	83.755.785

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 24 - OTHER OPERATING INCOME AND EXPENSES (Cont’d)

14.2 Other operating expense

	January 1 – March 31, 2021	January 1 – March 31, 2020
Foreign exchange expenses related to trade transactions	220.420.168	157.312.879
Provision expenses	103.875	1.120.146
Razi VAT Receivables (Note 7)	19.611.002	--
Other expenses	32.917.235	14.892.137
Total	273.052.280	173.325.162

NOTE 15 - - EARNINGS PER SHARE

Earnings per share stated in the consolidated income statement are calculated by dividing the net income to the weighted average number of ordinary shares outstanding during the year. The weighted average of the shares and profit per share calculations are as follows:

	January 1 – March 31, 2021	January 1 – March 31, 2020
Net period (loss) on parent's shares)	123.229.701	69.655.779
Weighted average number of issued ordinary shares (1 kr each)	33.400.000.000	33.400.000.000
Earnings per share (kr) (*)	0,0037	0,0021

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.

NOT 16 - RELATED PARTIES TRANSACTIONS

16.1 Balances due to / from related parties

	March 31, 2020	December 31, 2020
Trade receivables		
TKK	283.098.929	191.361.541
Northstar Fertilizer and Chemical Co.	282.721.549	398.670.303
Other related parties	754.692	630.210
Total	566.575.170	590.662.054

The average maturity in solid fertilizer sales to TKK is 15 days, other fertilizer sales’ maturity is between 15 – 120 days.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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NOT 16 - RELATED PARTIES TRANSACTIONS (Cont’d)

16.1 Balances due to / from related parties (Cont’d)

Trade payables	March 31, 2020	December 31, 2020
Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	610.398	--
Tarnet Tarım Kredi		
Bilişim ve İletişim Hizmetleri San ve Tic. A.Ş.	4.760	1.276.536
TKK	--	--
Tarım Kredi Yem San. ve Tic. A.Ş.	--	--
TK Taşımacılık ve Lojistik A.Ş.	1.067.850	742.728
Bereket Sigorta A.Ş.	2.171.642	406.350
Bereket Emeklilik ve Hayat A.Ş.	81.450	334
Total	3.936.100	2.425.948

16.2 Transactions with Related Parties

	January 1- March 31, 2021	January 1- March 31, 2020
Sales of goods and services		
TKK	1.532.983.886	837.784.600
Northstar Fertilizer and Chemical Co.	26.745.066	--
Gübretaş Maden Yatırımları A.Ş.	235.501	
Tarkim Bitki Koruma San. ve Tic. A.Ş.	51.966	46.503
Tarnet Tarım Kredi		
Bilişim ve İletişim Hizmetleri San ve Tic. A.Ş.	--	745
TK Holding	28.338	--
TK Taşımacılık ve Lojistik A.Ş.	--	--
Total	1.560.044.757	837.831.848

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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NOT 16 - RELATED PARTIES TRANSACTIONS (Cont’d)

16.2 Transactions with Related Parties (Cont’d)

	January 1- March 31, 2021	January 1- March 31, 2020
Purchases of goods and services		
TKK	12.948	2.823.098
TK Taşımacılık ve Lojistik A.Ş.	4.614.853	2.670.750
Tarım Kredi		
Bilişim ve İletişim Hizmetleri San ve Tic. A.Ş.	1.408.221	714.074
Tarım Kredi Birlik Tarım Ürün. Hayv. Ambalaj Pet. Nak. İth. İhr. San. ve Tic. A.Ş.	--	8.344
TK Holding A.Ş.	24.000	
TK Tarım Kredi Pazarlama ve Marketçilik A.Ş.	9.343	--
Total	6.069.365	6.216.266
Interest income		
Tarım Kredi Holding	--	70.959
Tarım Kredi Birlik Tarım Ürün. Hayv. Ambalaj Pet. Nak. İth. İhr. San. ve Tic. A.Ş.	--	682.192
Total	--	753.151
Interest expenses		
Tarım Kredi Yem San. ve Tic. A.Ş.	--	171.062
Total	--	171.062

16.3 Remuneration of board of directions and executive management

The total benefits provided by the Group to its board of directors and executive management during the years ended March 31, 2021 and March 31, 2020 are as follows:

	March 31, 2021		March 31, 2020	
	Gübretaş	Razi	Gübretaş	Razi
Short-term employee benefits	1.037.136	1.839.404	715.495	1.571.786
Total	1.037.136	1.839.404	715.495	1.571.786

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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NOTE 17 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Currencies other than the current functional currencies according to the economies of the countries in which the Group operates are considered as foreign currencies.

Assets and liabilities denominated in foreign currency held by the Group in terms of original and Turkish Lira currency units as of March 31, 2021 are as follows:

	March 31, 2021		
	Amount in TL (functional currency)	USD	EUR
1 Trade receivables	408.551.593	49.041.321	23.895
2 Monetary financial assets (including cash, bank accounts)	487.929.726	37.487.384	17.987.310
3 Other current assets	173.748.078	20.836.120	27.270
4 Foreign currency assets (1 + 2 + 3)	1.070.229.397	107.364.825	18.038.475
5 Trade payables	(1.131.923.134)	(135.901.922)	(41.306)
6 Financial borrowings	(4.700.070)	--	(480.870)
7 Other short-term liabilities, net	(15.893.138)	(1.881.462)	(23.336)
8 Short term liabilities in foreign currency (5 + 6 + 7)	(1.152.516.342)	(137.783.384)	(545.512)
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
11 Long term liabilities in foreign currency (9 + 10)	--	--	--
12 Total liabilities in foreign currency (8 + 11)	(1.152.516.342)	(137.783.384)	(545.512)
13 Net foreign currency asset, liability position (4-12)	(82.286.945)	(30.418.559)	17.492.963
14 Monetary items net foreign currency asset / liability position (4-12)	(82.286.945)	(30.418.559)	17.492.963
15 Fair value of derivative instruments classified for hedging purposes	--	--	--
16 Amount of hedged portion of foreign currency liabilities	--	--	--

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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NOTE 17 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

Assets and liabilities denominated in foreign currency held by the Group in terms of original and Turkish Lira currency units as of December 31, 2020 are as follows:

	December 31, 2020		
	Amount in TL (functional currency)	USD	EUR
1 Trade receivables	564.297.417	31.244.902	37.183.385
2 Monetary financial assets (including cash, bank accounts)	445.654.600	52.413.463	6.762.239
3 Other current assets	79.172.197	10.518.564	217.662
4 Foreign currency assets (1 + 2 + 3)	1.089.124.214	94.176.929	44.163.286
5 Trade payables	(1.383.258.760)	(188.135.950)	(249.427)
6 Financial borrowings	(104.442.018)	--	(11.594.491)
7 Other short-term liabilities, net	(8.701.729)	(1.156.804)	(23.336)
8 Short term liabilities in foreign currency (5 + 6 + 7)	(1.496.402.507)	(189.292.754)	(11.867.254)
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
11 Long term liabilities in foreign currency (9 + 10)	--	--	--
12 Total liabilities in foreign currency (8 + 11)	(1.496.402.507)	(189.292.754)	(11.867.254)
13 Net foreign currency asset, liability position (4-12)	(407.278.293)	(95.115.825)	32.296.032
14 Monetary items net foreign currency asset / liability position (4-12)	(407.278.293)	(95.115.825)	32.296.032
15 Fair value of derivative instruments classified for hedging purposes	--	--	--
16 Amount of hedged portion of foreign currency liabilities	--	--	--

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 17 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

17.1 Foreign currency risk

As of March 31, 2021, and March 31, 2020, if related currencies had appreciated/depreciated by 10% against Turkish Lira with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange losses on the translation of foreign exchange position is as follows:

	March 31, 2021	
	Profit/(loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD – net	(25.326.492)	25.326.492
2- The part hedged for USD risk (-)	--	--
3- The impact of TL net profit for the period	(25.326.492)	25.326.492
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	17.097.797	(17.097.797)
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	17.097.797	(17.097.797)
	March 31, 2020	
	Profit/(loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD – net	(34.992.532)	34.992.532
2- The part hedged for USD risk (-)	54.962.460	(54.962.460)
3- The impact of TL net profit for the period	19.969.928	(19.969.928)
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	(3.940.396)	3.940.396
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	(3.940.396)	3.940.396

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2021

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

NOTE 19- SUBSEQUENTS EVENTS

With the amendment in the Corporate Tax Law, which was published in the Official Gazette dated April 22, 2021 and numbered 31462, the corporate tax rate, which was 20% as of March 31, 2021 in Turkey, increased to 25% for 2021 corporate earnings and 23% will be applied on the 2022 corporate earnings. The application will be effective starting from January 1, 2021. This change, which was enacted after the reporting period, was taken as a non-adjusting event according to TAS 10, and the tax rate was used as 20% for the subsidiaries located in Turkey in the consolidated financial statements of the Group as of March 31, 2021, and this change was dated June 30, 2021 will be reflected in the consolidated financial statements.

In accordance with the Board of Directors decision dated April 6, 2021 of Tarkim Plant Protection Inc., one of the equity investments of Gübretaş, it has been decided to start the public offering works.

Gübretaş's 2020 Ordinary General Assembly Meeting was held on April 8, 2021.

The capital of Gübretaş Maden, which was decided to be increased to TL 40.000.000 at the General Assembly dated January 29, 2021, was paid in cash on May 6, 2021.