

Independent Auditor's Report

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

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated statement of financial position of Gübre Fabrikaları T.A.Ş. (the Company) and its Subsidiaries (together will be referred to as the "Group") as at 31 December 2015 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

GROUP MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

INDEPENDENT AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and standards on auditing issued by POA. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Group and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Gübre Fabrikaları T.A.Ş. and its Subsidiaries as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

OTHER MATTERS

Without qualifying our opinion we would like to draw your attention to following matters:

As explained in Note 16, Corporate tax declarations of Razi are examined by the tax authority of Islamic Republic of Iran. It is established that exports carried out by Razi are recorded as income exempted from taxation in its tax calculations. The tax authority accrued additional tax expenditure at an amount of 60.000.000 TRY for 2012 and 2013 through accepting the aforementioned income subject to taxation and provision is made for the related amount. The company has not made provision for the fine amounting to 6.000.000 TRY and appealed against this fine decision. An appeal is also made regarding the original tax at an amount of 15.000.000 TRY regarding 2012. Original tax at an amount of 45.000.000 TRY regarding 2013 has been paid. A provision is also made for 35.000.000 TRY accrued by the auditing authority related to 2014. Razi has not made a provision for 2015 since it has losses from its operations except for export exemption.

As explained in Note 16 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.

As explained in Note 16, İskenderun State Treasury Office ("Treasury") has filed a lawsuit against the Group in 2011 for the cancellation of its title deed and demanded enforced evacuation of Group's property located in the Sariseki province of İskenderun within the city of Hatay claiming that the property is within the shoreline. The net book value of the property is 120.000.000 TRY. The Group has objected the lawsuit asked for a new expert report for the determination of shoreline and at the same time filed another lawsuit for a compensation of its ownership right of the property. The litigation process is ongoing as of the report date. Based on the opinions of legal advisors, the Group Management has not provided any provisions in the consolidated financial statements for this lawsuit.

As explained in Notes 8 and 16; one of the consortium partners that bought shares of Razi, Tabosan Manufacturing Engineering and Construction, Inc. (Tabosan) in 2011, has applied to the court to postpone its bankruptcy claim, the court rejected the request and has decided to transfer the entire process to bankruptcy estate. During the purchase of Razi shares, Group funded banks as the joint guarantor on behalf of Tabosan to the Iranian Privatization Administration. Within this scope, Group has paid the debt of Tabosan amounting to 46.994.091 TRY to the banks and the Iranian Privatization Administration as the guarantor and accounted this amount to other receivables. Capital receivable sourcing from surety payments and accrued interest receivable as of the date of the report of the Group is 34.870.723 TRY. The Group management has not made a provision for the aforementioned receivable in current and prior periods through considering mortgages and guarantees transferred to the Group by the bank and its acquisition right of the shares owned by Tabosan from initial purchased share value in accordance with the protocol made with Tabosan during the purchasing of Razi shares. Bankruptcy administration paid its capital receivable at an amount of 25.278.225 TRY on July 8, 2015 since the accumulated dividend receivables corresponding to 10,88% share of Tabosan in Razi reverted to Bankruptcy Estate. The aforementioned registration acceptance file has been finalized. Balance receivable of the Group, which a registration acceptance decision is made, shall be paid provided that a dividend receivable of Tabosan in Razi arisen and reverted to Bankruptcy Estate. Accrued interest receivable of the Group shall be paid provided that a dividend receivable of Tabosan in Razi arisen and reverted to Bankruptcy Estate following the complete payment of capital receivables of the Bankruptcy Estate.

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

REPORTS ON OTHER RESPONSIBILITIES ARISING FROM REGULATORY REQUIREMENTS

- 1) *Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 378 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 9 March 2016.*
- 2) *In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2015 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.*
- 3) *In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.*

GÜNEY BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK ANONİM ŞİRKETİ
A member firm of Ernst & Young Global Limited

Kaan Birdal, SMMM
Partner

9 March 2016
İstanbul, Turkey

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

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

ASSETS	Notes	Audited 31 December 2015	Audited 31 December 2014
Current Assets			
Cash and Cash Equivalents	5	364.409.394	462.850.161
Financial Investments	30	7.720.146	7.690.360
Trade Receivables			
<i>Trade Receivables from Related Parties</i>	29	135.955.617	114.642.648
<i>Trade Receivables from Third Parties</i>	7	251.170.309	318.124.675
Other Receivables			
<i>Other Receivables from Related Parties</i>	29	228.630	1.255.280
<i>Other Receivables from Third Parties</i>	8	193.544.984	153.418.049
Inventories	9	958.089.021	717.430.187
Prepaid Expenses	10	54.210.898	73.787.779
Assets Related to the Current Period Taxes	27	387.155	3.490.583
Other Current Assets	18	49.506.210	58.592.528
Total Current Assets		2.015.222.364	1.911.282.250
Non-current Assets			
Financial Investments	30	39.504.710	2.737.515
Other Receivables			
<i>Other Receivables from Related Parties</i>	29	102.902.884	119.832.242
<i>Other Receivables from Third Parties</i>	8	55.531.783	44.435.457
Investments Valued by Equity Method	3	8.581.263	7.481.377
Investment Properties	11	14.266.000	103.334.153
Property, Plant and Equipment	12	1.157.908.601	906.904.862
Intangible Assets			
<i>Goodwill</i>	13	168.244.294	148.146.765
<i>Other Intangible Assets</i>	13	434.916	280.159
Prepaid Expenses	10	20.020.062	9.315.874
Deferred Tax Assets	27	44.939.625	17.876.267
Other Non-current Assets		-	18.502
Total Non-current Assets		1.612.334.138	1.360.363.173
TOTAL ASSETS		3.627.556.502	3.271.645.423

The consolidated financial statements for the year ended 31 December 2015 have been approved by the Board of Directors on 9 March 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

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

LIABILITIES	Notes	Audited 31 December 2015	Audited 31 December 2014
Current Liabilities			
Short Term Borrowings	6	919.798.706	632.983.748
Current Portion of Long-term Borrowings	6	36.809.807	29.359.714
Trade Payables			
<i>Trade Payables to Related Parties</i>	29	3.706.743	35.398
<i>Trade Payables to Third Parties</i>	7	513.673.796	728.829.154
Employee Benefit Obligations	17	16.622.317	6.601.077
Other Payables			
<i>Other Payables to Third Parties</i>	8	45.040.111	113.324.555
Deferred Income	10	32.648.994	59.620.935
Current Income Tax Liability	27	53.257.524	37.723.102
Short-term Provisions			
<i>Short-term Provisions for Employee Benefits</i>	17	19.438.117	16.226.026
<i>Other Short-term Provisions</i>	16	68.233.395	65.688.602
Total Current Liabilities		1.709.229.510	1.690.392.311
Non-current Liabilities			
Long-term Borrowings	6	119.304.435	147.162.707
Long-term Provisions			
<i>Long-term Provisions for Employee Benefits</i>	17	152.525.000	123.041.034
Deferred Tax Liability	27	32.279.455	32.637.014
Total Non-current Liabilities		304.108.890	302.840.755
Total Liabilities		2.013.338.400	1.993.233.066
Shareholders' Equity			
Share Capital	19	334.000.000	334.000.000
Accumulated Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss			
<i>Revaluation Gains / Losses</i>	26	262.570.832	218.073.621
Accumulated Other Comprehensive Income / Expense to be Reclassified to Profit or Loss			
<i>Foreign Currency Translation Reserve</i>		(74.870.622)	(133.068.622)
<i>Translation Reserve Belongs to Investment Valued by Equity Method</i>	3	(13.780.834)	-
Restricted Reserves			
<i>Legal Reserves</i>	19	38.325.728	27.094.749
<i>Real Estate Sales Gain to be Added to Capital</i>	19	1.382.652	1.382.652
Retained Earnings		416.698.169	267.419.383
Net Income		89.382.336	210.609.765
Equity Attributable to Equity Holders of the Parent		1.053.708.261	925.511.548
Non-controlling Interests		560.509.841	352.900.809
Total Shareholders' Equity		1.614.218.102	1.278.412.357
TOTAL LIABILITIES AND EQUITY		3.627.556.502	3.271.645.423

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER 2015

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

	Notes	Audited 1 January- 31 December 2015	Audited 1 January- 31 December 2014
Sales	20	2.930.899.065	2.848.230.035
Cost of Sales (-)	20	(2.300.797.341)	(2.125.449.593)
Gross Profit		630.101.724	722.780.442
General and Administrative Expense (-)	21	(109.442.082)	(105.065.597)
Marketing, Selling and Distribution Expense (-)	21	(207.955.648)	(199.631.603)
Other Operating Income	23	284.605.279	243.238.931
Other Operating Expenses (-)	23	(289.501.712)	(142.421.557)
Operating Profit		307.807.561	518.900.616
Income from Investment Activities	24	4.993.163	16.521.346
Expense from Investment Activities (-)	24	(8.774.255)	(25.691.938)
Profit / (Loss) from Investments Accounted by Equity Method	3	(1.888.847)	851.843
Financial Income / (Expense) Before Operating Profit		302.137.622	510.581.867
Financial Income / (Expense)	25	(19.563.886)	(11.734.825)
Profit Before Tax from Continuing Operations		282.573.736	498.847.042
Current Period Tax Income / (Expense)	27	(59.845.604)	(71.806.592)
Deferred Tax Income / (Expense)	27	36.554.900	13.823.880
Total Tax Income / (Expense)		(23.290.704)	(57.982.712)
Net Profit		259.283.032	440.864.330
Distribution of Income for the Period			
Non-controlling Interests		169.900.696	230.254.565
Attributable to Equity Holders of the Parent		89.382.336	210.609.765
Earnings Per Share	28	0,0027	0,0063
Profit for the Period		259.283.032	440.864.330
Items not to be Reclassified to Profit or Loss		44.497.211	16.672.460
Gain in Revaluation of Property, Plant and Equipment (Note 12)		50.303.018	22.229.947
Tax Effect of Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss		(5.805.807)	(5.557.487)
Items to be Reclassified to Profit or Loss		105.235.015	(15.001.435)
Changes in Currency Translation Differences		119.015.849	(15.001.435)
Changes in Currency Translation Differences from Investments Accounted by Equity Method		(13.780.834)	-
Other Comprehensive Income / (Expense)		149.732.226	1.671.025
Total Comprehensive Income		409.015.258	442.535.355
Distribution of Total Comprehensive Income			
Non-controlling Interests		230.718.545	231.108.446
Equity Holders of the Parent		178.296.713	211.426.909
		409.015.258	442.535.355

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 31 DECEMBER 2015

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

	Share Capital	Items not to be Reclassified to Profit or Loss Revaluation Reserves	Items to be Reclassified to Profit or Loss		Restricted Reserves
			Changes in Currency Translation Differences from Investments Accounted by Equity Method	Foreign Currency Translation Reserve	
1 January 2014	334.000.000	209.923.776	-	(125.735.921)	16.700.000
Transfer to Retained Earnings	-	-	-	-	-
Restricted Reserves	-	-	-	-	10.394.749
Dividend Paid to Non-controlling Interest	-	-	-	-	-
Dividends Distributed by the Pirincipal Shareholder	-	-	-	-	-
Total Comprehensive Income	-	8.149.845	-	(7.332.701)	-
31 December 2014	334.000.000	218.073.621	-	(133.068.622)	27.094.749
1 January 2015	334.000.000	218.073.621	-	(133.068.622)	27.094.749
Transfer to Retained Earnings	-	-	-	-	-
Restricted Reserves	-	-	-	-	11.230.979
Dividend Paid to Non-controlling Interest	-	-	-	-	-
Dividends Distributed by the Pirincipal Shareholder	-	-	-	-	-
Total Comprehensive Income	-	44.497.211	(13.780.834)	58.198.000	-
31 December 2015	334.000.000	262.570.832	(13.780.834)	(74.870.622)	38.325.728

Real Estate Sales Gain to be Added to Capital	Retained Earnings		Equity Attributable to Equity Holders of the Parent	Non-controlling Interests	Total Equity
	Retained Earnings	Net Profit for the Period			
1.382.652	249.900.199	94.713.933	780.884.639	345.121.739	1.126.006.378
-	94.713.933	(94.713.933)	-	-	-
-	(10.394.749)	-	-	-	-
-	-	-	-	(223.329.376)	(223.329.376)
-	(66.800.000)	-	(66.800.000)	-	(66.800.000)
-	-	210.609.765	211.426.909	231.108.446	442.535.355
1.382.652	267.419.383	210.609.765	925.511.548	352.900.809	1.278.412.357
1.382.652	267.419.383	210.609.765	925.511.548	352.900.809	1.278.412.357
-	210.609.765	(210.609.765)	-	-	-
-	(11.230.979)	-	-	-	-
-	-	-	-	(23.109.513)	(23.109.513)
-	(50.100.000)	-	(50.100.000)	-	(50.100.000)
-	-	89.382.336	178.296.713	230.718.545	409.015.258
1.382.652	416.698.169	89.382.336	1.053.708.261	560.509.841	1.614.218.102

CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2015

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

	Notes	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
Cash Flows from Operating Activities			
Profit from Continuing Operations		259.283.032	440.864.330
Adjustments to Reconcile Net Profit / (Loss) for the Period			
Depreciation and Amortization Expense	12,13,22	54.531.437	68.760.119
(Gain) / Loss on Equity Investments	3	1.888.847	(851.843)
Retirement Pay Provision, Early Retirement Pay Liability	17	64.514.038	61.500.454
Interest (Income) / Expense	25	16.284.025	7.766.335
Foreign Exchange (Income) / Expense		-	(6.918.452)
Increase in Value of Investment Property	11	(13.903.140)	-
Profit on Sale of Plant, Property and Equipment		-	3.493.771
Lawsuit Provision / Cancellation	16	882.494	-
Allowance for / Reversal of Doubtful Receivable	7	947.741	503.280
Current Year Tax (Income) / Expense	27	23.290.704	57.982.712
Cash Flows from the Operating Activities Before Changes in the Assets and Liabilities		407.719.178	633.100.706
Changes in Working Capital (Net):			
Increase / Decrease in Trade Receivables		44.693.656	(26.705.589)
Increase / Decrease in Other Receivables		(33.267.253)	23.761.072
Increase / Decrease in Inventories		(220.013.171)	(211.579.393)
Other Current / Non-current Assets and Liabilities		9.104.822	2.321.127
Increase / Decrease in Trade Payables		(211.483.913)	83.509.717
Employee Benefit Obligations		10.021.240	(6.998.711)
Deferred Income		(26.971.941)	10.693.225
Increase in Prepaid Expenses		8.872.693	(18.142.661)
Increase / Decrease in Other Payables		(90.828.584)	(80.820.030)
Increase / Decrease in Debt Provisions		4.874.390	(22.372.177)
Cash Flows from the Operations After the Changes in Working Capital		(97.278.883)	386.767.286
Interest Paid		(16.284.025)	(13.638.357)
Taxes Paid	27	(44.698.337)	(35.099.652)
Payment Termination Indeminty	17	(48.813.605)	(37.478.120)
Cash Flow Regarding Investment Activities		(207.074.850)	300.551.157
Investment Activities			
Cash Outflows from the Purchases of Property, Plant and Equipment and Intangible Assets	12,13	(77.967.443)	(128.281.344)
Proceeds from Sales of Property, Plant and Equipment	12	195.062	389.026
Cash Proceeds About Financial Investments	30	(36.796.981)	(4.482.666)
Interest Collected		-	6.825.188

CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2015

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

	Notes	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
Cash Flows from Investment Activities		(114.569.362)	(125.549.796)
Financing Activities			
Dividend Paid by Parent Company		(50.100.000)	(66.800.000)
Dividend Paid to Non-controlling Interests		(17.334.940)	(138.948.604)
Financial Borrowings Change, Net		266.406.780	(72.648.510)
Cash Flows from Financing Activities		198.971.840	(278.397.114)
Change in Pledge Cash and Cash Equivalents		84.380.770	(84.380.770)
Net Change in Cash and Cash Equivalents		(122.672.372)	(103.395.753)
Cash and Cash Equivalents as of January 1	5	378.469.391	568.223.098
Foreign Currency Translation Difference		24.231.605	(1.977.184)
Cash and Cash Equivalents as of December 31	5	364.409.394	378.469.391

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 Turkey 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
Yarımcı Facilities Directorate	Production / Port Facilities / Storage
İzmir Regional Office	Sales-marketing / Liquid-powder Fertilizer Production / Storage
Samsun Regional Office	Sales-marketing / Storage
İskenderun Regional Office	Sales-marketing / Port Facilities / Storage
Tekirdağ Regional Office	Sales-marketing / Storage
Ankara Regional Office	Sales-marketing
Diyarbakır Regional Office	Sales-marketing
Antalya Regional Office	Sales-marketing

The number of employees of the Company and its subsidiaries for the year ended 31 December 2015 is 1.613 (31 December 2014 - 1.522)

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	31 December 2015		31 December 2014	
	Share	Share Amount	Share	Share Amount
Central Union of Agricultural Credit Cooperatives of Turkey	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

SUBSIDIARIES

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

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

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

ASSOCIATES

On June 30, 2008, the Company has invested in Negmar Denizcilik Yatırım A.Ş., operating in sea transportation. As of the balance sheet date, the participation percentage is 40% (31 December 2014: 40%).

On April 13, 2009, the Company has invested in Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. (Tarkim), operating in the production and sales of agricultural pesticide in Turkey. As of the balance sheet date, the participation percentage is 40% (31 December 2014: 40%).

FINANCIAL ASSETS AVAILABLE FOR SALE

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

THE APPROVAL OF THE FINANCIAL STATEMENTS:

The consolidated financial statements have been approved by the Board of Directors and instructed to be issued on March 9, 2015. The General Assembly has the power to amend the financial statements.

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 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 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 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 (TRY) which is functional currency of the Company and presentation currency of the 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 TRY using the parity as of the balance sheet date.

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

The conversion rates used are as follows:

CURRENCY	31 December 2015		31 December 2014	
	Period End	Period Average	Period End	Period Average
IRR/TRY	0,00009650	0,00009371	0,0000854	0,0000843

2.2. CHANGES IN TURKISH FINANCIAL REPORTING STANDARDS (TFRS)

THE NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2015 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, 2015. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2015 are as follows:

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendment did not have a significant impact on the consolidated financial statements of the Group.

Annual Improvements to TAS/TFRSs

In September 2014, POA issued the below amendments to the standards in relation to "Annual Improvements - 2010-2012 Cycle" and "Annual Improvements - 2011-2013 Cycle".

Annual Improvements - 2010-2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to performance and service conditions which are vesting conditions are clarified. The amendment is effective prospectively.

TFRS 3 Business Combinations

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) An entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows: i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity - an entity that provides key management personnel services - is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment is effective retrospectively.

Annual Improvements - 2011-2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts within the scope of TAS 39 (or TFRS 9, as applicable). The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 in determining whether the transaction is the purchase of an asset or business combination. The amendment is effective prospectively.

The amendments did not have a significant impact on the consolidated financial statements of the Group.

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the 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.

TFRS 9 Financial Instruments - Classification and measurement

As amended in December 2012 and February 2015, the new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

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

TFRS 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 requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

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

The amendments to TAS 16 and TAS 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 are effective prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) - Bearer Plants

TAS 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 TAS 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 TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)

In April 2015, Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 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 TAS 28*

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after January 1, 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In February 2015, amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 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 TFRS 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. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after January 1, 2016. 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.

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

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TAS 1: Disclosure Initiative (Amendments to TAS 1)

In February 2015, amendments issued to TAS 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. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Group.

Annual Improvements to TFRSs - 2012-2014 Cycle

In February 2015, POA issued, Annual Improvements to TFRSs 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*

The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements - 2010-2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

Annual Improvements - 2011-2013 Cycle

IFRS 15 Revenue from Contracts with Customers

In May 2014, 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 original effective date was January 1, 2017. However, in September 2015, IASB decided to defer the effective date to reporting periods beginning on or after January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 9 Financial Instruments - Final standard (2014)

In July 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 January 1, 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

In January 2016, 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)

In January 2016, 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 January 1, 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 Group applies this relief, it shall disclose that fact. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IAS 7 'Statement of Cash Flows (Amendments)

In January 2016, 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 January 1, 2017 with earlier application permitted. When the Group first applies those amendments, it is not required to provide comparative information for preceding periods. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

2.3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

INCOME

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

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

The Group hands over the property right, risks and gains to the buyer

Group has no longer effective control over the sold-out goods and administrative contribution linked to the property right.

Income amount is reliably calculated.

Economical benefits related to the operation are possible to flow in the company.

The costs resulted / to-be resulted from the operation is reliably calculated.

DIVIDEND AND INTEREST INCOME

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

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

LEASE INCOME

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

INVENTORIES

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

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

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

INVESTMENT PROPERTIES

The investment properties are presented for rental income or/and value growth gain and they are initially valued with their main cost as well as operational cost. Following the initial accounting, the investment properties are evaluated with the fair values reflecting market realities as at the balance sheet date. Gains / losses from the fair value amendments are included in the income statement during the period when they occurred.

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

TANGIBLE FIXED ASSETS

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

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

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

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

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

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

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

Except for lands having unrestricted use life, depreciation has been calculated over the inflation adjusted values of fixed asset and according to ordinary depreciation method and on basis of prorate depreciation. Tangible-fixed assets are amortized considering below-mentioned economic lives. (Note 12)

Buildings, land improvements	5-50 Years
Machines, facilities and equipment	3-40 Years
Vehicles	4-10 Years
Furnitures and fixtures	3-25 Years
Leasehold improvements	5 Years

INTANGIBLE-FIXED ASSETS

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

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

As of the purchase date, the historical costs of the intangible assets have been finally adjusted for the inflation rates on 31 December 2004. In the current period, the intangible assets are redeemed with straight line method according to their economical life based on the cost value. The amount noted at the financial statement is redeemed in 5 years. (Note 13)

IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement for items carried at cost. The recoverable amount of property, plant and equipment is the greater of fair value less cost to sell and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit. Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

GOODWILL

The acquisition of subsidiary is accounted for using the purchase method. The cost of business combination is calculated according to the aggregate of the assets given at the combination date, liabilities which are arising or committed and the fair value of equity instruments which are issued to obtain the control of the subsidiary and other costs which are directly related to the business combination. The assets, liabilities and contingent liabilities of the acquired entity which are corresponding the terms of recording according to the IFRS 3 "Business Combinations" are recorded based on their fair values. The goodwill arising on the acquisition is determined as the excess of the acquisition cost over the Group's share in the identifiable assets, liabilities and contingent liabilities of the acquired entity and recorded first on the cost basis.

FINANCIAL INSTRUMENTS

→ *Financial Assets*

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

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

→ *Effective interest method*

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

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

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

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

→ *Held-to-maturity financials assets*

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

→ *Financial assets ready for sale*

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

→ *Credits and receivables*

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

→ ***Impairment of financial assets***

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

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

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

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

→ ***Cash and Cash equivalent***

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

→ ***Financial liabilities***

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

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

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

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

→ **Other financial liabilities**

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

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

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

Leasing- Group as Lessor

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

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

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

Leasing - Group as Tenant

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

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

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

IMPACTS OF EXCHANGE RATE

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

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

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

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

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

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

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

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

EARNINGS PER SHARE

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

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

EVENTS AFTER BALANCE SHEET DATE

Even though the events after balance sheet date have come up after any announcement made about profit or any public announcement about other selected financial information, they cover all the events occurred between balance sheet date and date of authorization for balance sheet publication. In case that the events requiring adjustment have come up after balance sheet date, Group adjusts the amounts included in financial statements in compliance with this new situation.

PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES

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

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

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

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

TAXES CALCULATED ON THE BASIS OF THE COMPANY'S EARNINGS

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

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

→ *Current Tax*

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

→ *Deferred Tax*

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

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

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

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

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

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

BENEFITS FOR EMPLOYEES

→ Termination Indemnity Liability

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

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

→ Seniority Incentive Premium

In accordance with the prevailing collective labor agreement, seniority incentive premium is paid to the staff within the scope of agreement in the years when they complete certain seniority incentive periods. The liability calculated for incentive premium in question is reflected on records. (Note 17)

→ Vacation Pay Provision

The company makes a provision for the wages corresponding to the unused portion of vacation allowances of its employees in the previous years. (Note 17)

STATEMENT OF CASH FLOW

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

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

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

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

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

CAPITAL AND DIVIDENDS

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

BASIS OF CONSOLIDATION

- a) Consolidated financial statements have been prepared in accordance with principles stated on consolidated financial statements for the year ended 31 December 2015 and include financial statements of Gübretaş and its Subsidiaries.
- b) At 31 December 2015, 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 2014. The statement of financial position and statement of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation. The cost of and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from equity and income for the year, respectively.
- c) The Group's significant interest in affiliates is accounted for with equity method. Affiliates accounted by equity method are presented in consolidated statement of financial position with additions or deductions of changes on share of the Group on net assets of the affiliate and with deduction of provisions for the decline in the value. The comprehensive income statement presents shares of financial results of the Group's affiliates. The changes of the amount, not reflected on income or loss of the affiliate, on the equity of the affiliate can requisite an adjustment on the net book value of the affiliate in proportion of the Group's share. The share of the Group from these changes is directly accounted under the Group's equity.
- 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Net Realizable Value

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

Goodwill Impairment

The Group reviews goodwill for impairment annually. Razi has been identified as the cash generating unit since the goodwill balance has been recognized through the acquisition of Razi. The value in use calculations are based on post-tax Turkish Lira cash flow projections as approved the Group management. 24% discount rate and 1% growth rate (31 December 2014: discount 24%, growth 1%) have been used in calculations of the value in use. Discount rate before tax for presentation is about 24% (31 December 2014: 24%) The discount rate represents the risk associated with the entity. Based on the impairment analysis performed by Group management, no impairment of goodwill has been identified. As of 31 December 2015, the Group does not determine impairment in goodwill amount according to results of value impairment tests which was made by using the above assumptions.

Deferred Tax

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

Fair value of Properties

Fair value of the properties of the Group as of December 31, 2015 is established according to valuation performed in January 2016 by an independent expertise company which does not have relation with the Group. Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş., which is an independent valuation company authorized by Capital Markets Board of Turkey and Banking Regulation and Supervision Authority, has the appropriate quality and experience regarding the valuation of properties at aforementioned locations. It is established through Market Value Approach, Cost Approach and Capitalization of Revenues Approach which are appropriate to International Valuation Standards. Unit price is established following the performance of price adjustment in the framework of criteria which can affect Market value considering the similar properties which are put on sale or sold/rented recently in the Market Value Approach. Judgement on the valuation does not take deed liens into consideration and depends upon the acceptance that there is no case regarding the property. Cost approach is referenced upon reconstruction cost of the building in present conditions. Capitalization of Revenues Approach is the return capitalization calculating rate of return with an appropriate discount rate including potential income sources, cash flows, and rental losses deducting the operation expenses.

3- Shares in other businesses

Consolidated balance sheet and income statement of subsidiaries recognizing accounting to equity methods is as follows:

	Negmar Denizcilik Yatırım A.Ş.		Tarkim Bitki Koruma San. Tic. A.Ş.	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Current Assets	86.110.948	86.081.729	49.121.866	35.357.375
Non- Current Assets	373.287.353	360.391.103	7.871.375	6.906.697
Short term Liabilities	160.566.976	105.887.822	25.435.307	17.393.098
Long term Liabilities	362.866.232	362.696.001	10.104.775	6.167.531
Net (Liabilities)/Assets	(64.034.907)	(22.110.991)	21.453.159	18.703.443

	Negmar Denizcilik Yatırım A.Ş.		Tarkim Bitki Koruma San. Tic. A.Ş.	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Net Sales	409.682.071	385.316.994	41.994.800	38.844.601
Net (Loss) / Profit	(10.442.469)	3.406.764	2.749.716	1.569.614

Net assets in balance sheet statement of subsidiaries recognizing according to equity methods is as follows:

	31 December 2015	31 December 2014
Negmar Denizcilik Yatırım A.Ş. (Note 8)	(25.613.963)	(8.844.396)
Tarkim Bitki Koruma San. ve Tic. A.Ş.	8.581.263	7.481.377
Net (Liabilities)/Assets	(17.032.700)	(1.363.019)

Current year operating results of subsidiaries recognizing accounting to equity methods is as follows:

	31 December 2015	31 December 2014
Negmar Denizcilik Yatırım A.Ş.		
<i>Net Profit</i>	(2.988.733)	427.989
<i>Foreign Currency Translation Difference</i>	(13.780.834)	-
Tarkim Bitki Koruma San. ve Tic. A.Ş. - Net Profit	1.099.886	423.854
Total	(15.669.681)	851.843

	2015		2014	
	Negmar Denizcilik Yatırım A.Ş.	Tarkim Bitki Koruma San. Tic. A.Ş.	Negmar Denizcilik Yatırım A.Ş.	Tarkim Bitki Koruma San. Tic. A.Ş.
Participation Rate	%40	%40	%40	%40
Total Equity	(64.034.907)	21.453.159	(22.110.991)	18.703.443
1 January	(8.844.396)	7.481.337	(9.272.385)	7.057.523
Current Year Comprehensive Income / Expense	(16.769.567)	1.099.886	427.989	423.854
31 December	(25.613.963)	8.581.263	(8.844.396)	7.481.377

4- Segment reporting

Group started to implement TFRS 8 Operating Segments as of 1 January 2009, and operation departments were designated based on internal reports regularly reviewed by the competent authority of making decision on Group's activities.

Group's competent authority of making decision reviews the results and activities based on geographical divisions in order to make decision on resources to be allocated to departments and evaluate the performance of these departments. The company operates in Turkey; whereas Razi, a subsidiary, operates in Iran.

The company undertakes chemical fertilizer production sales throughout Turkey. Razi Company on the other hand, performs the production and sales of chemical fertilizer raw materials.

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

The distribution of segment assets and liabilities pertaining to the periods ending on 31 December 2015 and 31 December 2014 is as follows:

	Turkey 31 December 2015	Iran 31 December 2015	Consolidation Adjustments 31 December 2015	Total 31 December 2015
ASSETS				
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 ASSETS	2.095.829.991	1.932.507.351	(400.780.840)	3.627.556.502
Liabilities				
Short-term Liabilities	1.290.213.915	547.987.185	(128.971.590)	1.709.229.510
Long-term Liabilities	127.425.543	176.683.347	-	304.108.890
Equities	678.190.533	1.207.836.819	(271.809.250)	1.614.218.102
TOTAL LIABILITIES	2.095.829.991	1.932.507.351	(400.780.840)	3.627.556.502

	Turkey 31 December 2014	Iran 31 December 2014	Consolidation Adjustments 31 December 2014	Total 31 December 2014
ASSETS				
Current Assets	955.853.014	954.622.066	807.170	1.911.282.250
Non-current Assets	992.307.960	650.541.562	(282.486.349)	1.360.363.173
TOTAL ASSETS	1.948.160.974	1.605.163.628	(281.679.179)	3.271.645.423
LIABILITIES				
Short-term Liabilities	1.052.890.346	637.546.325	(44.360)	1.690.392.311
Long-term Liabilities	144.193.663	158.647.092	-	302.840.755
Equities	751.076.965	808.970.211	(281.634.819)	1.278.412.357
TOTAL LIABILITIES	1.948.160.974	1.605.163.628	(281.679.179)	3.271.645.423

The distribution of income statements by segments for the periods ending on 31 December 2015 and 31 December 2014 is as follows:

	Turkey 1 January 2015 31 December 2015	Iran 1 January 2015 31 December 2015	Consolidation Adjustments 1 January 2015 31 December 2015	Total 1 January 2015 31 December 2015
OPERATING INCOME				
Sales (Net)	1.664.670.261	1.374.693.724	(108.464.920)	2.930.899.065
Cost of Sales (-)	(1.517.497.071)	(880.209.465)	96.909.195	(2.300.797.341)
Gross Profit	147.173.190	494.484.259	(11.555.725)	630.101.724
Marketing, Selling and Distribution Expense (-)	(94.474.418)	(113.481.230)	-	(207.955.648)
General and Administrative Expense (-)	(21.342.463)	(88.099.619)	-	(109.442.082)
Other Operating Income / Expense (-) (Net)	(52.521.644)	47.625.211	-	(4.896.433)
OPERATING PROFIT	(21.165.335)	340.528.621	(11.555.725)	307.807.561
Income / (Expense) from Investments	14.947.380	-	(18.728.472)	(3.781.092)
Profit / (Loss) from Investments Accounted by Equity Method	(1.888.847)	-	-	(1.888.847)
OPERATION PROFIT BEFORE FINANCIAL INCOME / (EXPENSE)	(8.106.802)	340.528.621	(30.284.197)	302.137.622
Financial Income / (Expense)	(75.402.526)	55.838.640	-	(19.563.886)
Profit Before Tax	(83.509.328)	396.367.261	(30.284.197)	282.573.736
Tax Expense	-	(59.845.604)	-	(59.845.604)
Deferred Tax Income / (Expense)	29.150.720	4.515.249	2.888.931	36.554.900
Profit / (Loss) for the Period	(54.358.608)	341.036.906	(27.395.266)	259.283.032

	Turkey 1 January 2014 31 December 2014	Iran 1 January 2014 31 December 2014	Consolidation Adjustments 1 January 2014 31 December 2014	Total 1 January 2014 31 December 2014
OPERATING INCOME				
Sales	1.565.151.883	1.308.410.465	(25.332.313)	2.848.230.035
Cost of Sales (-)	(1.386.400.809)	(764.381.097)	25.332.313	(2.125.449.593)
Gross Profit	178.751.074	544.029.368	-	722.780.442
Marketing, Selling and Distribution Expense (-)	(95.103.568)	(104.528.035)	-	(199.631.603)
General and Administrative Expense (-)	(25.106.554)	(79.959.043)	-	(105.065.597)
Other Operating Income / Expense (-)	(17.116.387)	117.933.761	-	100.817.374
OPERATING PROFIT	41.424.565	477.476.051	-	518.900.616
Income / (Expense) from Investments	160.643.493	-	(169.814.085)	(9.170.592)
Profit / (Loss) from Investments Accounted by Equity Method	851.843	-	-	851.843
OPERATION PROFIT BEFORE FINANCIAL INCOME / (EXPENSE)	202.919.901	477.476.051	(169.814.085)	510.581.867
Financial Income / (Expense)	(25.660.027)	13.925.202	-	(11.734.825)
Profit Before Tax	177.259.874	491.401.253	(169.814.085)	498.847.042
Tax Expense	(30.346.597)	(41.459.995)	-	(71.806.592)
Deferred Tax Income / (Expense)	13.327.106	496.774	-	13.823.880
Profit / (Loss) for the Period	160.240.383	450.438.032	(169.814.085)	440.864.330

Investment Expenditures:

Investment expenditures pertaining to segment assets for the periods ending on 31 December 2015 and 31 December 2014 are as follows:

	1 January 2015 31 December 2015	1 January 2014 31 December 2014
Gübre Fabrikaları T.A.Ş.	24.798.837	88.937.521
Razi Petrochemical Co. and its Subsidiary	53.168.606	39.343.823
Total	77.967.443	128.281.344

Depreciation and Amortization:

Depreciation and amortization expenditures pertaining to segment assets for the periods ending on 31 December 2015 and 31 December 2014 are as follows:

	1 January 2015 31 December 2015	1 January 2014 31 December 2014
Gübre Fabrikaları T.A.Ş.	7.197.984	14.801.338
Razi Petrochemical Co. and its Subsidiary	47.333.453	53.958.781
Total	54.531.437	68.760.119

5- Cash and cash equivalents

	31 December 2015	31 December 2014
Cash on Hands	274.762	334.652
Bank	362.244.428	462.342.221
<i>Demand Deposits</i>	161.740.581	100.824.070
<i>Time Deposits</i>	200.503.847	361.518.151
Other Cash Equivalents	1.890.204	173.288
Total	364.409.394	462.850.161
Pledge Cash and Cash Equivalents (*)	-	(84.380.770)
Cash and Cash Equivalents at the Statement of Cash Flow	364.409.394	378.469.391

(*) As of 31 December 2014 Tabosan Mühendislik İmalat ve Montaj A.Ş. ("Tabosan"), one of the consortium partners of the Group at the acquisition of Razi shares's dividend debt are blocked the Group's accounts.

Time Deposits (TRY):

As of December 31, 2015 and 2014, the maturity of time deposits are less than 3 months and values with effective interest method are a below:

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

Interest Rate (%)	Maturity	31 December 2014
8,84 - 9,97	January 2015	191.474.219
Total		191.474.219

Time Deposits (Foreign Currency):

31 December 2015				
Interest Rate (%)	Maturity	Currency	Foreign currency amount	Amount in TRY
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

31 December 2014

Interest Rate (%)	Maturity	Currency	Foreign currency amount	Amount in TRY
Libor + 0,5	January 2015	EUR	132.223	372.961
17,00	January 2015	Mil. IRR	1.635.563	139.756.321
1,06	January 2015	USD	12.900.362	29.914.650
Total				170.043.932

6- Financial borrowings

As of December 31, 2015 and December 31, 2014, details of short and long term borrowings are as follows:

	31 December 2015	31 December 2014
Short-term Borrowings	919.798.706	632.983.748
Short-term Portion of Long-term Borrowings	36.809.807	29.359.714
	956.608.513	662.343.462

Short and Long-term Borrowings	31 December 2015	31 December 2014
Payable Within 1 Year	956.608.513	662.343.462
Payable Within 1 - 5 Years	119.304.435	147.162.707
	1.075.912.948	809.506.169

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

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 Effetive Annual Interest Rate (%)	Original Amount	Amount in TRY
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
TRY	January - December 2016	12,75 - 13,00	570.382.162	570.382.162
Total				782.664.019

Other Finansal Borrowings (*):

Currency	Maturity	Average Effective Annual Interest Rate (%)	Original Amount	Amount in TRY
EUR	January 2016	Libor+0,5	54.740.840	173.944.494
				173.944.494

As December 31, 2014 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 TRY
EUR	January 2015 - February 2015	2,40 - 5,10	20.108.205	56.719.215
USD	January 2015 - February 2015	2,30 - 2,80	69.946.713	162.199.433
TRY	January 2015	10,50 - 10,75	229.268.252	229.268.252
				448.186.900

Other Finansal Borrowings (*):

Currency	Maturity	Average Effective Annual Interest Rate (%)	Original Amount	Amount in TRY
EUR	January 2015	Libor + 0,5	75.923.190	214.156.562
				214.156.562

B) Long term borrowings

	31 December 2015	31 December 2014
Long term bank loans (Gübretaş)	119.304.435	136.162.882
Other long term bank loans (Razi)	-	10.999.825
		147.162.707
		119.304.435

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 TRY
EUR	January 2020	3,4	37.545.454	119.304.435
				119.304.435

As December 31, 2014 details of long term borrowings are as follows:

Bank Loans

Currency	Maturity	Average Effective Annual Interest Rate (%)	Original Amount	Amount in TRY
EUR	January 2020	5,10	48.272.727	136.162.882
				136.162.882

Other Financial Borrowings (*)

Currency	Maturity	Average Effective Annual Interest Rate (%)	Original Amount	Amount in TRY
EUR	March 2016	4,5	3.899.679	10.999.825
				10.999.825

(*) 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.

7- Trade receivables and payables

Short-term Trade Receivables	31 December 2015	31 December 2014
Trade Receivables	226.906.125	297.099.958
Notes Receivables	125.380	313.450
Receivables from National Petrochemical Company ("NPC") (Razi)	28.504.613	24.142.007
Trade Receivables from Third Parties (Gross)	255.536.118	321.555.415
Allowance for Doubtful Receivables (-)	(4.365.809)	(3.430.740)
Trade Receivables from Third Parties (Net)	251.170.309	318.124.675

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	31 December 2015	31 December 2014
More Than 9 Months	4.365.809	3.430.740
Total	4.365.809	3.430.740

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

	2015	2014
Balance at January 1	3.430.740	2.927.460
Period Cost	947.741	523.682
Collection	(12.672)	(20.402)
Balance at December 31	4.365.809	3.430.740

As December 31, 2015 guarantees related to not overdue receivables are as follows:

	31 December 2015	31 December 2014
Guarantee Letters	243.038.812	259.911.952
Collateral Cheques and Notes	60.831.521	61.205.266
	303.870.333	321.117.218

Short-term trade payables	31 December 2015	31 December 2014
Trade Payables (Gübretaş)	336.820.254	545.812.533
Trade Payables (Razi)	93.492.706	90.540.151
Payables to NPC (Razi)	78.779.458	88.928.849
Other Trade Payables	4.581.378	3.547.621
	513.673.796	728.829.154

8- Other receivables and payables

Other short term receivables:	31 December 2015	31 December 2014
VAT Receivables (Razi)	67.916.248	40.116.182
Receivables from Non-controlling Interests (Razi) (**)	53.210.914	-
Other Various Receivables (Tabosan) (*)	34.870.723	46.994.091
Due from Personnel	20.930.410	5.560.505
Other Various Receivables	16.616.689	60.747.271
Other Short-term Receivables	193.544.984	153.418.049

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

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

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

Other Long-term Receivables	31 December 2015	31 December 2014
Deposits & Guarantees Given	41.561.985	34.019.804
Due from Personnel (*)	13.969.798	10.415.653
Other Long-term Receivables	55.531.783	44.435.457

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

Other Short-term Payables	31 December 2015	31 December 2014
Dividend Payables to Non-controlling Interests	5.774.573	84.380.770
Payables from Investments Accounted by Equity Method	25.613.963	8.844.396
Other Payables	13.651.575	20.099.389
Other Short-term Payables	45.040.111	113.324.555

9- Inventories

	31 December 2014	31 December 2013
Raw Materials and Supplies	258.573.487	144.189.642
Finished Goods	213.142.287	48.479.530
Trade Goods	445.366.727	465.205.635
Other Inventories	41.006.520	59.555.380
Total	958.089.021	717.430.187

Group carried out net realisable value analysis for inventories and regarding to conclusion of this analysis there is no provision for inventory losses in current period. (2014: None). The inventories of Group which recorded as expense through cost have been explained in Note 21.

10- Prepaid expenses ve deferred income

Short Term Prepaid Expenses	31 December 2015	31 December 2014
Advance Given for inventories	50.740.102	72.070.608
Prepaid Expenses	3.470.796	1.717.171
Total	54.210.898	73.787.779

Long Term Prepaid Expenses	31 December 2015	31 December 2014
Advance Given for Fixed Asset	20.020.062	9.315.874
Total	20.020.062	9.315.874

Short Term Deferred Income	31 December 2015	31 December 2014
Received Order Advances	32.648.994	59.620.935
Total	32.648.994	59.620.935

11- Investment properties

Group's properties including lands, buildings, port and warehouses at İskenderun Sarıseki leased for 25 years to Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi ("Denizciler Birliği") regarding to agreement signed on 30 April 2007. Afterwards leasing agreement increased to 30 years with collateral contract.

The liquidation of abovementioned facilities is completed on June 3, 2015 as a result of court decision regarding the termination of the aforementioned contract and liquidation of facilities sourcing from the delinquency of Denizciler Birliği and granted to the Company. This court decision is finalized. The request made by Denizciler Birliği for the revision of decision was rejected by the Supreme Court. The decision is in favor of Gübretaş.

	31 December 2015			31 December 2014		
	Lands and Parcels	Buildings	Total	Lands and Parcels	Buildings	Total
Net Value at the Beginning of Period	89.488.850	13.845.303	103.334.153	89.488.850	13.845.303	103.334.153
Transfer to Property, Plant and Equipment (*)	(89.488.850)	(13.845.303)	(103.334.153)	-	-	-
Transfer from Property, Plant Equipment (**)	-	362.860	362.860	-	-	-
Rise in Fair Value	-	13.903.140	13.903.140	-	-	-
Total	-	14.266.000	14.266.000	89.488.850	13.845.303	103.334.153

(*) After evacuation of related lands, buildings, port and warehouses will be used for port services, so its reclassified to property, plant and equipment from investment properties.

(**) After the Company moved in new office, the building in Şişli has been vacated. The building in Şişli reclassified to investment properties form property, plant and equipment.

The Company had not got any rent income from its investment properties in the period ending on the date of 31 December 2015 (31 December 2014: None)

12- Property, plant and equipment

The depreciation cost and amortization of the company is 54.531.437 TRY as of 31 December 2015 and 31 December 2014 details are given below;

31 December 2015	Gübretaş	Razi	Total
Amortization Cost	7.021.361	47.333.454	54.354.815
Depreciation Cost	176.622	-	176.622
Total	7.197.983	47.333.454	54.531.437

31 December 2015: Out of the total of 54.531.437 TRY depreciation and amortization costs; 51.557.870 TRY have been included in General Production Costs, 678.797 TRY in Sales and Marketing Costs, 2.294.770 TRY in General Management Costs

31 December 2014	Gübretaş	Razi	Total
Amortization Cost	14.708.286	53.958.781	68.667.067
Depreciation Cost	93.052	-	93.052
Total	14.801.338	53.958.781	68.760.119

31 December 2014: Out of the total of 68.760.119 TRY depreciation and amortization costs; 58.057.647 TRY have been included in General Production Costs, 1.415.963 TRY in Sales and Marketing Costs, 9.286.509 TRY in General Management Costs

Pledges and Mortgages on Assets

There are no pledges or mortgages on the property, plant and equipment of the company as of the dates 31 December 2015 and 31 December 2014.

	Lands and Parcels	Land Improvements	Buildings
COST VALUE			
Opening Balance on January 2015	283.210.320	17.610.534	406.884.136
Foreign Currency Translation Differences	14.540.418	-	23.688.708
Valuation Differences	34.075.554	1.335.291	14.892.173
Additions	14.156.756	964.881	23.768.418
Sales / Cancellations	-	-	-
Transfer to Investment Property	-	-	(226.510.061)
Transfer from Investment Property	89.488.850	39.134.428	19.891.516
Transfer from Construction in Progress	6.687.962	-	5.603.935
Closing Balance on 31 December 2015	442.159.860	59.045.134	268.218.825
ACCRUED DEPRECIATION			
Opening Balance on January 2015	-	(11.833.908)	(303.222.702)
Foreign Currency Translation Differences	-	-	(4.091.771)
Adjustments	-	-	3.666
Expenses of the Period	-	(655.622)	(8.800.530)
Sales/Cancellations	-	-	-
Transfer to Investment Property	-	-	226.147.201
Transfer from Investment Property	-	(36.317.744)	(13.380.365)
Closing Balance on 31 December 2015	-	(48.807.274)	(103.344.501)
Net Book Value on 31 December 2015	442.159.860	10.237.860	164.874.324

Facility, Machinery and Equipment	Vehicles	Fixtures	Leasehold improvements	Construction in progress	Total
730.877.173	7.661.994	15.827.781	167.655	253.721.137	1.715.960.730
88.197.778	616.218	1.335.518		8.602.176	136.980.816
-	-	-	-	-	50.303.018
4.960.591	647.374	1.734.729	788.606	30.614.709	77.636.064
(279.619)	(192.632)	(245.424)	-	-	(717.675)
-	-	-	-	-	(226.510.061)
35.908.827	23.986	436.841	-	-	184.884.448
71.324.137	661.327	2.242.139	347	(86.519.847)	-
930.988.887	9.418.267	21.331.584	956.608	206.418.175	1.938.537.340
(482.203.668)	(4.744.306)	(7.017.816)	(33.469)	-	(809.055.869)
(57.332.741)	(443.172)	(679.200)	-	-	(62.546.884)
49.891	41.496	114.258	-	-	209.311
(41.804.284)	(985.517)	(2.061.988)	(46.874)	-	(54.354.815)
213.943	164.737	143.932	-	-	522.612
-	-	-	-	-	226.147.201
(31.649.298)	(23.618)	(179.270)	-	-	(81.550.295)
(612.726.157)	(5.990.380)	(9.680.084)	(80.343)	-	(780.628.739)
318.262.730	3.427.887	11.651.500	876.265	206.418.175	1.157.908.601

As of 31 December 2015, 31.391.356 TRY within construction in progress is capitalized interest and foreign currency exchange difference (31 December 2014 - TRY 22.016.720).

	Lands and Parcels	Land Improvements	Buildings
COST VALUE			
Opening Balance on January 2014	256.192.850	17.808.955	387.164.279
Translation Differences	(431.208)	-	(455)
Valuation Differences	16.247.555	-	9.336.028
Purchases	11.201.123	1.091.659	9.803.000
Sales / Cancellations	-	(1.290.080)	(3.140.878)
Transfer from Construction in Progress	-	-	3.722.162
Closing Balance on 31 December 2014	283.210.320	17.610.534	406.884.136
ACCRUED DEPRECIATION			
Opening Balance on January 2014	-	(11.848.754)	(285.727.483)
Translation Differences	-	-	169.128
Valuation Differences	-	-	(3.353.636)
Expenses of the Period	-	(669.822)	(14.571.448)
Sales / Cancellations	-	684.668	260.737
Closing Balance on 31 December 2014	-	(11.833.908)	(303.222.702)
Net Value on 31 December 2014	283.210.320	5.776.626	103.661.434

Facility, Machinery and Equipment	Vehicles	Fixtures	Leasehold Improvements	Construction in progress	Total
723.259.262	7.258.435	11.294.091	192.680	169.016.740	1.572.187.292
711.199	(25.066)	(36.300)	-	(219.868)	(1.698)
-	-	-	-	-	25.583.583
2.186.961	825.996	3.370.201	141.467	99.435.234	128.055.641
(4.371.708)	(438.728)	(456.202)	(166.492)	-	(9.864.088)
9.091.459	41.357	1.655.991	-	(14.510.969)	-
730.877.173	7.661.994	15.827.781	167.655	253.721.137	1.715.960.730
(432.531.892)	(4.074.927)	(5.860.534)	(97.732)	-	(740.141.322)
(3.030.435)	(4.597)	(9.229)	-	-	(3.075.133)
-	-	-	-	-	(3.353.636)
(51.013.049)	(921.235)	(1.482.170)	(9.343)	-	(68.667.067)
4.371.708	256.453	334.119	73.606	-	5.981.291
(482.203.668)	(4.744.306)	(7.017.816)	(33.469)	-	(809.055.868)
248.673.505	2.917.688	8.809.966	134.186	253.721.137	906.904.862

13- Intangible assets

RIGHTS	31 December 2015	31 December 2014
Opening Balance on 1 January	689.261	463.558
Purchases	331.379	225.703
Closing Balance on 31 December	1.020.640	689.261
Accrued Depreciation		
Opening Balance on 1 January	(409.102)	(316.050)
Amortization Expenses for Current Period	(176.622)	(93.052)
Closing Balance on 31 December	(585.724)	(409.102)
Net Book Value	434.916	280.159

GOODWILL	31 December 2015	31 December 2014
Opening Balance on 1 January	148.146.765	148.811.828
Foreign Currency Translation Differences	20.097.529	(665.063)
Balance as of 31 December	168.244.294	148.146.765

14- Commitments

Razis' Share Purchase

Regarding to Razis' purchase agreement, all shares of Razi are put in pledge by Iranian Privatization Organisation until Group and other consortium members pay all of debts. Group and consortium members have agreed that they have no right to make any implement or change within period of pledge. Moreover, Group and consortium members gave right to Iran Privatization Organisation for selling or taking over companys' shares without any condition if any contrary to the agreement like abusing companys' rights and harm to collection of its receivables happens, with an unsubmitted notarised letter of attorney. Group and consortium members have no right for changing articles of association of company, transferring and selling assets unless they pay all of debts or have written permission from Iranian Privatization Organization. Group and other consortium members has disclaimed to their rights about chaging on articles of incorporation ,transferring and selling the financial assets of Razi unless having written acknowledgement from Privatization Administration. As of balance sheet date, the Group and other consortium members has paid all debts related to the purchase of shares to Iran Privatization Organisation. Application has been made for removing pledges on shares, relevant process is ongoing as of the date of this report

Purchasing Commitments

As of 31 December 2015 Group has USD 28.971.400 accredited purchasing commitment. (31 December 2014: USD USD 4.146.000).

15- Government grants

May 03, 2013 dated and 110061 numbered investment incentive certificate is obtained based upon 29099 numbered application which realized on March 27,2013 from Ministry of Economy. The investment incentive certificate is valid for three years round and include 170.000.000 TRY worth fixed assets investment plans. The support elements fort the investmenst are Support of the Insurance Premium Payment Employer's Share, Privilege of the Custom Duty, Rate of Tax Deduction (50%),Content Rate of Investment (15%) and VAT Exemption.

16- Provisions, contingent assets and liabilities

Short-term Debt Provision	31 December 2015	31 December 2014
Provision for Cost Expenses	66.453.037	47.444.702
Provisions for Other Social Security Premium	-	17.346.036
Provisions for Pending Claims and Law Suits	1.780.358	897.864
Other Short-term Debt Provision	68.233.395	65.688.602

Law suit Provision	31 December 2015	31 December 2014
As of 1 January 2014	897.864	1.571.674
Addition / Cancellation	882.494	(673.810)
As of 31 December 2014	1.780.358	897.864

In the current period, total lawsuit amount against the Group is 9.207.455 TRY. (2014: 8.563.099 TRY). In the current period, Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi has sued against the Group for 7.427.097 TRY profit loss. The Group Management has not made any provision for this lawsuit in the added consolidated financial statements according to received legal opinion but it has made 1.780.358 TRY (2014: 897.864 TRY) provision for other lawsuits.

As from 31 December 2015 and 31 December 2014, the tables related to the Group's tables related to Assurance- Pledge- Hypothecs position are as follows:

	Currency	31 December 2015		31 December 2014	
		Currency Amount	Amount in TRY	Currency Amount	Amount in TRY
APH Given by the Company					
A. Total Amount of APH's Given for Own Legal Entity (Assurance)	TRY	9.987.517	9.987.517	5.231.936	5.231.936
B. Total Amount of APH's Given for the Partnership Included to Full Consolidation (Hypethec)	-	-	-	-	-
C. APH Given for Guaranteeing the Debts of Other 3rd Parties for the Performance of Ordinary Businesss Activites	USD	34.644.944	100.733.640	37.889.281	87.861.455
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 3 rd Parties Not Falling Into the Scope of article	-	-	-	-	-
		110.721.157		93.093.391	

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 TRY 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 was 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.

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

The sanctions imposed since 2010 on Iran by United Nations may have an effect on the operations of the subsidiary of the Group. The economic stability of the Iran depends on the measures that will be taken by the government and the outcome of the legal, administrative and political processes. These processes are beyond the control of the companies established in the country. Consequently, the entities operating within Iran must consider risks that may not necessarily be observable in other markets. These consolidated financial statements contain the Group management's estimations on the economic and financial positions of its subsidiaries and affiliates operating in Iran. The future economic situation of Iran might differ from the Group's expectations

Iskenderun Fiscal Directorate ("Treasury") brought a suit in order to hypothecate on behalf of public and cancel land register of property owned by the Group having a surface area of 79.350 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 120.000.000 TRY as of balance sheet date. The Group has appealed against the case in its legal period and requested to re-preparation of expert's report issued towards determining Shore Edge Line which constitutes a base for the aforementioned case. Additionally, the Group has brought a suit for the compensation of property right through considering that the case will result in favour of Treasury. Judicial process is going on as of balance sheet date. The Group Management has not made a provision in its accompanying consolidated financial statements since the legal procedures have not been finalized yet with respect to views of legal advisors and tax experts.

Tabosan Mühendislik İmalat ve Montaj A.Ş. ("Tabosan"), one of the consortium partners of the Group at the acquisition of Razi shares have filed a petition for adjournment of bankruptcy in 2011 but the bankruptcy court rejected the petition and decided on the bankruptcy of Tabosan and formation of a trustee committee to manage the assets of Tabosan. The Group becomes a co-guarantor in the name of Tabosan to Iran Privatization Administration and banks for the finance obtained during the acquisition process of Razi shares. The amounts 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 TRY for its capital receivable in 8 July 2015. This receivable acceptance case is finalized. Balance receivable of the Group, which a registration acceptance decision is made, shall be paid provided that a dividend receivable of Tabosan in Razi arisen and reverted to Bankruptcy Estate. Accrued interest receivable of the Group shall be paid provided that a dividend receivable of Tabosan in Razi arisen and reverted to Bankruptcy Estate following the complete payment of capital receivables of the Bankruptcy Estate.

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

17- Employee benefits

Liabilities for Employee Benefits	31 December 2015	31 December 2014
Due to the Personnel	15.784.439	4.325.587
Social Security Premiums Payable	837.878	2.275.490
Total	16.622.317	6.601.077

Short Term	31 December 2015	31 December 2014
Provision for Allowance and Employee Termination Benefits	6.583.507	5.969.717
Provision for Early Retirement Salary (*)	11.808.446	9.145.889
Provision for Premium	1.046.164	1.110.420
Total	19.438.117	16.226.026

Long Term	31 December 2015	31 December 2014
Allowance for Retirement Pay (Gübretaş)	8.121.107	8.030.781
Allowance for Retirement Pay (Razi)	72.696.186	55.426.191
Provision for Early Retirement Salary(*)	71.707.707	59.584.062
Total	152.525.000	123.041.034

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

As of 31 December 2015, termination indemnity liability of the company has been calculated with and annual inflation of 6,00 % and discount rate of 10,5 %, and by using 4,25 % real discount rate (31 December 2014; 3,74%). As the termination indemnity cap of the company's provision for termination indemnities is adjusted on every six months basis, it is calculated as 3.828 TRY, which is valid as of the date of 31 December 2015 onwards (31 December 2014: 3.429 TRY).

The Termination Indemnity of Razi has not discounted as a result of considering rate of Islamic Republic of Iran.

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

	01 January - 31 December 2015	01 January - 31 December 2014
Provisions as of 1 January	123.041.034	91.941.954
Service Cost	63.630.652	45.264.429
Interest Cost	883.386	16.646.440
Payment termination Indeminty	(48.813.605)	(37.478.120)
Foreign Currency Translation Differences	13.783.533	6.666.331
Provision as of 31 December	152.525.000	123.041.034

18- Other assets and liabilities

	31 December 2015	31 December 2014
Other Current Assets		
Deferred VAT	49.324.030	53.616.746
Job Advances	-	4.828.967
Other Various Current Assets	182.180	146.815
Total	49.506.210	58.592.528

19- Capital, reserves and other equity components

Paid-in Capital

The equity structure as of 31 December 2015 and 31 December 2014 is as follows:

	Share	31 December 2015	Share	31 December 2014
Central Union of Agricultural Credit Cooperatives of Turkey	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

Company's capital is formed 33.400.000.000 pieces stocks. (2014: 33.400.000.000 pieces) Stocks' nominal value is 0,01 TRY. (2014: 0,01 TRY)

Reserves on Retained Earnings

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

The retained earnings that were reclassified consist of the below items as of 31 December 2015 and 31 December 2014:

	31 December 2015	31 December 2014
Legal Reserves	38.325.728	27.094.749
Real Estate Sales Gain to be Added to Capital	1.382.652	1.382.652
Total	39.708.380	28.477.401

Regarding to legal records of company, sum of sources available for distribute is 132.001.670 TRY (2014: 157.894.626).

20- Revenue and cost of sales

SALES	31 December 2015	31 December 2014
Domestic Sales	2.032.086.131	1.845.897.157
Foreign Sales	924.581.798	1.016.417.264
Sales Returns(-)	(1.288.460)	(681.274)
Sales Discounts(-)	(23.924.133)	(11.165.165)
Other Discounts from Sales(-)	(556.271)	(2.237.947)
Total	2.930.899.065	2.848.230.035

COST OF SALES (-)	31 December 2015	31 December 2014
Cost of Good Produced	1.399.402.829	971.833.511
Change in the Good Inventory	(164.662.757)	27.366.433
<i>Goods at the beginning of the Period</i>	48.479.530	70.119.343
<i>Goods at the end of the Period</i>	(213.142.287)	(42.752.910)
Cost of Good Sold	1.234.740.072	999.199.944
<i>Merchandise Inventory at the beginning of the Period</i>	465.205.635	264.799.911
<i>Purchases</i>	1.045.762.887	1.330.747.945
<i>Merchandise Inventory at the end of the Period</i>	(445.366.728)	(469.424.512)
Cost of Merchandise Sold	1.065.601.794	1.126.123.344
Cost of Other Sales	455.475	126.305
Total	2.300.797.341	2.125.449.593

21- General administrative expenses, marketing and selling expenses

	31 December 2015	31 December 2014
General Administrative Expenses	109.442.082	105.065.597
Marketing Expenses	207.955.648	199.631.603
Total	317.397.730	304.697.200

General Administrative Expenses	31 December 2015	31 December 2014
Personnel Expenses	80.176.926	73.656.301
Outsourced Services (*)	8.471.429	6.743.891
Depreciation and Amortisation Expenses	2.294.770	9.739.679
Taxes and Duties	1.218.435	718.948
Other Expenses	17.280.522	14.206.778
Total	109.442.082	105.065.597

Marketing Expenses	31 December 2015	31 December 2014
Personnel Expenses	11.320.378	7.802.905
Outsourced Services (*)	185.422.069	181.187.487
Depreciation and Amortisation Expenses	678.797	1.415.963
Taxes and Duties	762.100	115.130
Other Expenses	9.772.304	9.110.118
Total	207.955.648	199.631.603

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

22- Operating expenses (based on their nature)

	31 December 2015	31 December 2014
Personnel Expenses	91.497.304	81.459.206
Outsourced Services	193.893.498	187.931.378
Amortization	54.531.437	68.760.119
Depreciation and Amortisation Expenses	1.980.535	834.078
Taxes and Duties	27.052.827	23.316.896
Cost of Goods Sold	1.234.740.072	999.199.944
Cost of Trade Goods Sold	1.065.601.794	1.126.123.344
Cost of Other Sales	455.475	126.305
Total	2.669.752.942	2.487.751.270

23- Other operating income and expenses

Other Operating Income	01 January - 31 December 2015	01 January - 31 December 2014
Foreign Exchange Gain from Trade Receivables	248.016.843	213.246.835
Investment Properties Appreciation	13.903.140	-
Interest Income	4.546.556	6.825.188
Credit Finance Gains from Trade Receivables	11.924.214	10.055.172
Other Income	6.214.526	13.111.736
Total	284.605.279	243.238.931

Other Operating Expenses	01 January - 31 December 2015	01 January - 31 December 2014
Foreign Exchange Loss from Trade Payables	262.984.591	115.617.369
Interest Expenses	-	953.166
Credit Finance Loss from Trade Receivables	5.941.068	11.043.839
Other Expenses	20.576.053	14.807.183
Total	289.501.712	142.421.557

24- Income / (expense) from investment activities

	31 December 2015	31 December 2014
Foreign Exchange Gain Related to Investment Activities	4.993.163	16.521.346
Total	4.993.163	16.521.346

	31 December 2015	31 December 2014
Foreign Exchange Loss Related to Investment Activities	8.774.255	25.691.938
Total	8.774.255	25.691.938

25- Financial expenses

	31 December 2015	31 December 2014
Interest Expenses on Bank Loans	16.284.025	13.638.357
Total Interest Expenses	16.284.025	13.638.357
Net Foreign Exchange Expenses	3.220.295	743.401
Other Financial (Income) / Expenses	59.566	(2.646.933)
Total Financial Expenses	19.563.886	11.734.825

26- Other comprehensive income

	31 December 2015	31 December 2014
Fixed Asset Revaluation Fund	262.507.233	218.010.022
Inflation Adjustment on Equity	63.599	63.599
Total	262.570.832	218.073.621

27- Income taxes (including deferred tax assets and liabilities)

Corporate Tax

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

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

Effective tax rate applied in the year 2015 was 20% (2014: 20%).

In Turkey, a provisional tax is calculated and imputed in quarterly periods. A provisional tax of 20% over company earnings was calculated at the stage of taxation of company earnings (2014: 20%).

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

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

In accordance with Corporate Tax Law numbered 5520, corporate tax and provisional tax rates are applied as 20% (year 2014: 20%). The corporate tax rate calculated according to Iranian legislation is 25%. (2014:%25)

Tax provision included in the balance sheet belonging to the period 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Provision for Corporate Tax	(59.845.604)	(71.806.592)
Prepaid Tax	6.588.080	34.083.490
Total	(53.257.524)	(37.723.102)

Deferred Tax Assets and Liabilities

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

	31 December 2015		31 December 2014	
	Temporary Differences	Deferred Tax, Assets and Liabilities	Temporary Differences	Deferred Tax, Assets and Liabilities
Reflected to the Income Statement Deferred Tax				
Investment Incentive	197.454.761	29.618.214	170.000.000	16.830.000
Stock Adjustment	15.346.565	3.069.313	15.272.440	3.054.488
Exchange Difference of Investment Advance	-	-	14.804.003	2.960.801
Other	39.051.160	7.810.233	9.252.485	1.850.497
Provisions for Termination Indemnity	10.287.947	2.057.589	8.156.136	1.631.227
Receivables Rediscount	2.877.492	575.498	4.088.012	817.602
Expense Accruals	-	-	1.641.241	328.248
Loss of Current Year	83.709.368	16.741.874	-	-
Deferred Tax Assets	348.727.293	59.872.721	223.214.317	27.472.863
Tangible / Intangible Assets / Investment Property	271.001.086	14.517.676	188.278.159	9.413.908
Payables Rediscount	2.077.099	415.420	522.355	104.471
Other	-	-	391.086	78.217
Deferred Tax Liabilities	273.078.185	14.933.096	189.191.600	9.596.596
Net Deferred Tax Asset (Liability)		44.939.625		17.876.267
Razi Co. Deferred Tax Asset / (Liability) (*)		(32.279.455)		(32.637.014)
Total Deferred Tax Asset / (Liability)		12.660.170		(14.760.747)

(*) 32.279.455 TRY is arise from the deferred tax effect of the Property valuation adjustment of the Razi.

Information related to deferred tax transaction table

	31 December 2015	31 December 2014
1 January	(14.760.747)	(22.556.730)
Impact of Foreign Currency Translation of Deferred Tax of Razi	(3.328.176)	(470.410)
Sub Total	(18.088.923)	(23.027.140)
Deferred Tax Income / (Expense)	36.554.900	13.823.880
Deferred Tax Expense of Appreciation Related with Tangible Assets Accounted Directly in Equity	(5.805.807)	(5.557.487)
31 December	12.660.170	(14.760.747)

	01 January - 31 December 2015	01 January - 31 December 2014
TAX PROVISION AGREEMENT		
Pre-tax Profit/ (Loss)	282.573.736	498.847.042
	%20	%20
Calculated Tax	(56.514.747)	(99.769.408)
Impact of Foreign Subsidiaries Subjected to Different Tax Rates	(18.628.053)	(23.513.126)
Disallowable Expenses	(134.481.381)	(103.370.353)
Tax Effects of Discount and Exemptions	231.273.376	226.675.861
Tax Effect of Dividend Elimination	(3.745.694)	(42.710.500)
Previous Period Tax Expenditure of Razi	(52.011.415)	(36.364.006)
Total Discounts of Investment Incentives	12.788.214	16.830.000
Other Differences	(1.971.004)	4.238.821
Tax Income / Expense	(23.290.704)	(57.982.712)

28- Earnings per share

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

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

The weighted average of the shares and profit per share calculations of the company as of 31 December 2015 and 31 December 2014 are as follows.

	01 January - 31 December 2015	01 January - 31 December 2014
Net Profit for the Period	89.382.336	210.609.765
Weighted Average Number of Ordinary Shares Outstanding During the Year (Each 1 kr)	33.400.000.000	33.400.000.000
Earnings Per Share (kr) (*)	0,0027	0,0063

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

At the Ordinary General Meeting on 16 April 2015 approved that date from 31 July 2015 to pay 50.100.000 TRY (1 TRY nominal value share: Gross 0,1500 TRY, Net 0,1275 TRY) cash from profit of 2014 year (2014:0,00020 TRY)

29- Related parties transactions

i) Balances due from related parties

A) TRADE AND OTHER RECEIVABLES	31 December 2015	31 December 2014
Main parent		
Central Union of Agricultural Credit Cooperatives of Turkey	125.807.493	104.638.834
Other Related Parties	10.148.124	10.003.814
Total	135.955.617	114.642.648
Affiliates and Other Related Parties (Short-term)		
Negmar Denizcilik A.Ş.	228.630	1.251.067
Tarnet A.Ş.	-	4.213
Total	228.630	1.255.280
Affiliates and Other Related Parties (Long-term)		
Negmar Denizcilik A.Ş.	73.131.945	82.639.387
Other Related Parties	29.770.939	37.192.855
Total	102.902.884	119.832.242

B) TRADE PAYABLES	31 December 2015	31 December 2014
Affiliates and Other Related Parties		
Tarnet A.Ş.	206.386	-
Tarkim Bitki Koruma San. ve Tic. A.Ş.	873.868	35.398
Other Related Parties	2.626.489	-
Total	3.706.743	35.398

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

Sales of Goods and Services	01 January - 31 December 2015	01 January - 31 December 2014
Main Parent		
Central Union of Agricultural Credit Cooperatives of Turkey	1.210.071.382	1.168.066.117
Affiliates		
Negmar Denizcilik A.Ş. ve Bağlı Ortaklıkları	2.289.198	2.115.379
Tarkim Bitki Koruma San. ve Tic. A.Ş.	152.486	31.300
Tarnet A.Ş.	2.547	92.475
Total	1.212.515.613	1.170.305.271

ii) **Transactions with Related Parties**

Purchase of Goods and Services	01 January - 31 December 2015	01 January - 31 December 2014
Affiliates		
Negmar Denizcilik A.Ş. ve Bağlı Ortaklıkları	126.033.134	137.961.620
Tarkim Bitki Koruma San. ve Tic. A.Ş.	1.347.680	248.211
Tarnet A.Ş.	2.085.020	2.739.572
Total	129.465.834	140.949.403

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

Remuneration of board of directors and executive management

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

	31 December 2015		31 December 2014	
	Gübretaş	Razi	Gübretaş	Razi
Short-term Employee Benefits (*)	1.695.964	4.604.321	1.591.385	3.849.842
Total	1.695.964	4.604.321	1.591.385	3.849.842

30- Financial instruments

FINANCIAL INVESTMENTS

Short Term Financial Investments

As December 31, 2015 details of short term financial investments are as follows:

	Maturity	Interest Rate (%)	31 December 2015
Government Securities and Treasury Bonds	August 2016	22	7.720.146
Total			7.720.146

As December 31, 2014 details of short term financial investments are as follows:

	Maturity	Interest Rate (%)	31 December 2014
Government Securities and Treasury Bonds	August 2015	17-22	7.690.360
Total			7.690.360

Long Term Financial Investments

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

	Maturity	Interest Rate (%)	31 December 2015
Government Securities and Treasury Bonds	2020	24,5	36.767.195
Total			36.767.195

Title	Subject of Activities	31 December 2015		31 December 2014	
		Share	Amount of Participant	Share	Amount of Participant
İmece Prefabrik Yapı Tarım Makineleri Temizlik ve Güvenlik Hizmetleri San. A.Ş.	Steel, Container, Tower, Crane and Spare Part Manufacture	%15	2.013.888	%15	2.013.888
Tarım Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	Internet Service Provider etc.	%17	523.627	%17	523.627
Tareksav	Agricultural Credit Coop. Edu. Foundation		200.000		200.000
Total			2.737.515		2.735.515

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

31- Financial instruments and financial risk management

The Group focus on the manage of the various financial risks which includes price, fx rates and interest rate changes on monetary and capital markets as a result of its own activity. Besides the Group aimed to decrease potential negative effects of market fluctuations with its risk management programme.

Capital Management

In capital management, the Group tries to ensure the continuity of its activities, while it, on the other hand, aims at increasing its profit by using its payable and equity capital balance in the most effective way. The capital structure of the company is comprised of equity capital items such as payables, cash and cash equivalents and other equity capital items including issued capital, capital reserves and profit reserves, which are defined in footnote 19.

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

Net payable/total capital ratio as of 31 December 2015 and 31 December 2014 is as follows:

	31 December 2015	31 December 2014
Total Debt	2.013.338.400	1.993.233.066
Cash and Cash Equivalents (-)	364.409.394	462.850.161
Net Debt	1.648.929.006	1.530.382.905
Total Equity	1.614.218.102	1.278.412.357
Net Debt / Total Equity	%102	%120

Hedging Activities and Derivative Instruments

Liquidity Risk

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

The management of the medium-term and long-term liquidities are realize with sector dynamics, and cashflow cycle is also followed and tested according to various scenarios by Group.

31 December 2015	Book Value	Total of Contractual Cash Outflows	Shorter than 3 Months	Between 3-12 Months	Longer Than 5 Years
Non-derivative Financial Liabilities					
Financial Payables	1.075.912.948	1.092.579.468	960.299.791	-	132.279.677
Trade payables	517.380.539	520.419.116	449.896.042	70.523.074	-
Other Payables	45.040.111	46.605.710	46.605.710	-	-
Total	1.638.333.598	1.659.604.294	1.456.801.543	70.523.074	132.279.677

31 December 2014	Book Value	Total of Contractual Cash Outflows	Shorter than 3 Months	Between 3-12 Months	Longer Than 5 Years
Non-derivative Financial Liabilities					
Financial Payables	809.506.169	808.104.692	671.941.810	15.129.209	121.033.673
Trade payables	853.082.706	854.228.072	605.494.944	248.733.128	-
Other Payables	2.719.095	2.719.095	1.936.296	-	782.800
Total	1.665.307.970	1.665.051.859	1.279.373.050	263.862.337	121.816.473

Interest rate risk

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

Besides sales prices are determined over TRY, the sector is substantially dependent on import inputs; therefore, changes in exchange rates affect the product sale prices directly. The "fixed interest/variable interest" and "long-term/short-term" balances were monitored and interest changing period of financial debits and credits were harmonized for minising the effect of interest rate fluctuations.

Fixed Interest Financial Instruments	31 December 2015	31 December 2014
Financial Assets		
Time Deposits	200.019.215	361.145.190
Financial Investments	44.487.341	7.760.360
Financial Liabilities	1.075.912.948	809.506.169

Floating Rate Financial Instruments	31 December 2015	31 December 2014
Time Deposits	484.632	372.961

Funding Risk

Risk of funding for existing and possible loan requirements in future is managed by perpetuated the access with adequate and high quality credit provider.

Credit Risk

The Group is subject with credit risk as a result of trade receivables of Credit sales and bank deposits.

The Group aimed the highest possible guarantee for the management of collection risk of trade receivables.

In this context the methods are;

- *Bank Guarantee (Guarantee Letter, Letters of Credit, etc.),*
- *Credit Insurance (Global Insurance Policy, Eximbank and Factoring Insurance, etc.),*
- *Mortgage,*
- *Cheque-bond.*

The Group considers the rates are given by independent rating agencies for banks.

The same credit risk principles are used for the management of financial assests. The highest liquidity instruments are preferred for investments and agency's credit rating are considered.

Credit Risk Management

The Group is subjected to credit risk because of its trade receivables arising from the forward sales of the Group. Management decreases the credit risk to minimum level regarding its receivables by taking securities (such as bank letter of guarantee, mortgage, etc.) from customers (except for related parties). These credit risks are monitored continuously by the Group and evaluated by considering the quality of the trade receivables, past experiences and current economic condition and expressed in the balance sheet by its net amount after allowance for doubtful receivables is allocated for the receivables not to be collected. (Note: 7). Approximately 75% of Group sales are related to the main shareholder Turkish Agricultural Credit Cooperatives Central Union.

The credit risks being subjected by the financial instrument types as of 31 December 2015 and 31 December 2014 are as follows:

	Trade Receivables
	Related Party
31 December 2015	
Minimum Credit Risk Exposed as of Reporting Date (A+B+C+D)	135.955.617
<i>Part of Maximum Risk Secured by guarantee, etc.</i>	-
A. Net Book Value of Financial Assets Which are Undue or not Exposed to Depredation	135.955.617
B. Net Book Value of Assets Which are Overdue but not Exposed to Depredation	-
C. Net Book Value of Assets Which are Exposed to Depredation	-
Overdue (Gross Book Value)	-
<i>Value Decrease (-)</i>	-
<i>Part of Net Value Secured by Guarantee, etc.</i>	-
Undue (Gross Book Value)	-
<i>Value Decrease (-)</i>	-
<i>Part of Net Value Secured by Guarantee, etc.</i>	-
D. Off-Balance Sheet Elements Carrying Credit Risk	-

	Trade Receivables
	Related Party
31 December 2014	
Minimum Credit Risk Exposed as of Reporting Date (A+B+C+D)	114.642.648
<i>Part of Maximum Risk Secured by guarantee, etc.</i>	-
A. Net Book Value of Financial Assets Which are Undue or not Exposed to Depredation	114.642.648
B. Net Book Value of Assets Which are Overdue but not Exposed to Depredation	-
C. Net Book Value of Assets Which are Exposed to Depredation	-
Overdue (Gross Book Value)	-
<i>Value Decrease (-)</i>	-
<i>Part of Net Value Secured by Guarantee, etc.</i>	-
Undue (Gross Book Value)	-
<i>Value Decrease (-)</i>	-
<i>Part of Net Value Secured by Guarantee, etc.</i>	-
D. Off-Balance Sheet Elements Carrying Credit Risk	-

Receivables		Other Receivables		Deposit in Bank	Derivative Financial Insturements	Financial Investments
Other Party	Related Party	Other Party				
251.170.309	103.131.514	249.076.767		364.409.394	-	44.487.341
98.673.562	-	-		-	-	-
223.289.019	103.131.514	249.076.767		364.409.394	-	44.487.341
27.881.290	-	-		-	-	-
-	-	-		-	-	-
4.365.809	-	-		-	-	-
(4.365.809)	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-

Receivables		Other Receivables		Deposit in Bank	Derivative Financial Insturements	Financial Investments
Other Party	Related Party	Other Party				
318.124.675	121.087.522	197.853.506		377.961.451	-	8.198.299
318.124.675	-	-		-	-	-
316.707.077	121.087.522	197.853.506		377.961.451	-	8.198.299
19.241.073	-	-		-	-	-
-	-	-		-	-	-
3.430.740	-	-		-	-	-
(3.430.740)	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-

The details of overdue trade receivables are as follows:

31 December 2015	Trade Receivables	Total
1-30 Days Overdue	6.608.107	6.608.107
1-3 Months Overdue	7.720.340	7.720.340
3-12 Months Overdue	9.396.622	9.396.622
1-5 Years Overdue	4.156.220	4.156.220
Total	27.881.289	27.881.289

31 December 2014	Trade Receivable	Total
1-30 Days Overdue	4.494.748	4.494.748
1-3 Months Overdue	6.519.930	6.519.930
3-12 Months Overdue	4.886.968	4.886.968
1-5 Years Overdue	3.339.427	3.339.427
Total	19.241.073	19.241.073

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;

	TRY (functional currency)	31 December 2015		
		USD	EURO	JPY
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)	-

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 2014 is as follows;

	31 December 2014			
	TRY (functional Currency)	USD	EURO	JPY
1 Trade Receivables	74.466.348	32.112.790	-	-
2 Monetary Financial Assets (Cash and Bank Accounts Included)	361.456.782	112.088.242	35.637.322	2.715.102
3 Other Current Assets	68.743.032	6.978.816	18.633.621	-
4 Current Assets (1+2+3)	504.666.162	151.179.848	54.270.943	2.715.102
5 Trade Payables	574.206.151	240.900.482	5.524.169	-
6 Financial Liabilities	580.237.895	69.946.713	148.203.801	-
7 Other Short-term Liabilities, Net	2.659.887	1.147.047	-	-
8 Short-term Liabilities (5+6+7)	1.157.103.933	311.994.242	153.727.970	-
9 Trade Payables	-	-	-	-
10 Financial Liabilities	-	-	-	-
11 Long-term Liabilities (9+10)	-	-	-	-
12 Total Liabilities (8+11)	1.157.103.933	311.994.242	153.727.970	-
13 Net Foreign Exchange Asset / (Liability) Position (4-12)	(652.437.771)	(160.814.394)	(99.457.027)	2.715.102
14 Monetary Items Net Foreign Exchange Asset/ (Liability) (4-12)	(652.437.771)	(160.814.394)	(99.457.027)	2.715.102

In the years ending on 31 December 2015 and 31 December 2014, 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:

31 December 2015	Profit/(Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by %10 Against TRY		
1- Assets / Liability Denominated in USD - Net	(18.327.204)	18.327.204
2- The Part Hedged for USD Risk (-)	-	-
3- The Impact of TRY Net Profit for the Period	(18.327.204)	18.327.204
Change of EUR by %10 Against TRY		
1- Assets / Liability Denominated in EUR - Net	(32.643.386)	32.643.386
2- The Part Hedged for EUR Risk (-)	-	-
3- The Impact of TRY Net Profit for the Period	(32.643.386)	32.643.386

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 55 Million TRY and the foreign currency adjustments would increase by 196 Million TRY.

31 December 2014	Profit / (Loss)	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change of USD by %10 Against TRY		
1- Assets / Liability Denominated in USD - Net	(11.750.082)	11.750.082
2- The Part Hedged for USD Risk (-)	-	-
3- The Impact of TRY Net Profit for the Period	(11.750.082)	11.750.082
Change of EUR by %10 Against TRY		
1- Assets / Liability Denominated in EUR - Net	(16.646.163)	16.646.163
2- The Part Hedged for EUR Risk (-)	-	-
3- The Impact of TRY Net Profit for the Period	(16.646.163)	16.646.163
Change of JPY by %10 Against TRY		
1- Assets / Liability Denominated in JPY - Net	271.510	(271.510)
2- The Part Hedged for JPY Risk (-)	-	-
3- The Impact of TRY Net Profit for the Period	271.510	(271.510)

32- 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.*

33- Subsequent events

It is decided to make a dividend distribution of 95,013% of total distributable profit amount calculated based on undistributable dividend of Razi Petrochemical Co. related to previous years, excess reserve and income related to 2015. The dividend payment made amounts to IRR (Iranian Rial) 7.280.000.000.000 and amount corresponding to Gbretař is 3.558.615.239.400 IRR (3.558.615.239.400 IRR = 345.185.678 TRY based on buying rate of CBT 100 IRR 0, 0097 TRY).

All the maintenance and construction works of Iskenderun Sariseki Facilities received on June 3, 2015 are completed. A "Port Handling Contractor Agreement" is concluded between Busserk Liman İřletme ve Lojistik Hizmetleri Ltd. řti.and the Company on February 19, 2016 to perform freight, liquidation and material handling services in Iskenderun Sariseki facilities. Port operations have begun again in Iskenderun Sariseki Facilities on February 19, 2016 as a result of the aforementioned agreement.

