Profit Distribution Proposal of Gübre Fabrikaları T.A.Ş. for the year 2015

In the financial statements which were prepared according to Financial Reporting Communique in Capital Markets (II-14.1), the amount of 89.382.334,16.-TRY profit has been generated as a result of activities of the year 2015. According to Dividend Communique (II-19.1) that has been announced Official Gazette No: 28891 in 23.01.2014 and Dividend Guide of Capital Markets Board, the upper limit in the amount of dividend is the distributable amount of related dividend distribution's resources which has been in legal records. According to legal records from the activities of the year 2015, distributable profit has not occured because of the amount of 86.862.049,77.-TRY net loss after tax. On the other hand, there is the amount of 43.756.968,36.-TRY profit which was generated by adding the amount of 130.619.018,13.-TRY extraordinary reserves (the undistributed profits from previous years) to this amount. With the purpose of coming up to our shareholders' expectations and having regard to long and short term company strategies, investment and finance policies, market capital, cash flows and economic improvements, it is being proposed that, 33.400.000.-TRY from extraordinary reserves of our company will be distributed as cash starting from July 29, 2016 (Gross: 0,1000 TRY, Net: 0,0850 TRY for a 1 TRY nominal value share) and remaining 1.670.000.-TRY will be added to secondary legal reserves.

THE TABLE OF DIVIDEND DISTRIBUTION OF GÜBRE FABRIKALARI T.A.Ş. FOR THE YEAR 2015 (TRY)

1	**Issued Capital**	**334.000.000,00**	**334.000.000,00**
2	General Legal Reserves (According to Legal Records)	38.325.728,30	38.325.728,30
	Information on Profit Distribution Previleges if any, According to Articles of Association		-
		According to CMB	**According to Legal Records**
3	Profit for the Period	89.382.334,16	-86.862.049,77
4	Taxes Payable (-)		
5	**Net Profit for the Period (=)**	**89.382.334,16**	**-86.862.049,77**
6	Accumulated Losses (-)		0,00
7	Primary Legal Reserves (-)	0,00	0,00
8	Net Distributable Profit for the Period (=)	89.382.334,16	0,00
9	Donations (+)	409.882,71	
10	Net Distributable Profit for the Period, Basis for First Dividend (=)	89.792.216,87	
11	**First Dividend to Shareholders**	**33.400.000,00**	**0,00**
	Cash	*33.400.000,00*	
	Non Paid-Up	*0,00*	
	Total	*33.400.000,00*	*0,00*
12	Dividends Distributed to Owners of Preferred Shares		
13	Other Dividends Distributed (to the Board of Directors / Personnel)	0,00	
14	Dividends Distributed to Owners of Jouissance Shares		
15	Second Dividend to Shareholders		
16	Secondary Legal Reserves (-)	1.670.000,00	1.670.000,00
17	Statutory Reserves		
18	Special Reserves		
19	Extraordinary Reserves	54.312.334,16	
20	**Other Resources to be Distributed**	**0,00**	**33.400.000,00**
	Previous Years' Profits		
	Extraordinary Reserves		*33.400.000,00*
	Other Distributable Reserves According to Law and Articles of Association		

1- Introduction

A REPORTING PERIOD

01.01.2015 - 31.12.2015

B CORPORATE'S NAME

Gübre Fabrikaları Türk Anonim Şirketi (GÜBRETAŞ)

C TRADE REGISTER NUMBER

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

D CONTACT INFORMATION

Headquarters

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

The telephone, fax, e-mail and web address of Gübretaş are as below:
Phone : +90 (216) 468 50 50
Fax : +90 (216) 407 10 11
E-mail Address : gubretas@gubretas.com.tr
Web Address : www.gubretas.com.tr

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

Yarımca Production Facilities Management

Address : Gübretaş Yarımca Tesisleri 41740 Körfez / KOCAELİ
Phone : +90 (262) 528 46 40
Fax : +90 (262) 528 21 31
E-mail Address : yarimca@gubretas.com.tr

Tekirdağ Regional Office

Address : Turgut Mah. Ördeklidere Cad. No: 16/1 Tekirdağ
Phone : +90 (282) 262 76 50 / +90 (282) 262 47 94 / +90 (282) 262 84 39
Fax : +90 (282) 262 98 51

İskenderun Regional Office

Address	:	Sarıseki Mah. E-5 Üzeri Cad. Port Center İş Merkezi, No:146/10-11 Sarıseki - İskenderun/HATAY
Phone	:	+90 (326) 626 14 42 - 44 - 49 - 50
Fax	:	+90 (326) 626 14 50

Ankara Regional Office

Address	:	Emek Mah. Kazakistan Cad. (4. Cadde) No: 139 Çankaya/ANKARA
Phone	:	+90 (312) 231 91 97
Fax	:	+90 (312) 231 92 99

İzmir Regional Office

Address	:	Kırlar Mevkii Fatih Mah. Atatürk Cad. Helvacı / Aliağa - İZMİR
Phone	:	+90 (232) 627 91 59
Fax	:	+90 (232) 627 91 60

Samsun Regional Office

Address	:	Gübretaş Samsun Tesisleri Organize Sanayi Bölgesi Kızılırmak Cad. No: 7 Kutlukent - SAMSUN
Phone	:	+90 (362) 266 40 10
Fax	:	+90 (362) 266 68 25

Diyarbakır Regional Office

Address	:	Kayapınar Mah. Urfa Yolu 3. km DİYARBAKIR
Phone	:	+90 (412) 251 12 46 - 251 15 46
Fax	:	+90 (412) 251 18 55

Antalya Regional Office

Address	:	Yeşilbahçe Mah. Portakal Çiçeği Bulvarı Kepez Mehmet Sitesi A Blok No:35 Kat:2 Daire:8 Muratpaşa/ANTALYA
Phone	:	+90 (242) 311 43 73 - 83
Fax	:	+90 (242) 311 43 93

E MEMBERS OF THE BOARD OF DIRECTORS

Title	Name	Date of Appointment
Vice Chairman	Kazım ÇALIŞKAN	28.05.2015
Member	Adem DANIŞIK	05.01.2015
Member	Veli ALTUNKAŞ	05.01.2015
Member	Ali Erdem SAATÇİ	29.02.2016
Executive Member	Şükrü KUTLU	23.02.2015
Independent Member	Prof. Dr. Nuh BOYRAZ	16.04.2015
Independent Member	Av. Dr. Cahit SULUK	16.04.2015
Independent Member	Hasan SEZER	16.04.2015

Members of the Board of Directors resigned during the period:

Title	Name	Date of Appointment	Date of Resignation
Member	Mustafa ÇIRAK	16.04.2014	05.01.2015
Member	İshak GÜNDÜZ	16.04.2014	05.01.2015
Member	Dr. Erol DEMİR	10.04.2009	19.01.2015
Executive Member	Osman BALTA	01.02.2012	31.01.2015
Independent Member	Prof. Dr. Lokman DELİBAŞ	26.04.2012	16.04.2015
Independent Member	Mustafa Fevzi YÜKSEL	16.04.2014	16.04.2015
Independent Member	Aydın BEDİR	16.04.2014	16.04.2015
Member	Kamil Kenan YENİCE	16.04.2015	28.05.2015
Member	Selahattin AYDOĞAN	30.12.2014	29.02.2016
Chairman	İrfan GÜVENDİ	17.12.2014	03.03.2016

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

F TOP MANAGEMENT

Title	Name	Date of Appointment
General Manager	Şükrü KUTLU	23.02.2015
Deputy GM (Finance)	Ferhat ŞENEL	09.02.2004
Deputy GM (Sales & Marketing)	Tahir OKUTAN	20.01.2006
Deputy GM (Supply Chain Management)	Dr. Şenol DUMAN	08.01.2015
Deputy GM (Facilities and Investments)	Dr. Mahmut KARAMAN	04.02.2015

Members of the top management resigned during the period:

Title	Name	Date of Appointment	Date of Resignation
General Manager	Osman BALTA	01.02.2012	31.01.2015
Deputy GM (Supply Chain Mng.)	İsmail BABACAN	22.06.2009	02.01.2015
Deputy GM (Facilities and Invest.)	Yakup GÜLER	01.03.2012	02.01.2015

G CAPITAL STRUCTURE

As of 31.12.2015 registered capital of the company is 1.000.000.000 TRY and issued capital is 334.000.000 TRY.

Table 1 CAPITAL STRUCTURE

Shareholders	Share Amount -TRY	Share
Central Union of Turkish Agricultural Credit Cooperatives	253.684.606,88	75,95%
Other	80.315.393,12	24,05%
TOTAL	**334.000.000**	**100,00**

H INFORMATION ABOUT OUR FACILITIES

Our Company reached a total real estate area of 416.372 m², out of which is 144.303 m² closed area including warehouses, business buildings and lands, convenient to be improved.

Yarımca Facilities has 985.000 tons/year fertilizer production capacity, İzmir Facilities has 25.000 tons/year liquid and powder fertilizer production capacity, Gübretaş has 1.010.000 tons/year fertilizer production capacity in total.

The total capacity of our warehouses is 399.000 tons.

Table 2 REAL ESTATES

Office	Closed Area m²
Head Office	2.250
Yarımca Facilities - Office	2.410
İzmir Facilities - Office	570
Ankara Office	120
Samsun Office	210
Total	**5.560**
Production Facilities	**Closed Area m²**
Kocaeli Yarımca Facilities	23.616
İskenderun Facilities	15.581
İzmir Facilities	1.750
Foça Facilities	200
Total	**41.147**
Warehouses	**Closed Area m²**
Kocaeli Yarımca	22.381
Samsun	6.211
Kocaeli Köseköy	6.424
İzmir Helvacı	22.671
İskenderun Akçay	10.923
İskenderun Sarıseki	18.474
Tekirdağ	7.189
İzmir Foça	1.733
Total	**96.006**
Previous Head Office	1.590
GRAND TOTAL	**144.303**

Table 3 GÜBRETAŞ FERTILIZER PRODUCTION AND WAREHOUSE CAPACITY - TONS

Yarımca Facilities	Capacity-Tons
TSP	185.000
NPK 1A (Compound Fertilizer)	250.000
NPK 1B (Compound Fertilizer)	250.000
NPK 2 (Compound Fertilizer)	300.000
Total	**985.000**
İzmir Facilities	**Capacity-Tons**
Liquid and Powder Fertilizer	25.000
GRAND TOTAL	**1.010.000**

Table 3 GÜBRETAŞ FERTILIZER PRODUCTION AND WAREHOUSE CAPACITY - TONS

Region	Capacity-Tons
Yarımca Warehouses	120.000
İskenderun Warehouses	119.000
İzmir Warehouses	97.000
Samsun Warehouses	30.000
Tekirdağ Warehouses	30.000
İzmir Liquid Warehouses	3.000
TOTAL	**399.000**

I AFFILIATES AND SUBSIDIARIES

Razi Petrochemical Co. (RAZI)

Razi Petrochemical Co., founded in 1968, is one of the leading companies in Iran which produces fertilizers and fertilizer raw materials. Razi has 3.515.000 tons/year production capacity of both fertilizers and fertilizer raw materials and exports most of its products.

Gübretaş with its 48,88% stake in Razi, started to disclose its financial reports on the consolidated base since June 2008. Raintrade Petrokimya ve Dış Ticaret A.Ş., based in İstanbul which is 100% subsidiary company of Razi Petrochemical Co. manages Razi's foreign trade.

Arya Phosphoric Jonoob Co., which is 100% subsidiary of Razi, has 126.000 tons/year of production plant of phosphoric acid; it produces and sells phosphoric acid.

Negmar Denizcilik Yatırım A.Ş.

Established in 2008, Negmar Denizcilik Yatırım A.Ş. operates in shipping industry.

In addition, İstanbul Lines Denizcilik Yatırım A.Ş., operating in Ro-Ro shipping, and Etis Lojistik A.Ş., operating in logistics business are also Negmar Denizcilik ve Yatırım A.Ş.' affiliates.

Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.

Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. was established in 2009 and is operating in the field of plant protection products. Tarkim has a production capacity of 12.080 tons/year.

İmece Prefabrik Yapı Tarım Makineleri Temizlik ve Güvenlik Hizmetleri San.Tic A.Ş.

İmece Prefabrik Yapı Tarım Makineleri Temizlik ve Güvenlik Hizmetleri San. Tic. A.Ş. was established in 1974, and since then it is operating in the reinforced concrete and steel structure construction including construction services and mould production business.

Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.

Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş. was established in 1996 and it operates in Information Technology industry.

Table 4 SUBSIDIARIES

Company Name	Share
Razi Petrochemical Co.	48,88%

Table 5 AFFILIATES

Company Name	Share
Negmar Denizcilik Yatırım A.Ş.	40,00%
Tarkim Bitki Koruma San. ve Tic. A.Ş.	40,00%
Tarnet Tar. Kre. Bil. Hiz. San. Tic. A.Ş.	17,00%
İmece Pref. Yapı. Tar. Mak. Tem. Güv. Hiz. San. Tic. A.Ş.	15,00%

J DISTRIBUTION OF DIVIDENDS

Gübre Fabrikaları T.A.Ş makes profit distribution within the frame of our Dividend Policy which was prepared in accordance with Communiqué on Dividends (II-19.1) of Capital Markets Board.

Our Company has approved the principle of distribution of the maximum percentage of profits to its shareholders considering benefits of the Company. There is no privilege in dividend payment. Dividends are distributed equally to all shares regardless of their issue and acquisition dates.

In line with the article 31 of our Articles of Association, the dates and types of paying dividend are decided by the General Assembly in accordance with the proposal of the Board of Directors.

Cash dividend (gross) ratios paid per 1 TRY nominal shares for last 5 years are shown in Table 6:

Table 6 DIVIDEND RATIO PER SHARES IN YEARS

2014	2013	2012	2011	2010
% 15	% 20	-	-	-

K PERFORMANCE OF THE STOCK

By last years, comparative graph of Borsa İstanbul and our shares, traded on the Istanbul Stock Exchange, and its closing prices for each three-month periods in 2015 are as follows:

Graph 1 PERFORMANCE OF THE STOCK

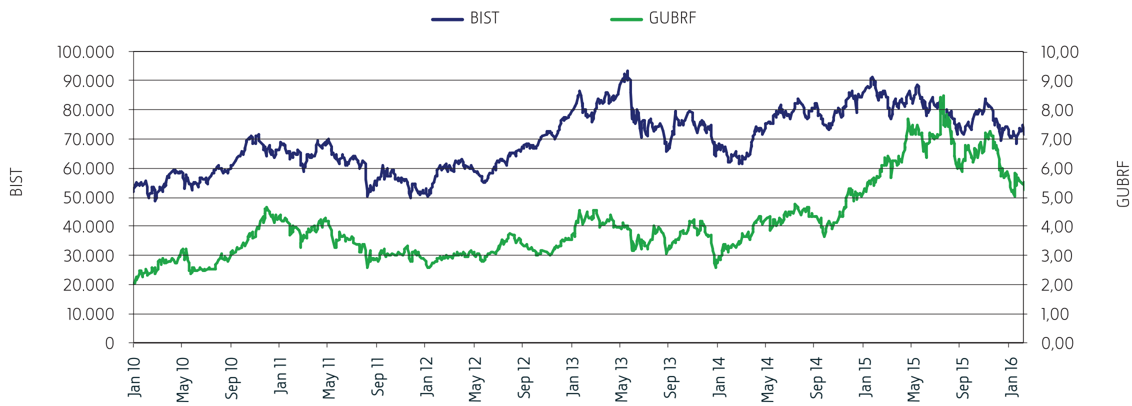


Table 7 SHARE CLOSING PRICES BY THE END OF 3-MONTH PERIOD

02.01.2015	31.03.2015	30.06.2015	30.09.2015	31.12.2015
5,12	6,40	7,10	6,34	5,68

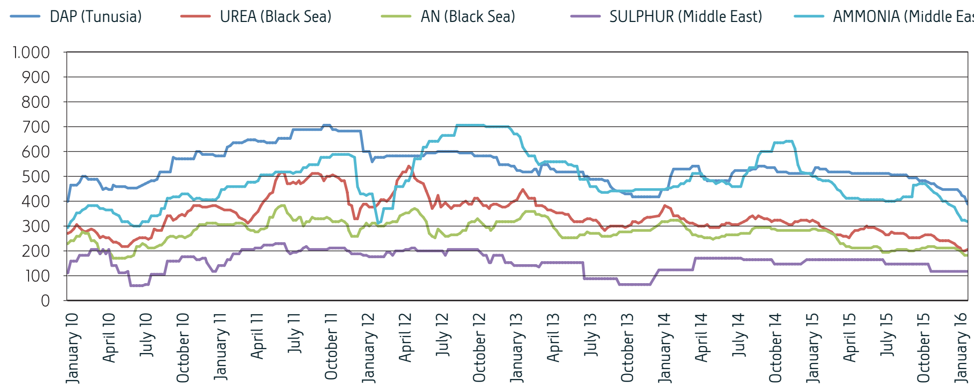
2- Turkish Fertilizer Industry and Position of Gübretaş

Turkey does not have the raw material resources used in production of chemical fertilizers. 95% of main inputs such as natural gas, phosphate rock, potassium salts are procured from foreign markets. Due to dependence on foreign markets, international market conditions and exchange rates are major effects on our sector.

The nitrogen-based fertilizers and fertilizer's raw materials are mostly supplied from Blacksea basin; phosphate-based ones are mostly from North Africa basin. Therefore, the prices in Turkish operations are usually set according to these basins' prices. Market prices are also affected by USD/TRY exchange rate as well as international fertilizer prices. Market prices can increase or decrease with regard to ups and downs of USD exchange rate.

2015 was the year that had downward trend in terms of commodity prices. It is observed that the almost all prices decreased in terms of the most consumed finished products such as DAP, UREA and AN/CAN, and raw materials such as phosphoric acid, ammonia. This situation affected the profitability of Turkish importer companies in negative way.

Graph 2 FERTILIZER PRICES IN INTERNATIONAL MARKETS - FOB US$/TON



A TURKISH FERTILIZER SECTOR PRODUCTION

Turkey produces intermediate goods and compound fertilizers; however, inputs for these are imported since Turkey lacks the necessary natural resources.

Table 8 TURKISH FERTILIZER SECTOR PRODUCTION CAPACITY -TONS

Year	2015	2014	2013	2012	2011	2010
Capacity	6.189.000	5.734.900	5.714.000	5.714.000	5.714.000	5.474.000

Fertilizer production was 3.547.796 tons in 2014; however, at the end of year 2015 it has increased by 3,56% to 3.674.262 tons. Compound fertilizers represent 46,42% of total production.

Graph 3 TURKISH FERTILIZER PRODUCTION AND GÜBRETAŞ' SHARE IN PRODUCTION

B TURKISH FERTILIZER SECTOR SALES

According to 2014 data, fertilizer consumption was 5.471.518 tons. At the end of 2015, this figure has augmented to 5.507.779 tons, recording a 0,66% decrease.

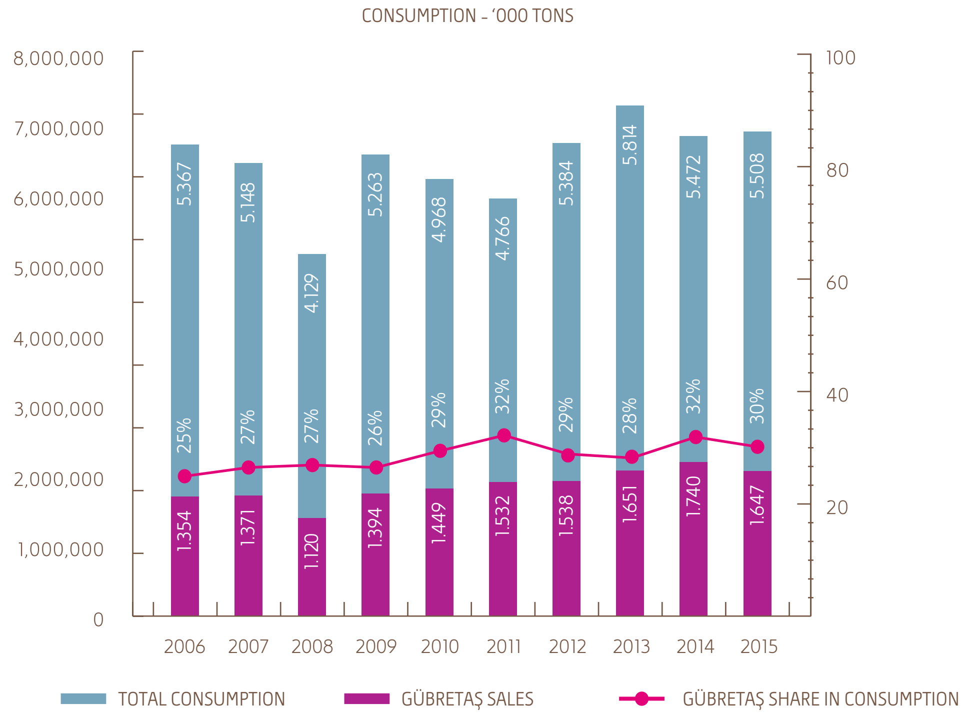
Table 9 SECTOR SALES BY PRODUCT - TONS

Product	2015	2014	Change
COMPOUND	1.917.414	1.713.416	11,91%
UREA	1.105.355	1.074.122	2,91%
AN	875.912	945.454	-7,36%
CAN	607.558	736.495	-17,51%
AS	483.283	431.857	11,91%
DAP	449.783	505.565	-11,03%
P.NITRATE	24.404	28.324	-13,84%
TSP	38.066	25.457	49,53%
P.SULPHATE	6.004	8.731	-31,23%
NSP	-	2.097	-100,00%
TOTAL	**5.507.779**	**5.471.518**	**0,66%**

In 2015, total exports decreased by 13,11% to 248.962 tons and total imports decreased by 13,61% to 2.736.437 tons.

Moreover sales in Turkey increased by 0,66% and our market share in 2015 was 29,90% while it was 31,80% in 2014.

Graph 4 FERTILIZER CONSUMPTION IN TURKEY AND GÜBRETAŞ' SHARE IN SALES



3- Activities of Gübre Fabrikaları T.A.Ş.

Gübretaş is the first and pioneer company in chemical fertilizer industry established in Turkey. An important portion of the sales of the company, with its 29,77% market share, is realized through Agricultural Credit Cooperatives. There are 7 regional sales directorates throughout Turkey. Gübretaş sells to every corner where there is agricultural production via 2.760 dealers, 1.810 of which belongs to Agricultural Credit Cooperatives, 950 private distributors.

A PRODUCTION

Gübretaş produced 145.560 tons of TSP and 542.729 tons of compound fertilizers, totaling 688.289 tons in 2015. In addition, 8.051 tons of liquid and powder fertilizers were produced.

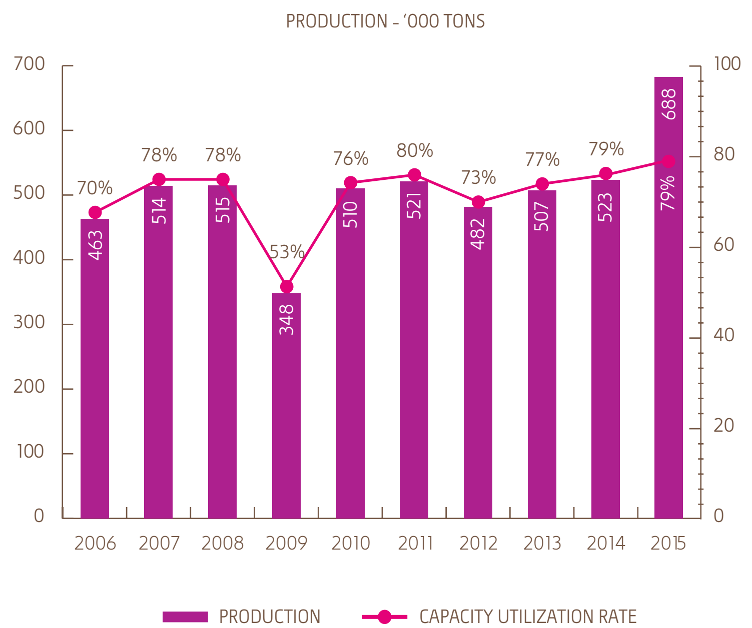
Solid fertilizer production increased by 31,60% in 2015 compared with 2014. Total fertilizer production including solid, liquid and powder increased by 31,56% in 2015 compared with 2014.

Some of the produced products were used as raw material in the prodcution process. Capacity utilisation rate was 79,45 % in 2015.

Table 10 PRODUCTION BY GROUP-TONS

Product	2015	2014	Change
Solid Fertilizer Total	688.289	523.013	31,60%
Liquid and Powder Fertilizer	8.051	6.268	28,45%
GRAND TOTAL	**696.340**	**529.281**	**31,56%**

Graph 5 PRODUCTION AND CAPACITY UTILIZATION RATES BY YEARS



B SALES AND PURCHASES

Our Company sold 1.646.636 tons of solid, 18.998 lt-kg of liquid and powder fertilizer in 2015. 1.740.012 tons of solid, 19.141 lt-kg of liquid and powder fertilizer were sold in 2014.

The volume of purchases reached 1.877.179 tons in 2014, and it decreased by % 15,32 to 1.589.606 tons in 2015. Export was 14.765 tons in 2014, while it was 10.434 tons in 2015.

Table 11 SALES, IMPORT AND DOMESTIC PURCHASES-TONS

	2015	2014	Change
Domestic Purchases	120.885	250.988	-51,84%
Import	1.468.720	1.626.191	-9,68%
Total Purchases	**1.589.606**	**1.877.179**	**-15,32%**
Sales	1.646.636	1.740.012	-5,37%

Table 12 SALES BY PRODUCT GROUPS-TONS

Solid Chemical Fertilizers	2015	2014	Change
COMPOUND	671.531	599.356	12,04%
AN	231.091	290.127	-20,35%
CAN	138.492	232.435	-40,42%
UREA	304.749	318.812	-4,41%
DAP	182.380	204.392	-10,77%
AS	112.423	90.054	24,84%
Other	5.970	4.836	23,45%
Solid Fertilizer Total	**1.646.636**	**1.740.012**	**-5,37%**
Liqiud and Powder Fertilizer	18.998	19.141	-0,75%
GRAND TOTAL	**1.665.634**	**1.759.153**	**-5,32%**

C INVESTMENTS

In Yarımca Facility, twin NPK-DAP plant whose production capacity is 500.000 tons/year were completed in 2015 and ammonia tank whose capacity is 25.000 tons are under construction. Ammonia tank will be put in service at the end of 2016.

In Turkish operations, our company spent 88.937.521 TRY for capital expenditure in 2014, while this figure was 24.798.838 TRY in 2015.

Government Incentive and 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 includes 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.

In 2015, in the process of construction of twin NPK-DAP plant and ammonia tank, our company benefited from the exemptions of customs tarrif and VAT.

D RESEARCH AND DEVELOPMENT ACTIVITIES

TURKEY SOIL PRODUCTIVITY MAP

Studies aiming to form Turkish soil fertility map within the framework of "Soil Map Project" is continued. In this respect, current qualitative and quantative information is categorized according to locational data, by means of a mapping software and is input as data into subcategorizes under each different location. GPS device is used for position detection and analyses from a total 7.800 locations are completed. Also, soil samples that are received from farmers are being analyzed, reports that include fertilization suggestions are sent to landowners.

PRODUCT DEVELOPMENT AND QUALITY STUDIES

In the context of product development process, the studies on a compund fertilizer specific to pistachio have been completed in accordance with the needs of the plant and regional conditions and then the production of "YEŞİL ALTIN" has been started. The study of compound fertilizer including boron for sunflower has been completed and then the production of "ALTIN ÇİÇEK-S" has been started.

For the purpose of using as upper fertilizer in cereals, the workout of Foliar Ekin which is liquid fertilizer with nitrogen and magnesium was completed and get the product registration.

The studies for slow release and controlled release fertilizers have been continued. The studies about urea low-inhibitor Süper İnci fertilizer were completed and the product was released to the market.

After the studies of production improvement and preliminary tests, the company starts production and sales of the landscape and habi products of Gübretaş Bahçem in the varieties of liquid, powder and granular.

Izmir Laboratory continues to serve with its recently added analysis features.

İskenderun laboratory had been transferred to our new building in Sarıseki and it has started to its operations.

E ADMINISTRATIVE ACTIVITIES

TOP MANAGEMENT OF THE COMPANY

ŞÜKRÜ KUTLU *GENERAL MANAGER*
Lawyer - Manager

Şükrü KUTLU was born in Amasya, in 1970. After he graduated from Faculty of Law, Ankara University in 1991, he completed his master education in Departmant of Private Law, Gazi University.

In 1992, he started to his career as Auditor Assistant in Court of Accounts and during this period, he continued to his audit career as Auditor and Head Auditor in head and other offices of the related institutions. In 2003, he started to Türk Telekom A.Ş. as Deputy General Manager and throughout 12 years in Türk Telekom, he put into practice lots of successful projects as Deputy General Manager responsible from Human Resources, Regulation and Support Services. Especially, he led lots of successful projects such as the transformation and change projects of human resources, the redesigning of the company organizational structure based on segments and efficiency-oriented and taking practice, the reducing the number of workers covered by labor transformation project, the shift to performance-based human resources system, the implementation of the career management system. He managed the process of adaptation to competition and regulation of Türk Telekom A.Ş. which was privatized and unmonopolized at that time. He also played an important role in the reducing the cost of support services and in the continuation of the company's profitability with optimization projects implemented for the assessment of real estates. In addition to these duties, he carried out following tasks between 2003 and 2014.

- *The Membership of the Board of Directors of Turkish Republic State Railways*
- *The Membership of the Board of Directors of TÜRKSAT Satellite and Communication Company*
- *The Membership of the Board of Directors of Turkish Public Employers Union*
- *The Membership of the Board of Directors of Turkish Table Tennis Federation*
- *The Founder and the Chairman of the Board of Directors of Türk Telekom Health and Social Aid Foundation*
- *The Membership of Board of Directors and Deputy Chairman of Türk Telekom Sports Club*

He is Gübretaş General Manager as of 23.02.2015. He is also the members of the Board of Directors of Razi Petrochemical Co., Raintrade Petrokimya A.Ş. and Negmar Denizcilik Yatırım A.Ş.; the chairman of the Board of Director of Arya Fosforik Jonoub Co.. He has certification of Advocacy, Notariate and Certified Public Accountant as well as professional management. Şükrü KUTLU is married and has three children.

FERHAT ŞENEL *DEPUTY GENERAL MANAGER*
Manager

Ferhat Şenel was born on 01.12.1960 in Tokat. He graduated from the Istanbul University Business Administration Faculty in 1984. He started his career at Turkish Development Bank and served at several positions until 1998. He assumed top management position in several organizations between 1998 and 2004 and started to serve as Assistant General Manager at Gübre Fabrikaları T.A.Ş. in 2004. Mr. Şenel is the member of the Board of Directors of Razi Petrochemical Co. and Arya Phosphoric Jonoob Co.. He knows English. He is married and has two children.

TAHİR OKUTAN *DEPUTY GENERAL MANAGER*
Agricultural Engineer - Manager

Tahir Okutan was born in Afyon on 03.02.1966. After finishing his university education at Atatürk University Agricultural Faculty in 1988, he graduated from Anadolu University Faculty of Economics in 1998. He then completed master study at Dumlupınar University Institute of Social Sciences Business Administration Management and Organization department. He started his career at Turkish Agriculture Credit Cooperatives and served at several positions till 2006 and started to serve as Assistant General Manager to Gübre Fabrikaları T.A.Ş in 2006. Tahir OKUTAN is also the chairman of the Board of Directors Tarkim Bitki Koruma San. Ve Tic. A.Ş.. He knows English. He is married and has two children.

DR. ŞENOL DUMAN *DEPUTY GENERAL MANAGER*
Academician - Manager

He was born in Konya-Karapınar, in 1968. He was graduated from Departmant of Public Administration, Faculty of Political Sciences, Ankara University in 1990. He was made his master and postgraduate studies in the area of Public Administration and International Relation in abroad.

He completed his postgraduate education with the study of privatization in University of Pittsburgh. He came back to Turkey in 2003. In the years of 2003-2004, he was the lecturer and Assistant Dean in Management Faculty, Atılım University. Then, he was the member of the Board of Directors in the foundation of TÜRKSAT A.Ş. and between 2004 and 2008 he was Deputy General Manager. He worked in the telecommunications field in the private sector in Istanbul between 2008 and 2014. After working as an Assistant Professor in the area of Public Administration at Gaziantep University, he started to serve as Deputy General Manager responsible from Supply Chain Mananagement in Gübretaş as of January 8, 2015. He is also the member of the Board of Directors of Raintrade Petrokimya A.Ş. and Etis Lojistik A.Ş.. He knows English and Arabic. Şenol DUMAN is married and has two children.

DR. MAHMUT KARAMAN *DEPUTY GENERAL MANAGER*
Mechanical Engineer - Manager

He was born in İstanbul, in 1969. He was graduted from the departmen of Mechanicak Engineering, Yıldız Technical University in 1990. He completed his master and postgraduated education in the area Control Systems in USA, 1997. He finished his management master program in Colorado Üniversitesi Boulder, Leeds School of Business in 2007. Between 1998 and 2008, he carried out works in the area of Control Systems, R&D and design in SEAGATE TECHNOLOGY which is the world's leading harddisk manufacturer. He served as the chairman of Income Management in Turkish Airlines and Qatar Airlines respectively between 2008 and 2013. After working as General Manager of Yıldız Technology Development Area between 2013 and 2015, he started to serve as Deputy General Manager responsible from Facilities and Investments in Gübretaş as of February 4, 2015. He is also the member of the Board of Directors of İstanbul Lines Denizcilik Yatırım A.Ş.. He knows English. He is married and has three children.

NUMBER OF PERSONNEL

In 2015, changes in number of personnel are shown below in Table 13:

Table 13 PERSONNEL STATUS

Personnel	2015	2014	Change
Head Office	100	90	11,11%
Yarımca Facilities	283	257	10,12%
Regional Sales Directorates	95	77	23,38%
TOTAL	**478**	**424**	**12,74%**

COLLECTIVE LABOR AGREEMENT

Current collective bargaining agreement involves the years of 2015 and 2016. Collective Bargaining Agreement was signed in 2015 for 2 years.

TRAINING ACTIVITIES

Training activities are aimed at developing managerial, personal and professional capabilities of the staff. Education activities of 3.125 hours with participation of 132 employees were carried out in 2015.

4- Activities of Razi Petrochemical Co.

A PRODUCTION

Razi Petrochemical Co. (Razi) is the biggest fertilizer and fertilizer raw materials production facility with 877.000 m^2 total area in Iran. Total capacity of Razi is 3.641.000 tons/year including its own 3.515.000 tons/year and its subsidiary Arya Phosphoric Jonoub Co. which has 126.000 tons/year.

In Razi and its subsidiary Arya Phosphoric Jonoub Co., total production was 1.770.774 tons and the capacity utilisation rate was 48,63% in 2015.

Table 14 RAZI PETROCHEMICAL CO. PRODUCTION-TONS

Product	2015	2014	Change	Capacity	2015 CUR
Ammonia	738.553	777.187	-4,97%	1.336.000	55,28%
Urea	307.587	306.840	0,24%	594.000	51,78%
Sulphur	305.647	356.304	-14,22%	508.000	60,17%
Sulphuric Acid	261.580	196.036	33,43%	627.000	41,72%
DAP	81.298	30.809	163,88%	450.000	18,07%
Phosphoric Acid	76.109	45.513	67,22%	126.000	60,40%
TOTAL	**1.770.774**	**1.712.689**	**3,39%**	**3.641.000**	**48,63%**

B SALES

The product prices in Razi Petrochemical Co. are shaped in compliance with Middle East's prices. Profitability levels move parallelly with increases-decreases in commodity prices.

In 2015, Razi and its subsidiaries sold 1.213.817 tons of fertilizer and achieved a revenue of 1.374.693.724 TRY. Razi exported 898.748 tons and domesticly sold 315.069 tons in 2015. Share of export in total sales was 74,04%.

Table 15 RAZI PETROCHEMICAL CO. SALES-TONS

Product	2015	2014	Change
Ammonia	549.766	660.765	-16,80%
Urea	321.033	300.404	6,87%
Sulphur	213.820	330.916	-35,39%
DAP	55.995	37.120	50,85%
Phosphoric Acid	42.987	45.204	-4,90%
Sulphuric Acid	30.216	56.223	-46,26%
TOTAL	**1.213.817**	**1.430.632**	**-15,16%**

C INVESTMENTS

In Razi facilities, it has realized the renovation investments and investments relating to the productivity increase of current facilities. In addition, ammonia tank, which has 30.000 tons capacity, is presently under construction. In Iran operations, our company spent 39.343.823 TRY for capital expenditure in 2014, while this figure was 53.168.606 TRY in 2015.

5- Fertilizer Sector Expectations

Expectation about Turkey Operations;

The expectation about a deduction in VAT rates caused a deferral in fertilizer demand and brought a weaker 4th quarter than previous years in 2015. This expectation became real at the beginning of 2016 and VAT rate in fertilizer sector was first reduced to %1 and then considered as an exception. With the tax exception and deferred demand effects, the fertilizer consumption in Turkey is expected to surpass 5,5 million tons level in 2016.

Expectation about Iran operations;

As a result of Iran's fullfilment of its obligations in accordance with the JCPOA (The Joint Compherensive Plan of Action), which is signed between Iran and P5+1 countries (UN Security Council's five permanent members, the P5; the United States, Russia, China, France, the United Kingdom, and Germany), the decision to lift nuclear-related sanctions against Iran is taken as of 16.01.2016. Under the condition that all of the sides will fulfill their obligations, it is expected that Iran's integration with world economy will gain speed and with having better environment for foreign investment, Iran's economy will see a rapid growth as its GDP will increase from 406,-billion USD to 1 trillion USD in 10 years.

With the lifting of sanctions, Razi Petrochemical Co, our subsidiary in Iran, will be effected positively in operations and financials, both in short and mid-term. In this context, our expectations about the positive developments in Iran operations can be listed as below;

Expansion of Market: Through the sanctions era, Razi had to work with a limited number of customers. Therefore, some products were sold with discounted prices. With the sanctions being lifted, a normalization in market conditions is expected.

Increase in Production and Sales Figures: The C.U.R. of Razi Petrochemical Co. varies in accordance with the gas supply level. An improvement in Iran natural gas infrastructure and increase in gas supply are expected with investments both from the public source and FDIs. As a result, an increase in production and sales figures are expected.

Decline in Operational Costs: As a result of sanctions, services like logistics, insurance, finance etc. are executed with relatively higher costs. The lifting of sanctions will decrease all of these costs types.

Decline in Investment Costs: As a result of sanctions, there were difficulties in the procurement of spare parts and equipment and this delayed the renovation investments and maintenance and repair works. These negative situations will be eliminated with the lifting of sanctions.

6- Financial Structure

A BALANCE SHEET ASSETS-TRY

ASSETS	31 December 2015	31 December 2014
Current Assets	**2.015.222.364**	**1.911.282.250**
Cash and Cash Equivalents	364.409.394	462.850.161
Financial Investments	7.720.146	7.690.360
Trade Receivables	387.125.926	432.767.323
Trade Receivables from Related Parties	*135.955.617*	*114.642.648*
Other Trade Receivables	*251.170.309*	*318.124.675*
Other Receivables	193.773.614	154.673.329
Other Receivables from Related Parties	*228.630*	*1.255.280*
Other Receivables	*193.544.984*	*153.418.049*
Inventories	958.089.021	717.430.187
Prepaid Expenses	54.210.898	73.787.779
Corporate Tax Assets	387.155	3.490.583
Other Current Assets	49.506.210	58.592.528
Fixed Assets	**1.612.334.138**	**1.360.363.173**
Financial Investments	39.504.710	2.737.515
Other Receivables	158.434.667	164.267.699
Other Receivables from Related Parties	*102.902.884*	*119.832.242*
Other Receivables	*55.531.783*	*44.435.457*
Investments Valued by Equity Method	8.581.263	7.481.377
Investment Properties	14.266.000	103.334.153
Tangible Fixed Assets	1.157.908.601	906.904.862
Intangible Fixed Assets	168.679.210	148.426.924
Goodwill	*168.244.294*	*148.146.765*
Other Intangible Fixed Assets	*434.916*	*280.159*
Prepaid Expenses	20.020.062	9.315.874
Deferred Tax Assets	44.939.625	17.876.267
Other Fixed Assets	-	18.502
TOTAL ASSETS	**3.627.556.502**	**3.271.645.423**

B BALANCE SHEET LIABILITY-TRY

LIABILITIES	31 December 2015	31 December 2014
Short-term Liabilities	**1.709.229.510**	**1.690.392.311**
Financial Liabilities	919.798.706	632.983.748
Short Term Installments of Long Term Payables	36.809.807	29.359.714
Trade Payables	517.380.539	728.864.552
Payables to Related Parties	*3.706.743*	*35.398*
Other Trade Payables	*513.673.796*	*728.829.154*
Other Payables	45.040.111	113.324.555
Deferred Incomes	32.648.994	59.620.935
Payables for Employee Benefits	16.622.317	6.601.077
Short Term Provisions	87.671.512	81.914.628
Short-term Provisions for Employee Benefits	*19.438.117*	*16.226.026*
Other Short Term Provisions	*68.233.395*	*65.688.602*
Tax Liability for Current Period Profit	53.257.524	37.723.102
Long-term Liabilities	**304.108.890**	**302.840.755**
Financial Liabilities	119.304.435	147.162.707
Provisions for Employee Benefits	152.525.000	123.041.034
Deferred Tax Liabilities	32.279.455	32.637.014
EQUITY CAPITAL	**1.614.218.102**	**1.278.412.357**
Paid-in Capital	334.000.000	334.000.000
Value Appreciation Funds	262.570.832	218.073.621
Foreign Currency Adjustments	-74.870.622	-133.068.622
Translation Reserve Belongs to Investment Valued by Equity Method	-13.780.834	-
Restricted Reserves From Profit	39.708.380	28.477.401
Legal Reserves	*38.325.728*	*27.094.749*
Profit on Real Estate Sales	*1.382.652*	*1.382.652*
Previous Years Profit / (Loss)	416.698.169	267.419.383
Net Period Profit / (Loss)	89.382.336	210.609.765
Minority Shares	**560.509.841**	**352.900.809**
TOTAL LIABILITIES	**3.627.556.502**	**3.271.645.423**

C INCOME STATEMENT-TRY

CONTINUING OPERATIONS	31 December 2015	31 December 2014
Sales (Net)	2.930.899.065	2.848.230.035
Costs of Sales (-)	(2.300.797.341)	(2.125.449.593)
GROSS PROFIT	**630.101.724**	**722.780.442**
Administrative Expenses (-)	(109.442.082)	(105.065.597)
Marketing Sales and Distribution Expenses (-)	(207.955.648)	(199.631.603)
Other Operating Incomes	284.605.279	243.238.931
Other Operating Expenses (-)	(289.501.712)	(142.421.557)
OPERATION PROFIT/(LOSS)	**307.807.561**	**518.900.616**
Income from Investment Activities	4.993.163	16.521.346
Expenses from Investment Activities (-)	(8.774.255)	(25.691.938)
Shares in Profit/Loss of Investments Valued by Equity Method	(1.888.847)	851.843
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE	**302.137.622**	**510.581.867**
Financial Expenses (-)	(19.563.886)	(11.734.825)
PRE-TAX PROFIT/LOSS FROM CONTINUING OPERATIONS	**282.573.736**	**498.847.042**
Period Tax Expense (-)/Income	(59.845.604)	(71.806.592)
Deferred Tax Expense(-)/Income	36.554.900	13.823.880
PERIOD PROFIT/ (LOSS)	**259.283.032**	**440.864.330**
Distribution of Period Profit / (Loss)		
Minority Shares	169.900.696	230.254.565
Parent Company's Shares	89.382.336	210.609.765
Earnings / (Loss) Per Share (kr)	**0,0027**	**0,0063**

D RATIOS

	2015	2014	2013	2012	2011
LIQUIDITY RATIOS					
Current Ratio	1,18	1,13	1,08	1,08	1,12
Acid Test Ratio	0,62	0,71	0,77	0,82	0,77
FINANCIAL RATIOS					
Financial Leverage Ratio	0,56	0,61	0,63	0,61	0,60
Equity / Asset	0,44	0,39	0,37	0,39	0,40
PRODUCTIVITY					
Inventory Turnover	2,75	3,47	4,10	3,72	3,58
Debt Collection Period	51,05	53,78	63,46	78,33	68,44
Asset Turnover	0,81	0,87	0,74	1,03	0,77
PROFITABILITY RATIOS					
Gross Profit Ratio	0,21	0,25	0,26	0,29	0,31
Operating Profit Ratio	0,11	0,15	0,15	0,22	0,23
EBITDA Ratio	0,13	0,17	0,17	0,24	0,27

7- Related Parties Transactions and Informatıons About its Balances

Detailed tables are given in the 29th footnotes of consolidate financial statements and independent audit report belonging to the fiscal period of 1 January - 31 December 2015.

8- Lawsuits Against to Our Company and Other Issues

LAWSUITS

There is no lawsuits against our company in 2015.

OTHER ISSUES

In the frame of 235th article of Custom Law numbered 4458, Middle Mediterranean Custom and Trade Region Management, Mersin Custom Directorate, decided penalty fine of 47.026.819,74 TRY against our company becasue of expiring time of “Fertilizer Import Suitability Document” while the nationalisation process of product which our company made an agreement for in order to purchase fertilizer from abroad.

After afforementioned fine, our company made a reconciliation application on October 5, 2015 to T.R. Ministry of Customs and Trade to be intrusted to Presindency of Central Reconciliation Commission and with the invitation of Central Reconciliation Commission Presindency of T.R. Ministry of Custom and Trade, on February 10, 2016, reconciliation was not provided in the meeting between authorities of our company and Reconciliation Commission. Following this development, our company made an appeal application to Ministry of Customs and Trade, Middle Mediterranean Region Management on February 11, 2016.

9- Events After Balance Sheet Date

1 In the context of realizing of our company's logistics operations, three-year logistics services contract was signed with ETİS Lojistik A.Ş. on January 6, 2016.

2 A "Port Handling Contractor Agreement" is concluded between Busserk Liman İşletme ve Lojistik Hizmetleri Ltd. Şti.and the Company on February 19, 2016 to perform freight, liquidation and material handling services in Iskenderun Sarıseki facilities. Port operations have begun again in Iskenderun Sarıseki Facilities on February 19, 2016 as a result of the aforementioned agreement.

3 After the invitation of Central Reconciliation Commission Presidency of T.R. Ministry of Custom and Trade relating to administrative fine given by Mersin Custom Directorate to our company, reconciliation was not provided in the meeting on February 10, 2016 between authorities of our company and reconciliation commission. About the aforementioned fine, our company made an appeal application to Ministry of Customs and Trade, Middle Mediterranean Region Management on February 11, 2016.

4 Ordinary General Assembly of Razi Petrochemical Co., which is our subsidiary in Iran, held in Tahran/Iran on March 2, 2016. In General Assembly, 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 Gübretaş 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).

The Board of Razi Petrochemical Co. was authorized about the payment time of dividend.

5 According to the Board resolution of our company; resignation of Dear Selahattin AYDOĞAN, member of the Board, from his duty of the Board membership was accepted and Dear Ali Erdem SAATÇİ was elected to the vacant membership in accordance with the article 363 of Turkish Commercial Code.

6 According to the Board resolution of our company on March 3, 2016, resignation of Dear İrfan GÜVENDİ, our Chairman of the Board, from his duties of the Board membership and chairmanship was accepted.

10- Conclusion of Affiliation Report

The conclusion of the Affiliation Report prepared in reliance upon Article 199 of the Turkish Commercial Code No. 6102 for the period of 01.01.2015-31.12.2015 was presented below:

“In the Affiliation Report prepared by the Board of Directors of the Company, all transactions realized in the 2015 fiscal year with controlling shareholders of our company and subsidiaries of controlling shareholders, at the time that transactions made or that precautions taken or avoided, according to status and conditions known by us, each transaction is balanced with an appropriate counter-performance, and that there are not any precautions taken or avoided which causes a loss for company and in this context, it has been reached to the result that there are not any transactions or precautions that require equalization.”

11- Corporate Governance Principles Compliance Report

A SECTION I – CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Gübre Fabrikaları T.A.Ş. (Gübretaş) carries out its activities in accordance with the Corporate Governance Principles issued by the Capital Market Board. Gübretaş believes that corporate governance practices are among the main principles for the sustainable growth of companies. Therefore, Gübretaş carries out its relations with stakeholders, employees, customers and all the other parties with an active management and supervision in accordance with accountability, equality, transparency ve responsibility, which are the universal components of corporate governance. In this direction, our company has been in accordance with all the principles that are mandatory in corporate governance in 2015. With this aim, the main activities that have to be carried out by Investor Relations Department according to Corporate Governance Communique article 11 were performed very carefully.

Matters that are not implemented yet according to the non-obligatory principles have been explained in the related parts of the compliance report. In our company, there is not any conflict of interest resulting from the non-obligatory principles that are not yet implemented. The studies continue for the adaptation of these principles and if there will be a significant change in these matters, amendments and adaptation studies will be included in interim operational reports.

B SECTION II – SHAREHOLDERS

2.1. INVESTOR RELATIONS DEPARTMENT

In our company, Investor Relations activities are maintained by our Investor and Subsidiary Relations Department, which reports to the Deputy Genel Manager responsible for financial affairs. The department has undertaken company responsibilities for Capital Markets Board (SPK), Istanbul Stock Exchange (BIST) and Central Registry Agency (MKK) and operates within the scope of Corporate Governance Communiqué numbered II-17.1. In this direction, main activities being carried out by our department are as follows;

- *Carrying out and supervising the all the responsibilities originating from Capital Markets legislations, including all the matters related to corporate governance and public disclosure*
- *Replying shareholders' written requests about our company*
- *Ensuring the correspondences and records related to other information between the company and shareholders are kept safe and up-to-date*
- *Preparing the General Assembly documents that have be to provided to shareholders for information and examination, taking precautions that makes sure the General Assembly is carried out in accordance with legislations, company's articles of association and other regulations within the company*
- *Supervising the interim financial reports are prepared in accordance with Capital Markets legislation and making sure they are announced to public in anticipated legal periods*
- *Reporting to Board of Directors about the studies of Investor Relations Directorate.*
- *Informing the current and potential investors about the activities of company, financial situation and strategies regularly and in a correct and complete way*

- *Meeting the verbal and written information requests of domestic and foreign investment and portfolio companies that are making researches about us, introducing our company in the best possible way*
- *Preparing the "investor presentation" in a correct and complete way*
- *Regularly updating the investor relations part of our corporate website to make sure our shareholders have access to correct and complete information*
- *Preparing the information and documents requested by institutions like İstanbul Stock Exchange and Central Registry Agency ve making sure these informations are provided to them in the anticipated periods*

In 2015, 63 meetings were held for giving detailed information to investors about the activities of the company and 2 investor conferences were participated to abroad. In addition, our shareholders were informed by responses to around 300 investor demands that are received via telephone and e-mail, excluding confidential business information and in the way that does not lead to information inequality.

Investor and Subsidiary Relations Department prepared 2 Investor Relations Operational Reports about the activities being carried out and the reports mentioned were presented to Board of Directors at 30.07.2015 and 28.01.2016.

The list of directors, responsible employees in these directorates and their contact information is as follows:

Deputy General Manager-Finance
Ferhat ŞENEL

Phone: +90 216 468 50 30
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Investor and Subsidiary Relations Manager
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Corporate Governance Rating License / 702254

2.2. USE OF SHAREHOLDERS' RIGHTS TO OBTAIN INFORMATION

All written and verbal information requests from the shareholders are replied, except confidential business information and the information which is not publicly announced.

In the direction of shareholders' rights to obtain information, announcements are being made through Public Disclosure Platform (www.kap.gov.tr), company's website (www.gubretas.com.tr) and Central Registry Agency e-Company Portal. It is possible to access up-to-date and retroactive detailed information and statistics regarding shareholders, in Turkish and English. Our shareholders also can send theirs opinons and requests to e-mail address named ir@gubretas.com.tr of Investor Relations Department and they are informed by this department about issues which they wonder.

We have not received any complaint or appeal regarding shareholders' rights use to obtain information.

In the article 17 of our articles of association, under the heading of "audit", the statement about assigning a special auditor is,

"In the matters about the financial reporting, independent audit and audit of the company, all the sentences of legislation are valid, starting with the regulations of Capital Markets legislation and Turkish Commercial Code. "

and according to this article, the right of any shareholder to assign a special auditor will be protected. We have not received any request from shareholders on this subject.

2.3. INFORMATION ON GENERAL ASSEMBLY

General Assembly Meetings of the company are held in accordance with the Turkish Commercial Code and the Capital Market Law.

63rd Ordinary General Assembly Meeting for the accounting period 2014 was held at 10:00 a.m. on 16 April 2015 in Meeting Hall located at the address of İstanbul, Kadıköy, Nida Kule Göztepe Business Center, Merdivenköy Mahallesi, Bora Sokak No: 1 Floor: B1 with participation of about 90,4 % of the total company capital of 334.000.000,00 TRY. 63rd Ordinary General Assembly Meeting was held in electronic media synchronically with physical media according to the "Regulation of Joint Stock Companies' General Assemblies in Electronic Media", dated 28th August 2012 and published in Official Gazette number 28395, and "Communique of Electronic General Assembly System for Joint Stock Companies' General Assemblies", dated 29th August 2012 and published in Official Gazette number 28396.

Stakeholders and media representatives also attended the assembly meeting.

Invitation for the meeting was made within its deadline; in the issue 8788 of Trade Registry Gazette of Turkey dated 27 March 2015, Dünya and Takvim newspapers on 25 March 2015 and the address www.kap.gov.tr of Public Disclosure Platform, the electronic general assembly system of Central Registry Agency, www.gubretas.com.tr address of Gübre Fabrikaları T.A.Ş. on 24 March 2015.

By excepting invitation and meeting day, 23 days ago from General Assembly, the General Assembly Information Document which also includes information on Board Member nominees, annual report, financial tables, auditor reports and profit distribution proposal were disclosed at the web address of www.gubretas.com.tr and were made available at the head office of our company.

During the general assembly meeting, shareholders are asked if they have a say on the article discussed before the voting takes place. Also, at the 'wishes and recommendations' session of the meeting, questions of the participants are answered by the company authorities on the matters discussed and there has not been any question unanswered.

Information was given as a separate agenda item at the General Assembly regarding donations and aids during the period 01.01.2014-31.12.2014. Our company spent 187.418 TRY for the construction of Yarımca Başiskele Primary School which was granted to Ministry of National Education. 246.894 TRY was donated as educational grant to 109 students from Agriculture Faculties in 2014. 100.000 TRY to Agricultural Credit Education Culture Health Foundation (TAREKSAV); 100.000 TRY to Prime Minister's Disaster Relief Agency for mine accident which was in Soma, Manisa; 50.000 TRY to Environmental Organizations Solidarity Association were also donated by our company. In addition to these donations, it was relieved in the amount of 14.917 TRY to other institutions for social aid. In line with donations and aids above, our company made totally 699.229 TRY donations and aids in 2014.

Minutes of the General Assembly were published in the issue 8815 of the Trade Registry Gazette dated 7 May 2015 and they are also made available to shareholders at www.gubretas.com.tr, www.kap.gov.tr, e-GEM and e-Company portal of Central Registry Agency.

As an addition to the articles mentioned, the General Assembly was informed that there has not been any situation of shareholders having the control of management, board members, directors having administrative responsibility and spouses and 2nd degree relatives and in-laws, made a significant operation that can create a conflict of interest with company or its subsidiaries, or made a commercial operation on his/her or somebody elses's behalf that is also in the same field of operations of company or its subsidiaries, or went into a partnership, which has the same field of operations, as the partner with unlimited liability.

2.4. VOTING RIGHTS AND MINORITY RIGHTS

In our company, practices that makes voting rights' use difficult are avoided, and possibility equal, easy and applicable voting are made possible to all shareholders. There are no privileged rights on voting because there is no preferential stock issued.

In accordance with the articles of association, the minority rights are not recognized to the shareholders that has lower then five percent of our total shares. Minority shareholders are not represented in Board.

2.5. DIVIDEND RIGHTS

The dividend policy of our company was prepared in accordance with Turkish Commercial Code, Capital Markets Law and the articles of association and was submitted for 62nd General Assembly's approval. "Dividend Policy" is included in the operational report and was submitted for investors' and public information in our corporate website, both in Turkish and English. Dividend distribution has been realised in 2015 and there is no privilege our company has regarding dividend distribution.

2.6. TRANSFER OF SHARES

There is no clause that restricts transfer of shares in articles of association of the company.

C SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. THE COMPANY'S WEBSITE AND ITS CONTENTS

Website of our Company can be accessed through the address of www.gubretas.com.tr, data presented here are prepared both in Turkish and English and submitted for public information.

In the website both the mandatory information according to the related legislation and details mentioned in corporate governance principles are provided. In this direction, data in our website are as follows;

- *Trade registry informations,*
- *Shareholding and management structure,*
- *Up-to-date version of the articles of association with the Trade Registry Gazette date and numbers in which the amendments are published,*
- *Corporate governance principles compliance report,*
- *Material disclosure,*
- *Financial and operational results,*
- *Annual reports,*
- *Agenda of the General Assembly meetings, attendance sheets and minutes of the meetings,*
- *Power of attorney,*
- *Profit distribution policy and dividend information,*
- *Disclosure policy,*
- *Donation and aid policy*
- *Remuneration policy*
- *Information society services,*
- *Investor presentations,*
- *Stock information,*
- *Corporate Social Responsibility*

There is at least 5-year data about topics presented above in our corporate websites.

In accordance with the Capital Markets legislation, our financial except footnotes are announced in Public Disclosure Platform in English simultaneously with Turkish.

General principles regarding the management of our corporate website are included in article 5.6 of our information policy.

3.2. ANNUAL REPORT

Our financial report includes the data mentioned in Capital Markets Board corporate governance principles and has been prepared with the level of detail that enables the public to access complete and correct information about our activities. The report is submitted for public information in Turkish and English both printed and electronical.

D SECTION IV - STAKEHOLDERS

4.1. INFORMING STAKEHOLDERS

Gübre Fabrikaları T.A.Ş. provides guarantee in order to protect the interests of the corporations and stakeholders who are involved in the process of reaching Gübretaş' goals and activities, whether their rights are protected by legislations or not. A balanced approach is adopted in order to minimize the conflict of interest that can occur between company and stakeholders or among stakeholders and all the rights are considered seperately.

Stakeholders consist from shareholders, employees, creditors, customers, suppliers, trade unions, non-governmental organizations and savers who consider to invest or to do business with the state and the company.

Starting with the Public Disclosure Platform and our corporate website, these public disclosure tools, that are listed in article 5 of Information Policy and mentioned below, are also used while informing the stakeholders,

- *Press releases made parallel to significant events through year via written, visual, aural and digital media.*
- *Explanations provided to data distribution corporations,*
- *Meetings, tele-conferences or one-on-one meetings with shareholders, investors and capital markets experts and informing and presentation tools like investor presentation.*
- *Communication methods and tools like phone, e-mail, fax.*

Also, the corporate communication directorate prepares the periodical "Verim", an internal and external magazine that is being followed by employees, dealers and customers.

The members of the Board of Directors and Managers avoid disposals that will inflict loss on the stakeholders or reduce assets. They manage the business based on coherent balance between the company and stakeholders benefits.

In terms of accordance with corporate governance principles, the studies about compensation, recruitment and training policies continue.

4.2. PARTICIPATION OF THE STAKEHOLDERS IN THE MANAGEMENT

In order to provide more effective, efficient, better quality products and services, the company holds meetings with stakeholders and the ideas are considered while shaping the company decisions and policies.

4.3. HUMAN RESOURCES POLICY

We do not discriminate on the ground of ethnic, language, religion, gender, color or political opinion when hiring personnel. Our only criterion is to find people who can share the sense of "us" which Gübretaş adopts, take responsibility, have business ethics, are idealist, are captious, are suitable for team work, renew and improve himself, have analytical thinking.

We do evaluate people according to their productivity, their adoption to the corporate culture and objective success criteria. When we encounter the lack of knowledge and experience among our employees after applying professional methods and techniques, we provide all the necessary activities to develop their skills and educations.

We encourage personnel who demonstrate development horizontally and vertically, reward them materially and spiritually.

We give importance to exchange ideas with personal and trade union representatives when taking decisions on personnel.

We prepare social and physical place that our personnel can realize their duties at highest level by meeting requirements of all their material and spiritual needs.

Our human resources policy in Gübretaş is based on five fundamental principles:

- *Justice*
- *Participative management and transparency*
- *Continious improvement of working conditions*
- *Productivity-based fees*
- *Respecting human rights*

In our company, the criaterias for personnel recruitment has been identified and studies about the recruitment policy, job descriptions and distributions of employees continue.

With the Performance Oriented Institution Culture Building Project, distribution of strategic targets based on department, unite and employees was realized and improvement studies related to this Project are proceeding. Within the scope of project, improvement of actual business processes, revising of job definition according to improved business processes, building career and skill management systems with performance and rewarding and carrying out of studies about education-progress activities in the frame of needs analysis were provided. With the approach of continuous improvement, it is aiming that the studies within the scope of the project will provide the maximum benefit to our company.

There has not been any complaint from any employee about discrimination.

4.4. ETHICAL RULES AND SOCIAL RESPONSIBILITY

a) ETHICAL RULES

Operations of our company are conducted within the framework of the following ethical rules:

- *Deep respect to human and consciousness of "human first"*
- *Customer oriented thinking and working*
- *Sense of responsibility towards the society and respect to the environment*

- *Continuous improvement, systematical and logical thinking*
- *Having a free atmosphere where opinions are expressed freely*
- *Equality at management, transparency, accountability and responsibility*
- *Merging high ethical and moral values with the corporate identity*
- *Service without discrimination on religious, language, race and gender*
- *Forming a corporate and corporate culture that is remembered with the word of 'Trust'*

b) SOCIAL RESPONSIBILITY

Scholarships

Gübretaş is granting scholarships to the students of 33 Agricultural Faculties in Turkey, 100 of beneficiaries in total.

Turkey soil efficiency map project

The project initiated in 2005 as a social responsibility issue of Gübretaş, has been carried out with all own opportunities.

The main objectives of Gübretaş in this Project are:

1) *To provide conscious fertilizer consumption to partners of Turkish Agricultural Cooperatives and determine fertilizer type regarding to land type.*

2) *To provide farmers solutions if there is a problem in their land accourding to soil analysis report conclusion.*

3) *To provide data to Gübretaş's product specialized fertilizers to develop new formulates in R&D studies.*

4) *To create a database of efficiency map regarding to macro and micro nutrient elements by our country's geographic regions and be a source for further studies.*

5) *To combine Gübretaş's studies conclusions with studies of T.R. Ministry of Food, Agriculture and Livestock and Universities and contribute to build a huge database for our country's agriculture.*

6) *To provide applied training to minimum 10 thousand major farmers about agricultural issues like getting soil examples, fertilizer and fertilizer use with this project.*

Training

Gübretaş makes educational activities for farmers in accordance with its mission "giving fertility to our land by spreading the conscious agricultural production". Our training activities aimed at supporting Turkish Farmers growing more efficient and high quailty agricultural products that can be competitive globally and achieving higher profilibility via optimizing costs of inputs such as fertilizers continue. Company's Regional Sales Directorates inform farmers in all aspects of agriculture in seminar meetings organized in cooperation with Turkish Agricultural Credit Cooperatives. Specialist agricultural engineers enlighten farmers in these meetings on principles of balanced and regulary fertilizer usage, plant nutriation techics and also soil analysis. Gübretaş has also started to give the services of education and agricultural counsulting to farmers via mobil and web.

Advisory services

Gübretaş has added a new project to the ones being carried out, which aim to inform farmers. Gübretaş, who composes special fertilization programmes by its in-house engineers and R/D team in order to increase productivity in agricultural production, brought this valuable experience into use of farmers with a new mobile application. With this new mobile application, which is developed by Gübretaş and offered for free, the farmers can track plant nutrition programmes for 40 agricultural products, which are being produced in Turkey, with usage time, method and dosage. With this new application, 64-years sectoral experience of Gübretaş is transferred to smartphones and tablets. The farmers now have the opportunity to request instant information from "ask the expert" function of the application even when they are working in the field.

Model agricultural production

In order to generalise conscious agricultural production, Model test fields/gardens are being created. As Gübretaş, in these tests, which are being carried out with pioneer farmers, achieving maximum yield with minimum fertilizer consumption is being aimed. Thus, prohibiting the wastage of resources by avoiding more than necessary fertilizer consumption and protecting the soil, which is one of the most important resources, is being worked on. The lands, which the test are being carried out at, are managed with scientific methods only and the fertilization programmes are determined according to the soil analysis results.

*Test fields/gardens are perpetually controlled by specialist engineers in the production era and the results are shared with farmers living in places, where "field days" are organized. The plant nutrition programmes, which are carried out at test places, are converted to documentation with **"Efficient Fertilization Programmes"** name and provided all of the farmers with different communication channels.*

E SECTION V – BOARD OF DIRECTORS

5.1. THE STRUCTURE AND COMPOSITION OF THE BOARD OF DIRECTORS AND INDEPENDENT MEMBERS

In our company; Board of Directors are elected under the framework of the Articles of Association, Turkish Commercial Code and Capital Market Law during the General Assembly.

They fulfill their duties in accordance with Turkish Commercial Code and Capital Market Legislation. Current members of the Board of Directors are:

Title	Name	Start Date of Employment
Vice Chairman	Kazım ÇALIŞKAN	28.05.2015
Member	Adem DANIŞIK	05.01.2015
Member	Veli ALTUNKAŞ	05.01.2015
Member	Ali Erdem SAATÇİ	29.02.2016
Executive Member	Şükrü KUTLU	23.02.2015
Independent Member	Prof. Dr. Nuh BOYRAZ	16.04.2015
Independent Member	Av. Dr. Cahit SULUK	16.04.2015
Independent Member	Hasan SEZER	16.04.2015

KAZIM ÇALIŞKAN
VICE CHAIRMAN

Mr. Çalışkan started his career as an officer in the Ministry of Finance General Directorate of Revenues, then worked as an account expert in the Directorate of Account Experts Board for 12 years and after his come from abroad, was appointed as the department head in the General Directorate of Revenues. In this period, he gave consultation to the Minister of Finance about tax-related matters.

Mr. Çalışkan was the deputy president of Privatization Administration between 2005 and 2007 and through this period, was the chairman of Tekel A.Ş., Tekel Pazarlama A.Ş., Tekel Sigara Üretim A.Ş., Et Balık Kurumu A.Ş. ve SEKA companies and was a board member of TEDAŞ.

He worked as the Director of Tobacco, Tobacco Products and Alcoholic Beverages Market Regulation Board between 2007 and 2009. After his resignation, he worked as the deputy general manager of Turkish Airlines for 4 years, and actively participated in the establishment of TGS Yer Hizmetleri A.Ş and THY-OPET A.Ş., both subsidiaries of THY at the same time. Until his resignation, he was a board member of companies mentioned.

In private sector, he worked as the first CEO of Doğanlar Yatırım Holding, which operates in energy, construction, food sector and also is the owner of Doğtaş Mobilya.

While he was continuing his professional career as the general manager of IDM Drug Warehouse Distribution Center, he was appointed the Deputy General Manager in charge of subsidiaries by the Central Union of TACC Board at 28.04.2015.

DUTIES CARRIED OUT WITHIN THE LAST 10 YEARS

Ongoing Duties

Central Union of TACC	*Deputy General Manager responsible from Subsidiaries*
Gübre Fabrikaları T.A.Ş	*Vice Chairman of the Board*

Duties Ended

Privatization Administration	*Vice Chairman*	(2003-2006)
Tobacco and Alcohol Market Regulatory Authority	*Chairman*	(2003-2009)
Turkish Airlines	*Deputy General Manager*	(2006-2007)
Doğanlar Yatırım Holding	*CEO*	(2008-2009)
İDM İlaç Dağıtım Merkezi	*General Manager*	(2010-2014)

ADEM DANIŞIK
MEMBER

Adem Danışık completed his undergraduate education at Departmant of Plant Protection, Faculty of Agriculture, Ankara University in 1988 and then he started to his career as officer in Ankara Region Union of Agricultural Credit Cooperatives in 1989. He served in Keskin Agricultural Credit Cooperative numbered 252 bounded Ankara Region Union between 1989 and 1991 and in Akyurt Agricultural Credit Cooperative numbered 1528 bounded Ankara Region Union between 1991 and 1994. He was appointed to Internal Purchase Management bounded Department of Supply and Marketing Central Union of Agricultural Credit Cooperative in 1994.

Adem Danışık served in different units of Head of Department of Supply and Marketing and then Management of Plant Nutrition and Protection. While he was working in Management of Plant Nutrition and Protection, he was appointed as chief to Department of Plant Protection in 2004.

While he was working as chief in Management of Plant Nutrition and Protection, he was appointed as manager to Management of Plant Nutrition and Protection in 2010.

DUTIES CARRIED OUT WITHIN THE LAST 10 YEARS

Ongoing Duties

Central Union of TACC	*Plant Nutrition and Protection Manager*
Gübre Fabrikaları T.A.Ş.	*Member of the Board of Director*

Duties Ended

Central Union of TACC	*Head of Marketing Department*

VELİ ALTUNKAŞ
MEMBER

He completed his undergraduate education in Department of Agricultural Economy, Faculty of Agriculture, Atatürk University. He started to his career as officer in Ankara Region Union of Agricultural Credit Cooperatives in 1989. He served as chief in the same region union between 1992 and 2001 and then as assistant manager between 2001 and 2007. After he served as Manager of Trabzon Region Union of Agricultural Credit Cooperatives between 2007 and 2011, he was Manager of Sakarya Region Union of Agricultural Credit Cooperatives in the years of 2011-2012. He was the manager of Agricultural Credits Cooperatives Officers Retirement Fund Foundation between 2012 and 2014. He started as manager in Ankara Region Union of Agricultural Credits Cooperatives in 2015.

DUTIES CARRIED OUT WITHIN THE LAST 10 YEARS

Ongoing Duties

Gübre Fabrikaları T.A.Ş. .... *Member of the Board of Directors*

Duties Ended

TACC İmece Yem A.Ş. .... *Member of the Board of Directors* ... (2001-2007)
TACC Social Aid Foundation .... (2008-2011)
TACC Officers Retirement Fund Foundation.. (2008-2011)

ALİ ERDEM SAATÇİ
MEMBER

Ali Erdem Saatçi completed his undergraduate and master education at the Department of Public Finance, Hacettepe University and he started to his career as finance and foreign trade specialist in private sector. Then he continued to his career as Assistant Inspector as of January 23, 2007 in Central Union of Turkish Agricultural Credit Cooperatives and he promoted as Inspector on April 4, 2010. While he was working as an inspector, he was appointed to Head of Counseling and Inspection Board on February 23, 2016.

DUTIES CARRIED OUT WITHIN THE LAST 10 YEARS

Ongoing Duties

Central Union of TACC .... *Head of Counseling and Inspection Board*
Gübre Fabrikaları T.A.Ş. .... *Member of the Board of Director*

Duties Ended

Mitaş Enerji A.Ş. .... *Finance and Foreign Trade Specialist*
Central Union of TACC .... *Inspector /Headship of Counseling and Inspection Board*

ŞÜKRÜ KUTLU
EXECUTIVE MEMBER

Şükrü KUTLU was born in Amasya, in 1970. After he graduated from Faculty of Law, Ankara University in 1991, he completed his master education in Departmant of Private Law, Gazi University.

In 1992, he started to his career as Auditor Assistant in Court of Accounts and during this period, he continued to his audit career as Auditor and Head Auditor in head and other offices of the related institutions.

In 2003, he started to Türk Telekom A.Ş. as Deputy General Manager and throughout 12 years in Türk Telekom, he put into practice lots of successful projects as Deputy General Manager responsible from Human Resources, Regulation and Support Services. Especially, he led lots of successful projects such as the transformation and change projects of human resources, the redesigning of the company organizational structure based on segments and efficiency-oriented and taking practice, the reducing the number of workers covered by labor transformation project, the shift to performance-based human resources system, the implementation of the career management system. He managed the process of adaptation to competition and regulation of Türk Telekom A.Ş. which was privatized and unmonopolized at that time. He also played an important role in the reducing the cost of support services and in the continuation of the company's profitability with optimization projects implemented for the assessment of real estates.

He, who has the documents of Advocacy, Notary and Certified Councillorship, started to his duties as General Manager and the member of the Board of Gübre Fabrikaları T.A.Ş. in February 23, 2015. Meanwhile, he is still continuing his duties as the member of the Board of Razi Petrochemical Co., Raintrade Petrokimya A.Ş. and Negmar Denizcilik Yatırım A.Ş.; as the Chairman of the Board of Arya Phosphoric Co..

DUTIES CARRIED OUT WITHIN THE LAST 10 YEARS

Ongoing Duties

Gübre Fabrikaları T.A.Ş. .... *General Manager and Member of the Board*
Arya Phosphoric Co. .... *Chairman of the Board*
Razi Petrochemical Co. .... *Member of the Board*
Raintrade Petrokimya A.Ş. .... *Member of the Board*
Negmar Denizcilik Yatırım A.Ş. .... *Member of the Board*

Duties Ended

Turkish Republic State Railways .... *Member of the Board*
Türksat Satellite and Communication Com. .... *Member of the Board*
Turkish Public Employers Union .... *Member of the Board*
Turkish Table Tennis Federation .... *Member of the Board*
Türk Telekom Health and Social Aid Found. .... *Founder and Chairman of the Board*
Türk Telekom Sports Club .... *Member of the Board and Vice*

PROF. DR. NUH BOYRAZ
INDEPENDENT MEMBER

While Prof. Dr. Nuh Boyraz was graduated as Agriculture Engineer from in Ankara University, Agriculture Faculty, Department of Plant Protection, he completed his master (1990) and PhD degree (1996) in Ege University, Science Intitution, Department of Pytopathology.

He started his career as Research Assistant in Selçuk University, Agriculture Faculty, Department of Plant Protection in 1988, and then he served as lecturer in the same department betweeen 1996 and 2006. He became associate professor in 2006; professor in 2011 and he has continued his duty as professor in the same university.

In addition to his duty as lecturer in Selçuk University, Agriculture Faculty, he took office in the Board of Directors of Konya Branch, the chamber of Agriculture Engineers between 2008 and 2013. He was the representative of assistant professor between 1998 and 2006; the representative of associate professor between 2010 and 2011 in the Board of Directors of Faculty which he took office in.

Mr. Boyraz, who continues to work as lecturer in Selçuk University, Agriculture Faculty, Department of Plant Protection, has more than 50 articles and 3 lesson books in the national and international journals related to his area. He also took office as expert trainer in four projects which were supported by Regional Development Agency and European Union's Funds (EU) and he represented Selçuk University in the prepration of action plan which was realized by Konya Plain Project Region Development Administration (KPP). He served as subject expert (2008-2011) in the "Good Agricultural Practices" which was supported by Special Environmental Protection Agency.

DUTIES CARRIED OUT WITHIN THE LAST 10 YEARS

Ongoing Duties

Selçuk Un. Agriculture Faculty .... *Member of Faculty Committee*
Selçuk Un. Agriculture Faculty .... *Head of Department*
Selçuk Un. Agriculture Faculty .... *Head of Department*
TÜBİTAK.. *Project Monitoring Arbiter*
Konya Önder Farmer Assoc....................................... *Member of Advisory Committee*
Selçuk Agr. and Food Inf. Assoc. .... *Editor*

Duties Ended

Konya Chamber of Agr. Eng. .... *Member of the Board of Directors* .... *2008-2013 (Resign)*
Selçuk Un. Agriculture Faculty .... *Member of the Board of Director* .... *1998-2006 (Resign)*
Selçuk Un. Agriculture Faculty .... *Member of the Board of Directors* .... *2010-2011 (Resign)*

AV. DR. CAHİT SULUK
INDEPENDENT MEMBER

Av. Dr. Cahit Suluk was graduated from İstanbul University, Law Faculty in 1992 and he completed master and PhD degree in Marmara University, Social Science Institution.

Between 1993 and 1999, he served as Research Assistant in Kırıkklale University and then he has been visiting lecturer in ITU Architecture Faculty, Department of Industrial Design since 2002; in Kadir Has University Law Faculty since 2007.

While he has been publishing lots of academic articles and book in the area Trade Law, Intellectual and Industrial Property Law and European Union Law, he was the Intellectual Rights Commissioner in İstanbul Bench between 2001 and 2006. Mr. Suluk has also been carrying out his duty as Expert in İstanbul Courts for Intellectual and Industrial Property Rights since 2002.

DUTIES CARRIED OUT WITHIN THE LAST 10 YEARS

Ongoing Duties

ITU Architecture Faculty, Department of Industrial Design	*Visiting Lecturer*
Kadir Has University Law Faculty	*Visiting Lecturer*
İstanbul Chamber of Commerce	*Intelectual Property Commissioner*
Turkish Patent Institiute and Europe Patent Office	*Deputy of Patent and Trademark*
İstanbul Courts for Intellectual and Industrial Property Rights	*Expert*

Duties Ended

Intellectual Rights Commissioner	*İstanbul Bench*	*2001-2006*

HASAN SEZER
INDEPENDENT MEMBER

Hasan Sezer completed his undergraduate program in Gazi University, Faculty of Economic and Administrative Sciences, Department of Banking and Insurance in 1982.

He started his career as Inspector in Ziraat Bankası and then he served as assistant manager and department manager in Security Directorate and as head of department in Capital Markets Directorate respectively (1990-1997). After that, he served as General Manager in Ziraat Yatırım A.Ş. (1997-2001) and Halk Yatırım A.Ş..

He was the Vice Chairman of the Board of Directros in Halk Bankası between 2001 and 2010 and then the Chairman of the Board of Directors in T. Vakıflar Bankası between 2010 and 2011 and finally TMSF Presidental Adviser between 2011 and 2013. He also served as the member of the Board of Directors in the subsidiaries of the aforementioned banks.

Mr. Sezer has already continued his career as the independent member of the Board of Directors in Nuh Çimento A.Ş and Panora GYO A.Ş..

DUTIES CARRIED OUT WITHIN THE LAST 10 YEARS

Ongoing Duties

Nuh Çimento A.Ş. .... *Member of the Board of Directors*........ 2013
Panora GYO A.Ş. .... *Member of the Board of Directors*........ 2013

Duties Ended

TMSF........ *Presidental Adviser* .... 2011-2013 *(Retired)*
T. Vakıflar Bankası........ *Chairman of the Board of Directors*........ 2010-2011 *(Resign)*
T. Halk Bankası........ *Member of the Board of Directors* .... 2003-2010 *(Resign)*

Diğer Yönetim Kurulu Üyelikleri

Vakıf Yatırım A.Ş. .... *Chairman of the Board of Directors* 2010-2011
Vakıf Emeklilik A.Ş. .... *Chairman of the Board of Directors* 2010-2011
Halk Yatırım A.Ş. .... *Chairman of the Board of Directors* 2003-2010
Birlik Sigorta A.Ş. .... *Member of the Board of Directors* 2003-2009
Pamukbank .... *Member of the Board of Directors* .... 2004 - 7 months
UA Karakum Bankası........ *Member of the Board of Directors* .... 9002 - 4002

DECLARATION OF INDEPENDENCY

I hereby declare that I am a candidate to take office as an independent member of the Board of Directors of Gübre Fabrikaları T.A.Ş. (the Company) within the scope of the legislation, the articles of association and criteria specified under the Corporate Governance Principals which have been published by the Capital Market Board and in this context I declare that;

a) *Within the last five years; I, my wife and my second degree consanguine and my relatives by marriage have not been in a relationship of employment that will take important duties or responsibilities, have not had more than 5 percent of shares, voting rights or privileged shares with or without somebody or had substantial trading with the Company, partnerships which the company has management control or significant effect, the shareholders which have significant effect over company or the legal entities which are controlled by these shareholders.*

b) *Within the last five years, I have not worked or been a board member or partner in the companies which have significant goods or service purchase or sales with the company while these goods or services were traded, primarily the companies which conduct auditing (including tax audit, legal audit and internal audit), ranking and consultancy of the Company.*

c) *I have the professional education, knowledge and experience to conduct the duties which I will undertake due to being an independent member of the board of directors,*

ç) *According to the legislation i am bound, I will not work full-time in the public agencies and institutions with the exception of being an academic staff.*

d) *I am respected as a resident of Turkey under the Income Tax Law, dated 31/12/1960 and no. 193,*

e) *I have strong ethic standarts, Professional reputation and experience in order to provide positive contributions to the activities of the company, remain objective in cases of conflicting interests to be emerged between of the shareholders of the company, make my decision freely taking into account the interests of the stakeholders,*

f) *I will allocate time for the company works to be able to follow up the the processes of the company's activities and fullfil the duties which I have undertaken to the fullest extent.*

g) *I have not been a board member of the company more than 6 years in the last 10 years,*

ğ) *I am not an independent board member more than 3 companies that the company or shareholders who controls the company have the management control or 5 companies that are listed in total,*

h) *I am registered or declared for the Corporation that has been elected as board member.*

In 2015, there has not been any case that eliminates the independency of an independent board member.

In 2015, 3 independent board members have been nominated for the nomination committee. The report that shows our nominees have the specialities for independency has been prepared in 24/03/2015 and has been presented to the Board in the same day.

There is not any principle set for our Board members about taking duties outside of company.

Also, there is not any target ratio or time set for female members in the Board.

5.2. PRINCIPLES OF ACTIVITY OF THE BOARD OF DIRECTORS

The Board of Directors continues their operations in a transparent, fair and responsible way. The Board reviews the efficiency of risk management and internal control systems of our company in every two months via Committee of Early Determination of the Risk. Information is given in Annual Report about the mechanism and efficiency of internal control system. Authorities of the Chairman of the Board and Chief Executive Officer/ General Manager were not separated transparently in Articles of Association. However, nobody furnished with unlimited decision-making authority by him/ herself. The Board plays a pioneer role in the case of providing effective communication, removing possible conflicts and finding a solution between company and shareholders. Therefore, it works in very close cooperation with Committee of Corporate Governance and Investor Relations Department.

The losses resulting from the faults of board members are not underwritten.

5.3. TYPE OF THE BOARD MEETINGS

Provisions of the Articles of Association, Turkish Commercial Code and Capital Market Law are complied with for the meetings and meeting quorums of the Board of Directors. GM Office has been constituted to conduct the works with regard to the meetings of the Board of Directors of the Company and to service the members of the board of directors under the General Manager. Departments of the company prepare their motions for the works regarding which resolutions (which are regarding the departments of the Company) are needed and they transmit it to the GM Office upon obtaining the approval of the General Directorate. An agenda regarding these motions is formed and it is transmitted to the chairman of the board of directors with the invitation letter for the meeting of the board of directors. The chairman of the board of directors signs the invitation letter and sends the invitation letter to the members together with the agenda. The resolutions which were taken in the meeting are sent to the relevant departments after the meeting. 12 board meetings were made in 2015.

The members of the board of directors do not have dominant voting right and negative veto right. The decisions are made with the majority of Board and the questions asked and statements made by the members are not recorded into minutes. Principally, the members of the board of directors attend each meeting. The Board of Directors meets regularly and within the framework of the provisions of the articles of association at least once a month and the Board of Directors meets when necessary without complying with such timetable.

5.4. NUMBERS, STRUCTURES AND INDEPENDENCIES OF THE COMMITTEES CONSTITUTED BY THE BOARD OF DIRECTORS

The Board of Directors has formed Committee of Audit, Committee of Corporate Governance, Committee of Nomination, Committee of Early Determination of the Risk, and Committee of Remuneration for the purposes of performance of its duties and responsibilities wholesomely in accordance with the current position of the company and the needs of the company. These Committees conduct their activities without a special procedure but in accordance with the communiqués of the Capital Market Board.

COMMITTEE OF AUDIT

Name	Title	Duty
Prof. Dr. Nuh Boyraz	Head of Committee	Independent Board Member
Av. Dr. Cahit Suluk	Committee Member	Independent Board Member
Hasan Sezer	Committee Member	Independent Board Member

The Committee is composed of three members of the Board of Directors. Independent member Prof. Dr. Nuh Boyraz is the Chairman of the Committee. Other members of the Committee are Av. Dr. Cahit Suluk and Hasan Sezer.

Duties and responsibilities of the Committee are as follows;

- *To audit the financial statements and footnotes, both of which are disclosed to public, in terms of compliance with the current legislation and international accounting standards,*
- *To review the activity report and to review the information indicated in the activity report in terms of their accuracy and consistency compared to the information of the Committee,*
- *To examine the complaints which are serious enough to affect the financial statement submitted by the shareholders and stakeholders,*
- *To review the efficiency of the internal audit activities,*
- *To make sure that the important problems which are determined during or as a result of the audits of the internal audit department of the company and to make sure that relevant proposals for elimination of these problems are notified to the Committee on time,*
- *To observe whether the activities of the company are conducted in accordance with the current legislation and internal regulations of the company.*

In 2015, Committee made 5 meetings and in this direction, presented 5 reports to the Board.

COMMITTEE OF CORPORATE GOVERNANCE

Name	Title	Duty
Hasan Sezer	Head of Committee	Independent Board Member
Av. Dr. Cahit Suluk	Committee Member	Independent Board Member
Hüseyin Karakuş	Committee Member	Investor and Subsidiary Relations Manager

The Committee is composed of three people, two members of the Board of Directors and Investor and Subsidiary Relations Manager. Independent member Hasan Sezer is the Chairman of the Committee. Other members of the Committee are Av. Dr. Cahit Suluk and Hüseyin Karakuş.

Duties and responsibilities of the Committee are as follows;

- *To provide the constitution and adaptation of the importance and benefits of the Corporate Governance Principals within the structure of the company,*
- *To determine whether the Corporate Governance Principals are being applied or not and if they are not applied, to determine the reasons and to determine the conflicting interests due to noncompliance with these principals accurately and to submit reformatory recommendations to the Board of Directors regarding the procedures of the corporate governance applications.*

In 2015, Committee made 2 meetings and in this direction, presented 2 reports to the Board.

COMMITTEE OF NOMINATION

Name	Title	Duty
Prof. Dr. Nuh Boyraz	Head of Committee	Independent Board Member
Adem Danışık	Committee Member	Board Member
Veli Altunkaş	Committee Member	Board Member

The Committee is composed of three members of the Board of Directors. Independent member Prof. Dr. Nuh Boyraz is the Chairman of the Committee. Other members of the Committee are Adem Danışık and Veli Altunkaş.

Duties and responsibilities of the Committee are as follows;

- *To form a transparent system for the determination, assessment and training of the appropriate candidates for the Board of Directors and to determine policies and strategies in this regard,*
- *To make regular assessments regarding the structure and efficiency of the board of directors and to submit recommendations to the Board of Directors regarding changes in this regard,*
- *To determine approaches, principals and procedures regarding the performance assessment and career planning of the members of the Board of Directors and the senior managers and to make supervision in this regard,*

In 2015, Committee made 1 meeting and in this direction, presented 1 report to the Board.

COMMITTEE OF EARLY DETERMINATION OF THE RISK

Name	Title	Duty
Hasan Sezer	Head of Committee	Independent Board Member
Kazım Çalışkan	Committee Member	Vice Chairman
Av. Dr. Cahit Suluk	Committee Member	Independent Board Member
Ertuğrul Köse	Committee Member	Risk Management Manager

Committee of Early Determination of the Risk has been constituted for the purposes of early determination of the risks which may jeopardize existence, development and continuance of the Company, application of the necessary measures regarding the determined risks and management of the risk.

The Committee is composed of four people, three members of the Board of Directors and Risk management Manager. Independent member Hasan Sezer is the Chairman of the Committee. Other members of the Committee are Kazım Çalışkan, Av. Dr. Cahit Suluk ve Ertuğrul Köse.

Duties and responsibilities of the Committee are as follows;

- *To prepare the risk management strategies and policies to be followed up by the Company and to submit them for the approval of the Board of Directors and to follow up the applications closely,*
- *To submit proposals to the Board of Directors in order to determine the limits with regard to the major risks that the Company carries and track the limit violations,*
- *To submit proposals to the Board of Directors with regard to making changes in the risk management policies,*
- *To provide the conduct of the tracking and communication during the process of risk determination, identification, measurement, assessment and management.*
- *To form a basis for the provision of the accuracy and reliability of the method and results and of the risk.*

In 2015, Committee made 6 meetings and in this direction, presented 6 reports to the Board.

COMMITTEE OF REMUNERATION

Name	Title	Duty
Prof. Dr. Nuh Boyraz	Head of Committee	Independent Board Member
Veli Altunkaş	Committee Member	Board Member
Hasan Sezer	Committee Member	Independent Board Member

The Committee is composed of three members of the Board of Directors. Independent member Prof. Dr. Nuh Boyraz is the Chairman of the Committee. Other members of the Committee are Veli Altunkaş and Hasan Sezer.

Duties and responsibilities of the Committee are as follows;

- *To determine the proposals regarding the principals of the remuneration system of the members of the Board of Directors and the senior managers taking into consideration the long term targets of the company,*
- *To determine the criteria which may be used for the remuneration system taking into account the performance of the Company and the member,*
- *To submit the proposals regarding the remunerations which will be paid to the members of the Board of Directors and the senior managers, to the Board of Directors, taking into consideration their level of meeting with the criteria.*

Committee has not made any meetings in 2015.

5.5. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

Works related to the early determination of the risks which may jeopardize existence, development and continuance of Gübre Fabrikaları T.A.Ş. and application of the necessary measures regarding the determined risks and management of the risk are being carried out under the coordination of Department of Risk Management. Companywide, risks are tracked on the basis of four categories which are financial risks, strategic risks, operational risks and other risks. Daily and monthly reports are produced with regard to the risk management. In 2015, our company has completed the software study relating to risks in financial category in the context of improvement studies of "Integrated Risk Management System". In order to increase efficiency of corporate risk management, our company continues the studies on "Risk Management Policies".Moreover, Department of Internal Audit, which conducts its activities under the General Directorate of the Company; in the context of internal audit, it controls the suitability of transactions realized in Head Office, Plants and Region Sales Directorate at a specific time to legal regulations. It also controls the suitability of vision, mission, target, strategy, general purpose, procedure and instructions of company to the policies, plans, procedures of company as well as regulations and statutes within the scope of reliability and accuracy of information. As a result, this department controls the operations of our company as a whole and it presents its audit reports to top management about the issues of the protection of assets; economic and productive usage of resources; the realizing of targets determined for activities and programs; the reasons of mistakes and its corrective measures; the effectiveness and efficiency of operations.

5.6. STRATEGIC GOALS OF THE COMPANY

To be a company that benefits from contemporary technological changes as much as possible, grounding on quality consciousness, efficient resource management, continous improvement, productivity and customer oriented management; to be a leading company for Turkish agriculture by creating synergy together with the academic world, relevant institutions and Agriculture Credit Cooperatives.

To become the leading company that can drive its sector with its infrastructure and well known trademark name "Gübretaş"; to attain global competitive power with its production technology.

Adopting the motto of 'Human First', to be a company which provides physical and social facilities to its workers, both spiritual and material, keeps environment consciousness and human health foreground, supports social projects.

To be a company which provides to customers different possibilities and alternatives in agriculture sector, to provide product variety, information bank and accredited laboratories for the need of farmers, to emphasize R & D works by following up the modern developments in the world.

Encouraged by the company's origin and past, to make manufacturing and procuring of chemical fertilizer with best quality at our well equipped factories with our expert staff and managements, creating the best marketing and distribution network to our customers,

To keep market advantage and preserving sustainable growth trend in accordance with "highest quality, reasonable cost" approach.

To emphasize advertisement and public relations works by establishing communication channels and bridges between Gübretaş - Public and Farmers and to do image development activities convenient to Gübretaş's corporate structure and spread them in and outside the company,

To reach the quality that could compete with the world in sense of productivity, efficiency and the world standards, procuring its raw material needs itself, efficient resource management, having production and infrastructure establishments within the country and abroad and adopting relevant policies.

To be a company that measures its success with the customer satisfaction who could find fast and best quality solutions to the needs of the customers.

5.7. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration policy, which was prepared in the frame of Corporate Governance Principles of Capital Markets Board, put the remuneration principles of board members and managers with administrative responsibility. The policy has been explained based on Board of Directors and top management and announced in our corporate website, both in Turkish and English.

The amounts of the attendance fees and and travel allowances to be paid to the Members of the Board of Directors of our Company are determined by the General Assembly, and such amounts are determined in accordance with the international standards and legal liabilities and taking into account the members of the board of directors, top managers, economic data in the market, current remuneration system policies in the market, company size and experiences, education levels and of the people, their contributions to the company and their current positions. Stock options or payment plans based on the performance of the company are not used for the remuneration system of the independent members of the board of directors.

Our company has not provided any credit or lends, have not used any credit under personel loans through 3rd parties or have not provided any collaterals like guarantees to the members of the Board of Directors or managers with administrative responsibilities.

12- Conclusion

DEAR SHAREHOLDERS,

688.289 tons of various types of chemical fertilizer has been produced at our facilities in 2015. 1.589.606 tons of fertilizers are procured from domestic and foreign markets, mainly the nitrogenous fertilizers which can not be produced in our facilities and are consumed heavily in our country. On the other hand, 1.646.636 tons of solid, 18.998 tons/litres of liquid and powder fertilizers has been sold in 2015. Net sale revenues realized as 1.664.670.261 TRY.

Also 1.770.774 tons of fertilizers and fertilizer raw materials have been produced and 1.374.693.724 TRY sale revenues has been realized by the sale of 1.213.817 tons of fertilizers and fertilizer raw materials in our affiliated company Razi Petrochemical Co and its subsidiaries.

Our company reached to 2.930.899.065 TRY consolidated sales revenue. Besides this, by adding 2.300.797.341 TRY cost of goods sold, 317.397.730 TRY operation expenses, 19.563.886 TRY financial expenses and 10.566.372 TRY net effect of other income and expenses, a profit figure of 282.573.736 TRY profit have occurred before tax. 259.283.032 TRY net consolidated profit has been realized after adding 36.554.900 TRY deferred tax income and 59.845.604 TRY current period's tax expense. 89.382.336 TRY profit for the period attributable to equity holders of Gübretaş has been realized after deducting 169.900.696 TRY profit attributable to non-controlling interests.

We would kindly like to ask you to evaluate the results mentioned above regarding 2015 activities.

Best Regards,

BOARD OF DIRECTORS

Financial Information

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 Sarıseki 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 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 Taboson 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			
Trade Receivables from Related Parties	*29*	*135.955.617*	*114.642.648*
Trade Receivables from Third Parties	*7*	*251.170.309*	*318.124.675*
Other Receivables			
Other Receivables from Related Parties	*29*	*228.630*	*1.255.280*
Other Receivables from Third Parties	*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			
Other Receivables from Related Parties	*29*	*102.902.884*	*119.832.242*
Other Receivables from Third Parties	*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			
Goodwill	*13*	*168.244.294*	*148.146.765*
Other Intangible Assets	*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			
Trade Payables to Related Parties	*29*	*3.706.743*	*35.398*
Trade Payables to Third Parties	*7*	*513.673.796*	*728.829.154*
Employee Benefit Obligations	17	16.622.317	6.601.077
Other Payables			
Other Payables to Third Parties	*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			
Short-term Provisions for Employee Benefits	*17*	*19.438.117*	*16.226.026*
Other Short-term Provisions	*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			
Long-term Provisions for Employee Benefits	*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			
Revaluation Gains / Losses	*26*	*262.570.832*	*218.073.621*
Accumulated Other Comprehensive Income / Expense to be Reclassified to Profit or Loss			
Foreign Currency Translation Reserve		*(74.870.622)*	*(133.068.622)*
Translation Reserve Belongs to Investment Valued by Equity Method	*3*	*(13.780.834)*	*-*
Restricted Reserves			
Legal Reserves	*19*	*38.325.728*	*27.094.749*
Real Estate Sales Gain to be Added to Capital	*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.)

		Items not to be Reclassified to Profit or Loss	**Items to be Reclassified to Profit or Loss**		
	Share Capital	Revaluation Reserves	Changes in Currency Translation Differences from Investments Accounted by Equity Method	Foreign Currency Translation Reserve	Restricted Reserves
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: Retained Earnings	Retained Earnings: Net Profit for the Period	Equity Attributable to Equity Holders of the Parent	Non-controlling Interests	Total Equity
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 referrred 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
Yarımca Facilities Directorate	Production / Port Facilities / Storage
İzmir Regional Office	Sales-marketing / Liquid-powder Fertilizer Production / Storage
Samsun Regional Office	Sales-marketing / Storage
İskenderun Regional Office	Sales-marketing / Port Facilities / Storage
Tekirdağ Regional Office	Sales-marketing / Storage
Ankara Regional Office	Sales-marketing
Diyarbakır Regional Office	Sales-marketing
Antalya Regional Office	Sales-marketing

The number of employees of the Company and its subsidiaries for the year ended 31 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:

	31 December 2015		31 December 2014	
Name	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:

	31 December 2015		31 December 2014	
CURRENCY	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 depredation 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 depredation from their cost value.

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

Except the lands and ongoing investments, cost value or valued amounts of tangible-fixed assets are subject to deprecation 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 acquisited 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 deductable as well as those which are impossible to tax or could not be tax deductable. 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 acceptation 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.		
Net Profit	*(2.988.733)*	*427.989*
Foreign Currency Translation Difference	*(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 ASSESTS	**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
Demand Deposits	*161.740.581*	*100.824.070*
Time Deposits	*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 then 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 Effetive 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
	119.304.435	**147.162.707**

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, transffering 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 ,transfering 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 recieved 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:

		31 December 2015		31 December 2014	
	Currency	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 3rd 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 evey 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 Rebublic 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 m^2 located in Hatay, Iskenderun, Sarıseki 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 Indeminity 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

Other Current Assets	**31 December 2015**	**31 December 2014**
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
Goods at the beginning of the Period	*48.479.530*	*70.119.343*
Goods at the end of the Period	*(213.142.287)*	*(42.752.910)*
Cost of Good Sold	1.234.740.072	999.199.944
Merchandise Inventory at the beginning of the Period	*465.205.635*	*264.799.911*
Purchases	*1.045.762.887*	*1.330.747.945*
Merchandise Inventory at the end of the Period	*(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 Assest 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	
Reflected to the Income Statement Deferred Tax	**Temporary Differences**	**Deferred Tax, Assets and Liabilities**	**Temporary Differences**	**Deferred Tax, Assets and Liabilities**
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)**

TAX PROVISION AGREEMENT	01 January - 31 December 2015	01 January - 31 December 2014
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)
Disaalowable 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**

		31 December 2015		31 December 2014	
Title	Subject of Activities	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
Tarnet 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 monatery 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 Liablities					
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 Liablities					
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
Part of Maximum Risk Secured by guarantee,etc.	-
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)	-
Value Decrease (-)	-
Part of Net Value Secured by Guarantee, etc.	-
Undue (Gross Book Value)	-
Value Decrease (-)	-
Part of Net Value Secured by Guarantee, etc	-
D. Off-Balance Sheet Elements Carring Credit Risk	-

	Trade Receivables
	Related Party
31 December 2014	
Minimum Credit Risk Exposed as of Reporting Date (A+B+C+D)	114.642.648
Part of Maximum Risk Secured by guarantee,etc.	-
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)	-
Value Decrease (-)	-
Part of Net Value Secured by Guarantee, etc.	-
Undue (Gross Book Value)	-
Value Decrease (-)	-
Part of Net Value Secured by Guarantee, etc.	-
D. Off-Balance Sheet Elements Carring Credit Risk	-

	Receivables					
		Other Receivables				
	Other Party	Related Party	Other Party	Deposit in Bank	Derivative Financial Insturements	Financial Investments
	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				
	Other Party	Related Party	Other Party	Deposit in Bank	Derivative Financial Insturements	Financial Investments
	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;

	31 December 2015			
	TRY (functional currency)	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 Monatery 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 Monatery 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 Gübretaş 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 Sarıseki Facilities received on June 3, 2015 are completed. A "Port Handling Contractor Agreement" is concluded between Busserk Liman İşletme ve Lojistik Hizmetleri Ltd. Şti.and the Company on February 19, 2016 to perform freight, liquidation and material handling services in Iskenderun Sarıseki facilities. Port operations have begun again in Iskenderun Sarıseki Facilities on February 19, 2016 as a result of the aforementioned agreement.

NOTES