

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

**Gübre Fabrikaları Türk
Anonim Şirketi**

**Condensed consolidated financial
statements for the period January 1 –
December 31, 2018**

CONTENTS	PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	1-2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	3
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
CONSOLIDATED STATEMENT OF CASH FLOW.....	5

Gübre Fabrikaları Türk Anonim Şirketi

Consolidated statement of financial position as of 31 December 2018

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

		Current year	Prior year
		Audited	Audited
	Notes	31 December 2018	31 December 2017
ASSETS			
Current assets:			
Cash and cash equivalents	5	368.851.076	227.960.860
Financial investments	31	35.397.720	79.972.354
Trade receivables			
- Trade receivables from related parties	30	104.052.340	66.765.089
- Trade receivables from third parties	7	543.266.746	347.394.493
Other receivables			
- Other receivables from related parties	30	-	132.977
- Other receivables from third parties	8	216.078.981	198.708.598
Inventories	9	1.108.978.905	972.164.142
Prepaid expenses	10	27.772.069	68.232.462
Derivative Instruments	20	-	85.916
Assets related to the current period taxes	28	2.113.481	482.023
Other current assets	18	21.373.133	27.602.260
Total current assets		2.427.884.451	1.989.501.174
Non-current assets:			
Financial investments	31	6.662.887	42.585.948
Other receivables			
- Other receivables from related parties	30	-	60.276.145
- Other receivables from third parties	8	59.948.500	14.119.733
Investments valued by equity method	3	18.904.335	12.879.760
Investment properties	11	63.809.825	69.638.999
Property, plant and equipment	12	1.552.653.459	1.222.887.066
Intangible assets			
- Goodwill	13	121.614.875	181.331.891
- Other intangible assets	13	20.694.884	28.950.307
Prepaid expenses	10	19.573.127	19.837.304
Deferred tax assets	28	63.416.831	55.978.837
Total non-current assets		1.927.278.723	1.708.485.990
Total assets		4.355.163.174	3.697.987.164

Gübre Fabrikaları Türk Anonim Şirketi

Consolidated statement of profit or loss and other comprehensive income as of 31 December 2018
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current year	Prior year
		Audited	Audited
	Notes	31 December 2018	31 December 2017
LIABILITIES			
Current liabilities:			
Short term borrowings	6	1.352.015.844	912.317.544
Current portion of long-term borrowings	6	198.437.226	54.914.049
Trade payables			
- Trade payables to related parties	30	1.431.632	17.417.334
- Trade payables to third parties	7	778.200.783	814.981.212
Employee benefit obligations	17	31.205.404	33.663.131
Other payables			
- Other payables to third parties	8	34.850.852	221.497.832
Deferred income	10	41.334.435	16.541.386
Current income tax liability	28	4.680.658	17.143.787
Derivative Instruments	20	4.703.497	-
Short-term provisions			
- Short-term provisions for employee benefits	17	32.496.815	42.251.136
- Other short term provisions	16	66.365.157	49.140.281
Total current liabilities		2.545.722.303	2.179.867.692
Non-current liabilities:			
Long-term borrowings	6	59.850.476	72.295.391
Other payables			
- Long-term Other payables to third parties		349.323.784	-
Long-term provisions			
- Long-term provisions for employee benefits	17	116.286.123	196.320.157
Deferred tax liability	28	26.528.482	41.992.837
Total non-current liabilities		551.988.865	310.608.385
Total liabilities		3.097.711.168	2.490.476.077
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 on property, plant and equipment	27	328.930.319	261.940.485
- Actuarial gain/(loss) arising from defined benefit plans		(937.828)	(1.458.551)
Accumulated other comprehensive income / expense to be reclassified to profit or loss			
- Foreign currency translation reserve		(213.293.368)	(68.388.089)
- Shares to be classified as profit / loss from other comprehensive income of investments accounted for by the equity method	3	-	(28.376.207)
Restricted reserves			
-Legal reserves	19	52.295.108	52.295.108
Retained earnings		434.038.586	387.155.939
Net income or expense		(64.340.136)	33.317.912
Equity attributable to equity holders of the parent		870.692.681	970.486.597
Non-controlling interests		386.759.325	237.024.490
Total shareholders' equity		1.257.452.006	1.207.511.087
Total liabilities and equity		4.355.163.174	3.697.987.164

Gübre Fabrikaları Türk Anonim Şirketi

Consolidated statement of financial position as of 31 December 2018
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current year	Prior year
		Audited	Audited
	Notes	January 1 – December 31, 2018	July 1 – December 31, 2018
Sales	21	4.559.086.668	3.487.261.450
Cost of sales (-)	21	(3.279.309.282)	(2.968.797.796)
Gross profit		1.279.777.386	518.463.654
General and administrative expense (-)	22	(151.894.048)	(170.128.235)
Marketing, selling and distribution expense (-)	22	(350.838.860)	(278.525.716)
Other operating income	24	720.918.514	325.505.241
Other operating expenses (-)	24	(1.113.512.910)	(310.782.176)
Operating profit		384.450.082	84.532.768
Profit / (loss) from investments accounted by equity method	3	6.024.575	4.693.731
Loss from investment activities	25	(11.234.651)	6.662.917
Financial income/(expense) before operating profit		379.240.006	95.889.416
Financial income / (expense)	26	(238.262.659)	(84.334.666)
Profit before tax from continuing operations		140.977.347	11.554.750
Current period tax income/expense	28	(4.833.529)	(5.302.407)
Deferred tax income/(expense)	28	19.411.409	19.570.325
Total tax (expense)/income		14.577.880	14.267.918
Net profit for the period		155.555.227	25.822.668
Distribution of income for the period			
Non-controlling interests		219.895.363	(7.495.244)
Equity holders of the parent		(64.340.136)	33.317.912
Other comprehensive income			
Items not to be reclassified to profit or loss			
Actuarial gain/(loss) arising from defined benefit plans	17	650.904	(641.520)
Tax effect of other comprehensive income/expense	28	(130.181)	128.304
Revaluation gains/losses on property, plant and equipment	12	74.433.149	(700.386)
Tax effect of other comprehensive income/expense	28	(7.443.315)	70.039
Items to be reclassified to profit or loss			
Changes in currency translation differences		(265.108.639)	(14.756.840)
Changes in currency translation difference from investments accounted by equity method	3	28.376.207	(2.947.695)
Other comprehensive income / (expense)		(169.221.875)	(18.848.098)
Total comprehensive income		(13.666.648)	6.974.570
Distribution of total comprehensive income			
-Non-controlling interests		99.692.003	(16.353.153)
-Equity holders of the parent		(113.358.651)	23.327.723
Earnings per share	29	(0,0019)	0,0010

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

Gübre Fabrikaları Türk Anonim Şirketi

Consolidated statement of changes in equity as of 31 December 2018

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

	Share capital	Items not to be reclassified to profit or loss		Items to be reclassified to profit or loss		Restricted reserves	Retained earnings		Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
		Revaluation reserves	Actuarial gain/(loss) arising from defined benefit plans	Changes in currency translation differences from investments accounted by equity method	Foreign currency translation reserve		Retained earnings	Net profit for the period			
January 1, 2017	334.000.000	262.570.832	(945.335)	(25.428.512)	(62.489.158)	41.378.380	466.809.637	(68.736.970)	947.158.874	254.459.191	1.201.618.065
Transfers	-	-	-	-	-	10.916.728	(79.653.698)	68.736.970	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(1.081.548)	(1.081.548)
Total comprehensive income/ (expense)	-	(630.347)	(513.216)	(2.947.695)	(5.898.931)	-	-	33.317.912	23.327.723	(16.353.153)	6.974.570
December 31, 2017	334.000.000	261.940.485	(1.458.551)	(28.376.207)	(68.388.089)	52.295.108	387.155.939	33.317.912	970.486.597	237.024.490	1.207.511.087
January 1, 2018	334.000.000	261.940.485	(1.458.551)	(28.376.207)	(68.388.089)	52.295.108	387.155.939	33.317.912	970.486.597	237.024.490	1.207.511.087
Effect of opening corrections (*)	-	-	-	-	-	-	13.564.735	-	13.564.735	14.185.180	27.749.915
Subsidiary acquisition	-	-	-	-	-	-	-	-	-	35.857.652	35.857.652
Disposals due subsidiary sale	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	33.317.912	(33.317.912)	-	-	-
Total comprehensive income / (expense)	-	66.989.834	520.723	28.376.207	(144.905.279)	-	-	(64.340.136)	(113.358.651)	99.692.003	(13.666.648)
December 31, 2018	334.000.000	328.930.319	(937.828)	-	(213.293.368)	52.295.108	434.038.586	(64.340.136)	870.692.681	386.759.325	1.257.452.006

		Current Period	Previous Period
		Audited	Audited
		January 1 –	January 1 –
		December 31,	December 31,
	Notes	2018	2017
Cash flows from operating activities:			
Profit for the period		155,555.227	25,822.668
<i>Adjustments to reconcile net profit/(loss) for the period</i>			
Depreciation and amortization expense	12,13,23	70,152.958	71,843.896
Income / expenses from subsidiaries valued by equity method	3	(6,024.575)	(4,693.731)
Retirement pay provision, early retirement pay liability interest (income)/expense	17	74,132.884	112,851.145
Interest expense		133,624.166	116,583.330
Impairment on inventories	9	10,096.864	8,294.639
Deferred financial income		-	4,474.366
Provision for lawsuit /cancellation	16	(3,769.651)	5,605.762
Allowance for / reversal of doubtful receivable		1,290.086	4,432.603
Current tax income/expense	28	(14,577.880)	(14,267.918)
Adjustments related to losses (gains) on sale of property, plant and equipments	25	652.179	(152.439)
Adjustments related to fair value losses (gains) on investment property	25	5,829.174	(6,510.478)
Adjustments related to fair value losses (gains) on derivative financial instruments	20	4,789.413	(85.916)
Net cash provided by the operating activities before changes in the assets and liabilities		431,750.845	324,197.927
Changes in working capital (net):			
Increase / decrease in trade receivables		(227,795.964)	(35,598.134)
Increase / decrease in other receivables		45,540.266	14,928.190
Increase / decrease in inventories		(37,409.562)	(155,319.693)
Increase / decrease in trade payables		293,646.476	215,922.208
Employee benefit obligations		(2,457.727)	(2,004.237)
Deferred income		24,793.049	(17,895.407)
Increase / decrease in prepaid expenses		40,724.570	28,793.515
Increase /decrease in other payables		(512,047.119)	27,414.853
Other increase / decrease in working capital		(237,395.024)	(47,213.121)
Cash provided by the operations after the changes in working capital		(180,650.190)	353,226.101
Taxes paid	28	(15,054.984)	(3,731.287)
Severance paid	17	(59,812.558)	(73,298.837)
Cash flow regarding investment activities		(255,517.730)	276,195.977
Cash flows from investing activities:			
Cash outflows from the purchase of property, plant and equipment and intangible assets	12, 13	(69,840.423)	(110,222.458)
Cash inflows from the sales of property, plant and equipment and intangible assets	12, 13	11,603.762	2,244.605
Other cash inflows / outflows		(43,370.162)	(53,444.164)
Net cash amount used in investment activities		(101,606.823)	(161,422.017)
Cash flows (used in)/from financing activities			
Interest paid		(99,508.235)	(103,625.493)
Dividends paid		-	(1,081.549)
Cash inflows from financial borrowings		2,700,686.948	3,310,609.737
Principle repayment of financial borrowings		(2,164,155.945)	(3,211,263.819)
Net cash (used)/provided by financial activities		437,022.768	(5,361.124)
Change in cash and cash equivalents before foreign currency translation		79,898.215	109,412.836
Cash and cash equivalents as of January 1	5	223,188.075	125,519.427
Foreign currency translation		56,141.423	(11,744.188)
Cash and cash equivalents as of September 30	5	359,227.711	223,188.075