

**GÜBRE FABRİKALARI TÜRK  
ANONİM ŞİRKETİ  
INTERIM CONDENSED  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE PERIOD  
JANUARY 1-MARCH 31, 2020**

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Interim consolidated statement of financial position as of March 31, 2020**

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

			<b>Audited</b>
	<b>Notes</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4	534.666.940	174.457.909
Financial investments		34.325.621	39.543.797
Trade receivables			
-Trade receivables from related parties	16	135.254.627	174.682.037
-Trade receivables from third parties	6	563.162.257	336.576.916
Other receivables			
-Other receivables from related parties	16	--	10.135.215
-Other receivables from third parties	7	308.874.832	205.513.380
Inventories	8	728.466.237	1.231.329.135
Prepaid expenses		162.727.365	75.440.336
Derivative financial instruments		14.174.722	9.462.872
Assets related to the current period taxes		3.413.942	3.087.261
Other current assets		14.847.892	17.710.885
<b>Total current assets</b>		<b>2.499.914.435</b>	<b>2.277.939.743</b>
Non-current assets classified for sale		--	520.307.521
<b>Total current assets</b>		<b>2.499.914.435</b>	<b>2.798.247.264</b>
<b>Non-current assets</b>			
Financial investments		22.426.365	21.869.440
Other receivables			
- Other receivables from third parties	7	63.527.895	78.669.231
Investments valued by equity method		19.830.692	19.765.952
Investment properties		84.866.900	84.478.876
Property, plant and equipment	9	1.067.526.621	1.070.283.898
Intangible assets	10		
- Goodwill		84.458.374	87.044.600
- Other intangible assets		21.917.284	22.204.900
Prepaid expenses		32.666.048	34.489.280
Deferred tax assets		64.478.626	68.585.422
<b>Total non-current assets</b>		<b>1.461.698.805</b>	<b>1.487.391.599</b>
<b>Total assets</b>		<b>3.961.613.240</b>	<b>4.285.638.863</b>

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

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**  
**Interim consolidated statement of financial position as of March 31, 2020**  
**(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

			<b>Audited</b>
	<b>Notes</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short term borrowings	5	1.468.858.884	1.465.961.474
Current portion of long-term borrowings	5	22.281.096	55.885.641
Trade payables			
- Trade payables to related parties	16	4.315.719	1.821.087
- Trade payables to third parties	6	1.069.067.635	986.018.509
Employee benefit obligations		28.060.378	32.161.760
Other payables			
Other payables to related parties		--	25.000.000
Other payables to third parties	7	100.494.995	86.375.472
Deferred income		68.508.227	17.163.951
Current income tax liability		2.594.957	2.641.986
Short-term provisions			
-Short-term provisions for employee benefits		23.082.146	24.878.780
-Other short-term provisions	12	134.288.032	138.046.967
<b>Total current liabilities</b>		<b>2.921.552.069</b>	<b>2.835.955.627</b>
Liabilities from asset groups classified for sale		--	358.058.558
<b>Total current liabilities</b>		<b>2.921.552.069</b>	<b>3.194.014.185</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	5	112.715.713	117.472.564
Other payables			
-Other payables to third parties		--	--
Long-term provisions			
- Long-term provisions for employee benefits		111.710.297	113.665.364
Deferred tax liability		18.404.533	19.577.929
<b>Total non-current liabilities</b>		<b>242.830.543</b>	<b>250.715.857</b>
<b>Total liabilities</b>		<b>3.164.382.612</b>	<b>3.444.730.042</b>
<b>Shareholders' equity</b>			
Share capital		334.000.000	334.000.000
Accumulated other comprehensive income / expense not to be reclassified to profit or loss			
-Impairment on property, plant and equipment		328.930.319	328.930.319
-Defined benefit plans re-measurement losses		(3.178.852)	(1.678.630)
Accumulated other comprehensive income / expense to be reclassified to profit or loss			
-Foreign currency translation differences		(383.347.414)	(359.020.958)
Restricted reserves from profit			
- Legal reserves		53.838.737	53.838.737
Prior year profit		159.677.552	348.259.261
Current period profit or loss		69.655.779	(149.740.564)
<b>Shareholders' equity</b>		<b>559.576.121</b>	<b>554.588.165</b>
Non-controlling interests		<b>237.654.507</b>	<b>286.320.656</b>
<b>Total shareholders' equity</b>		<b>797.230.628</b>	<b>840.908.821</b>
<b>Total liabilities and equity</b>		<b>3.961.613.240</b>	<b>4.285.638.863</b>

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**  
**Interim consolidated statement of financial position as of March 31, 2020**  
**(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

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

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

## GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of profit or loss and other comprehensive income as of March 31, 2020  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	January 1, – March 31, 2020	January 1, – March 31, 2019
Sales	13	1.732.035.641	1.460.342.074
Cost of sales (-)	13	(1.364.436.782)	(1.204.139.601)
<b>Gross profit</b>		<b>367.598.859</b>	<b>256.202.473</b>
General and administrative expense (-)		(32.315.055)	(38.469.850)
Marketing, selling and distribution expense (-)		(177.286.016)	(84.647.811)
Other operating income	14	83.755.785	66.115.070
Other operating expenses (-)	14	(173.325.162)	(102.698.156)
<b>Operating profit</b>		<b>68.428.411</b>	<b>96.501.726</b>
Income((expenses) from investment activities		16.828.573	103.646
Profit / (loss) from investments accounted by equity method		64.740	887.997
<b>Financial income / (expense) before operating profit</b>		<b>85.321.724</b>	<b>97.493.369</b>
Financial income / (expense)		46.215.311	(90.072.187)
<b>Profit before tax from continuing operations</b>		<b>131.537.035</b>	<b>7.421.182</b>
- Current period tax (expense)		(2.495.382)	(1.335.902)
- Deferred tax (expense) / income		(2.465.477)	(4.475.019)
<b>Total tax (expense) / income</b>		<b>(4.960.859)</b>	<b>(5.810.921)</b>
<b>Net profit</b>		<b>126.576.176</b>	<b>1.610.261</b>
<b>Distribution of income for the period</b>			
Non-controlling interests		56.920.397	7.419.395
Attributable to equity holders of the parent		69.655.779	(5.809.134)
<b>Loss per share (kr)</b>	15	<b>0,0021</b>	<b>(0,0002)</b>
<b>Other Comprehensive Income:</b>			
<b>Items not to be reclassified to profit or loss</b>			
Actuarial gain/(loss) arising from defined benefit plans		(1.875.278)	(93.903)
Tax effect of other comprehensive income/expense not to be reclassified to profit or loss		375.056	18.781
<b>Items to be reclassified to profit or loss</b>			
Changes in currency translation differences		(32.610.290)	(25.744.860)
<b>Other comprehensive (expense)</b>		<b>(34.110.512)</b>	<b>(25.819.982)</b>
<b>Total comprehensive (expense) / income</b>		<b>92.465.664</b>	<b>(24.209.721)</b>
<b>Distribution of total comprehensive income / (income)</b>			
Non-controlling interests		48.636.563	(5.526.572)
Equity holders of the parent		43.829.101	(18.683.149)

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

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Interim consolidated statement of changes in equity as of March 31, 2020**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Items not to be reclassified to profit or loss			Items to be reclassified to profit or loss			Retained earnings		Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	Share capital	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	Restricted reserves	Retained earnings	Net profit for the period			
<b>January 1, 2019</b>	<b>334.000.000</b>	<b>328.930.319</b>	<b>(937.828)</b>	<b>-</b>	<b>(213.293.368)</b>	<b>52.295.108</b>	<b>434.038.586</b>	<b>(64.340.136)</b>	<b>870.692.681</b>	<b>386.759.325</b>	<b>1.257.452.006</b>
Transfers	--	--	--	--	--	1.543.629	(65.883.765)	64.340.136	--	--	--
Acquisition and disposal of subsidiaries	--	--	--	--	--	--	--	--	--	(90.132.523)	(90.132.523)
Total comprehensive income/ (expense)	--	--	(75.122)	--	(12.798.893)	--	--	(5.809.134)	(18.683.149)	(5.526.572)	(24.209.721)
<b>March 31, 2019</b>	<b>334.000.000</b>	<b>328.930.319</b>	<b>(1.012.950)</b>	<b>--</b>	<b>(226.092.261)</b>	<b>53.838.737</b>	<b>368.154.821</b>	<b>(5.809.134)</b>	<b>852.009.532</b>	<b>291.100.230</b>	<b>1.143.109.762</b>
<b>January 1, 2020</b>	<b>334.000.000</b>	<b>328.930.319</b>	<b>(1.678.630)</b>	<b>--</b>	<b>(359.020.958)</b>	<b>53.838.737</b>	<b>348.259.261</b>	<b>(149.740.564)</b>	<b>554.588.165</b>	<b>286.320.656</b>	<b>840.908.821</b>
<b>Transfers</b>	--	--	--	--	--	--	(149.740.564)	149.740.564	--	--	--
Acquisition and disposal of subsidiaries	--	--	--	--	--	--	(38.841.145)	--	(38.841.145)	(60.550.643)	(99.391.788)
Profit shares	--	--	--	--	--	--	--	--	--	(36.752.069)	(36.752.069)
Total comprehensive income / (expense))	--	--	(1.500.222)	--	(24.326.456)	--	--	69.655.779	43.829.101	48.636.563	92.465.664
<b>March 31, 2020</b>	<b>334.000.000</b>	<b>328.930.319</b>	<b>(3.178.852)</b>	<b>--</b>	<b>(383.347.414)</b>	<b>53.838.737</b>	<b>159.677.552</b>	<b>69.655.779</b>	<b>559.576.121</b>	<b>237.654.507</b>	<b>797.230.628</b>

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

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**  
**Interim consolidated statement of cash flows as of March 31, 2020**  
**(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

	Notes	January 1, - March 31, 2020	January 1,- March 31, 2019
<b>Cash flows from operating activities</b>			
Period income /loss		<b>126.576.176</b>	<b>1.610.261</b>
<b>Adjustments to reconcile net profit/(loss) for the period</b>			
Adjustments related to depreciation and amortization expense	9-10	17.637.318	22.951.302
Gain on equity investments		(64.740)	(887.997)
Retirement pay provision, early retirement pay liability		14.656.335	17.120.800
Adjustments related to interest expense		43.359.830	83.158.127
Adjustments related to impairment of inventories	8	352.916	(4.713.930)
Adjustments related to trade receivables	6	(2.026.027)	70.048
Deferred financial income		1.704.072	8.139
Lawsuit provision / cancellation	12	(179.033)	(193.386)
Current year tax income / (expense)		4.960.859	5.810.921
Adjustments related to losses (gains) on sale of property, plant and equipment	9-10	(340.386)	--
Deferred financial income		(4.711.850)	(4.280.940)
Other adjustments		(388.024)	--
<b>Cash flows from the operating activities before changes in the assets and liabilities</b>		<b>201.537.446</b>	<b>120.653.345</b>
<b>Changes in working capital (net):</b>			
Increase / (decrease) in trade receivables		(186.281.624)	(82.283.313)
Increase / (decrease) in other receivables		(78.084.901)	(20.486.557)
Increase / (decrease) in inventories		511.009.698	275.368.467
Increase / (decrease) in trade payables		84.989.406	183.685.705
Increase / (decrease) in employee benefit obligations		(4.101.382)	(10.372.441)
Increase / (decrease) in deferred income		51.344.276	(25.106.934)
Increase / (decrease) in prepaid expenses		(85.463.797)	(32.331.134)
Increase / (decrease) in other payables		30.484.656	437.159
Increase / (decrease) in other working capital items		(24.126.723)	(20.354.674)
<b>Cash flows from the operations after the changes in working capital</b>		<b>501.307.055</b>	<b>389.209.623</b>
Interest paid		(9.329.161)	(17.718.881)
Taxes paid		(6.394.618)	(6.572.582)
Payments related to termination indemnity		(9.944.233)	(14.584.083)
<b>Cash flows from operating activities</b>		<b>475.639.043</b>	<b>350.334.077</b>
<b>Cash flows from investment activities</b>			
Cash outflows due from the purchases of property, plant and equipment and intangible assets	9-10	(21.904.081)	(21.872.328)
Cash inflows due from sales of property, plant and equipment	9-10	--	12.820
Other cash inflows / (outflows)		4.661.251	(23.497.077)
Cash flows due from discontinued operations		(15.260.028)	--
<b>Cash flows from investment activities</b>		<b>(32.502.858)</b>	<b>(45.356.585)</b>
<b>Cash flows from financing activities</b>			
Cash inflows due from financial borrowings		920.966.144	718.390.710
Cash outflows due from financial borrowings payments		(990.460.798)	(685.030.245)
<b>Cash flows from financing activities</b>		<b>(69.494.654)</b>	<b>33.360.465</b>
<b>Net change in cash and cash equivalents before effect of foreign currency translation difference</b>		<b>373.641.531</b>	<b>338.337.957</b>
<b>Cash and cash equivalents as of January 1</b>		<b>174.457.909</b>	<b>359.227.711</b>
Foreign currency translation difference		(21.014.218)	(28.171.323)
<b>Cash and cash equivalents as of March 31</b>		<b>527.085.222</b>	<b>669.394.345</b>

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



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

## GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2020

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

### NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

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

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

<u>Operational units</u>	<u>Operation details</u>
Yarımcı Plant Directorate	Production / Port facilities / Storage
İzmir Region Directorate	Sales-marketing / Liquid-powder fertilizer production / Storage
Samsun Region Directorate	Sales-marketing / Storage
İskenderun Region Directorate	Sales-marketing / Port facilities / Storage
Tekirdağ Region Directorate	Sales-marketing / Storage
Ankara Region Directorate	Sales-marketing
Diyarbakır Region Directorate	Sales-marketing
Şanlıurfa Region Directorate	Sales-marketing
Antalya Region Directorate	Sales-marketing

The number of employees of the Company and its subsidiaries for the period ended March 31, 2020 is 1.556 (December 31, 2019: 1.569).

25,40% of the shares of the Company are traded in the Istanbul Stock Exchange and is registered to the Capital Market Board (“CMB”).

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

<u>Name</u>	<u>March 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Share %</u>	<u>Share amount</u>	<u>Share %</u>	<u>Share amount</u>
TKK	%75,95	253.684.607	%75,95	253.684.607
Other	%24,05	80.315.393	%24,05	80.315.393
<b>Total</b>	<b>%100,00</b>	<b>334.000.000</b>	<b>%100,00</b>	<b>334.000.000</b>

#### 1.1 Subsidiaries

Gübretaş has participated in Razi Petrochemical Co. (“Razi”) on May 24, 2008, which is located in Iran and conducts the production and sale of fertilizer and fertilizer raw materials. The share of Gübretaş in the share capital of Razi as of the date of balance sheet is 48,88% (December 31, 2019: 48,88%). Razi is considered a subsidiary because Gübretaş has the right to select and nominate three of the five-member Board of Razi. Also, it has the controlling power over the operational management of Razi.

As of December 31, 2010, Razi has established Raintrade Petrokimya ve Dış Ticaret A.Ş. (“Raintrade”) in Turkey in order to conduct its sales activities outside Iran. Raintrade has commenced its operations in April 2011. Razi has 100% shareholding of Raintrade; therefore, the Group has indirect ownership of 48,88% of the shares of Raintrade.

## **GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the consolidated financial statements as of March 31, 2020**

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

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

#### **1.1 Subsidiaries (Cont’d)**

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

In accordance with a sharing agreement signed on March 5, 2018, Gübretaş has transferred its 40% shareholding in Negmar Denizcilik Yatırım A.Ş. (“Negmar”) to Etis Denizcilik Yatırım A.Ş. Therefore, 100% of the shares of Nbulkgas Deniz İşletmeciliği Limited Şirketi (“Nbulkgas”) owned by Negmar were transferred to the Gübretaş. Hence, Gübretaş acquired indirect shareholding of 50% of the shares of IGLC Anka Shipping Investment S.A. (“IGLC Anka”) and IGLC Dicle Shipping Investment S.A. (“IGLC Dicle”). Since Gübretaş has control over Nbulkgas and the majority of the board members of IGLC Anka and IGLC Dicle are appointed by Gübretaş and Gübretaş controls the operating activities of IGLC Dicle these entities were considered as subsidiaries and consolidated in the accompanying consolidated financial statements. Since the Group has control over IGLC Anka and IGLC Dicle companies, all companies are considered as subsidiaries. The indirect ownership ratio of the Group on IGLC Anka and IGLC Dicle is 50%, whereby the Group has control over the operating activities and ownership ratio on Nbulkgas is 100%. Nbulkgas who was founded on December 26, 2014, in Turkey and IGLC Anka and IGLC Dicle who were founded on September 19, 2013 in Panama are engaged in carrying out maritime transportation activities. The Group had sold all of its shares of Nbulkgas Deniz İşletmeciliği Ltd. Şti. to Pasco Investment Holding Co. with a share transfer agreement dated February 5, 2020, who made a bid amounting to USD 75.120.000 (including related debts) in the tender held on January 8, 2020. As of 31 December 2019, due to the fact that a sales plan has been created that results in the loss of control of affiliated Nbulkgas, IGLC Dicle and IGLC Anka, all assets and liabilities of subsidiaries are classified as Assets / Liabilities Held for Sale, and excluded from consolidation as of March 31, 2020.

According to the Board Decision dated January 22, 2020, it was decided to establish Gübretaş Maden Yatırımları A.Ş. with a paid in capital of TL 550.000 and 100% of the shares owned by the Group, where the establishment procedures were completed with the trade registration effected on March 31, 2020. Gübretaş Maden was established in order to make investments in mining fields, both domestic and abroad, which is one of the activities of the Group.

#### **1.2 Affiliates**

Gübretaş has participated in Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. (“Tarkim”), which operates in agricultural pesticide sector on April 13, 2009. As of the balance sheet date the participation rate is 40% (December 31, 2019: 40%).

#### **1.3 Other financial investments**

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

#### **1.4 The approval of the consolidated financial statements**

The interim consolidated financial statements have been approved by the Board of Directors and authorized to be published on 8 June 2020. The General Assembly has the authority to amend the interim consolidated financial statements.

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

## **GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the consolidated financial statements as of March 31, 2020**

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

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### **NOTE 2- BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

#### **2.1. Basis of Presentation**

##### **Financial Reporting Standards**

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

The accompanying consolidated financial statements of the Group have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) on June 13, 2013 which is published on Official Gazette numbered 28676 in order to comply with Turkish Accounting Standards / Turkish Financial Reporting Standards (“TFRS”) and interpretations prepared in compliance with international standards. These standards are updated in parallel to the changes made in International Financial Reporting Standards (“IFRS”).

Turkey Accounting Standard (“IAS”) No. 34, “Interim Financial Reporting” in accordance businesses are free to prepare as completed or condensed set of interim financial statements. In this framework, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group as of 31 December 2019.

The Group has prepared and presented its condensed consolidated financial statements for the interim period ended March 31, 2020 in accordance with TAS 34 Interim Financial Reporting Standards with the announcement of the CMB's Communiqué Serial: XII, 14.1 and its announcements.

The accounting policies used in the preparation of the condensed consolidated financial statements for the interim period ended as of 31 March 2020, comply with those in the consolidated financial statements of the previous year, except for the effect of the new and amended TFRSs and TFRYK interpretations summarized in Note 2.2 and valid as of January 1, 2020.

The consolidated financial statements have been prepared with historical cost principal excluding the revaluation of land and buildings presented in property plant and equipment, investment and derivative financial instruments stated at fair value as measured on the balance sheet date.

##### **Going Concern**

The Group has prepared its consolidated financial statements considering the going concern concept.

##### **Comparative Information and Restatement of the Prior Period Financial Statements**

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

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

## GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2020

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

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

#### 2.1 Basis of Presentation (Cont’d)

##### Functional currency

The financial statements of the entities of the Group are presented in local currencies (“functional currency”) of the economic zones they operate in. All of the financial position and operational results of the entities are presented in Turkish Lira (“TL”) which is functional currency of the Company and presentation currency of the condensed consolidated financial statements.

The functional currency of the Company's subsidiary operating in Iran is Iranian Rial (“IRR”) and the functional currency of IGLC Anka and IGLC Dicle, which the Company is participated in 2018, is US Dollar (“USD”). According to TAS 21 Changes in Exchange Rates, the assets and liabilities of the subsidiaries in foreign countries are converted to Turkish Lira with the parity on the balance sheet day. Income and expense items are translated into Turkish Lira with the average exchange rate in the period. Currency translation differences resulted from closing and average rate usage is accounted under currency translation difference under equity. These translation differences are recognized as income or loss at the period

The conversion rates used are as follows:

Currency	March 31, 2020		December 31, 2019	
	Period End	Period Average	Period End	Period Average
IRR/TL	0,000048714	0,000052403	0,000050206	0,000059189
USD/TL	6,5160	6,0921	5,9402	5,6708

#### 2.2 Changes in Turkish Financial Reporting Standards (“TFRS”)

##### New Standard, Amendment and Comments Effective as of January 1, 2020

The accounting policies used in the preparation of the consolidated financial statements for the fiscal period ending on March 31, 2020 have been applied consistently with those used in the previous year, except for the new and amended TFRS standards and TFRYK comments as of January 1, 2020, summarized below.

##### Amendments to TAS 1 and TAS 8 Definition of Significance

Effective from annual periods beginning on or after January 1, 2020, amendments in TAS 1 “Presentation of Financial Statements” and TAS 8 “Accounting Policies, Changes in Accounting Policies and Errors” are as follows:

- Use of materiality definition consistent with TFRS and financial reporting framework
- Clarification of the description of the materiality definition,
- Including a guidance in TAS 1 regarding insignificant information

The amendment has no impact on the consolidated financial position and performance of the Group.

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

## **GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the consolidated financial statements as of March 31, 2020**

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

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### **NOTE 2 - BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

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

##### **Changes in TFRS 3 - Business Definition**

Effective from annual periods beginning on or after January 1, 2020. With this amendment, the business definition has been revised. According to the feedback received by the IASB, current practice guidance is often considered to be very complex, and this results in too many processes to meet the definition of business combinations.

##### **Changes on TFRS 9, TMS 39 and TFRS 7**

Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group. The changes have no impact on the consolidated financial position and performance of the Group.

##### **Standards and Amendments Issued but not yet Effective**

Standards, interpretations and amendments to existing standards that are issued but there are 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 17 – Insurance Contracts**

The standard will be effective for annual periods beginning on or after January 1, 2021. This standard replaces TFRS 4, which currently allows for a wide range of applications. TFRS 17 will fundamentally change the accounting for all businesses that issue insurance contracts and investment contracts with discretionary participation features.

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

##### **TAS 1 - Presentation of Financial Statements**

Effective from annual periods beginning on or after January 1, 2022. This amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendments to TAS 1 mainly handles the issues stated below:

- i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period
- ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- iii) clarify how the settlement conditions of the Company will affect the related classification
- iv) clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

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

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

## **GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the consolidated financial statements as of March 31, 2020**

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

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### **NOTE 2 - BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

#### **2.3 Principles of Consolidation**

- a) The interim condensed consolidated financial statements for the period ended on March 31, 2020, have been prepared in accordance with principles stated on consolidated financial statements for the year ended on December 31, 2019 and include the financial statements of Gübretaş and those of subsidiaries.
- b) As of March 31, 2020, there have been no changes in voting rights or proportion of effective interest on subsidiaries that are subject to consolidation with respect to the information stated in the consolidated financial statements for the year ended December 31, 2019, except the subsidiaries Dicle, Anka and Nbulkgas, that were excluded from consolidation due to the disposal of the shares in the current period.
- c) The statement of financial position and statement of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation. The cost of and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from equity and statement of comprehensive income for the year, respectively.
- d) The non-controlling shareholders’ share of the net assets and results for the period for the subsidiaries are classified separately in the consolidated statement of financial position and statements of comprehensive income as non-controlling interest.
- e) The Company’s significant interest in affiliates is accounted for with equity method. Affiliates accounted by equity method are presented in consolidated statement of financial position with additions or deductions of changes on share of the Group on net assets of the affiliate and with deduction of provisions for the decline in the value. The comprehensive income statement presents shares of financial results of the Group’s affiliates. The changes of the amount, not reflected on income or loss of the affiliate, on the equity of the affiliate can requisite an adjustment on the net book value of the affiliate in proportion of the Group’s share. The share of the Group from these changes is directly accounted under the Group’s equity.
- f) Financial asset held for sale in which the total voting rights of the Group do not have a material impact or are not material to the consolidated financial statements and whose fair values cannot be reliably determined, or not quoted in organized markets, are measured in the consolidated financial statements at cost less impairment if any.

#### **NOTE 3- SEGMENT REPORTING**

Operating segments were determined by the Group’s competent authority of making decision using the internal reports regularly reviewed. The Group’s competent authority of making decision reviews the results and activities based on geographical divisions in order to make decision on resources to be allocated to departments and evaluate the performance of these departments. The Parent Company operates in Turkey, whereas Razi, a subsidiary, operates in Iran.

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

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

Notes to the consolidated financial statements as of March 31, 2020

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

**NOTE 3- SEGMENT REPORTING (Cont'd)**

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

As of March 31, 2020, and December 31, 2019, the breakdown of consolidated balance sheets by sections is as follows:

	<b>Turkey</b>	<b>Iran</b>	<b>Consolidation</b>	<b>Total</b>
	<b>March 31,2020</b>	<b>March 31,2020</b>	<b>Adjustments</b>	<b>March 31,2020</b>
			<b>March 31,2020</b>	
<b>Assets</b>				
Current assets	1.677.358.478	1.142.856.533	(320.300.576)	2.499.914.435
Non-current assets	1.433.299.615	371.460.439	(343.061.249)	1.461.698.805
<b>Total assets</b>	<b>3.110.658.093</b>	<b>1.514.316.972</b>	<b>(663.361.825)</b>	<b>3.961.613.240</b>
<b>Liabilities</b>				
Short-term liabilities	2.414.417.674	824.666.497	(317.532.102)	2.921.552.069
Long-term liabilities	131.345.284	111.485.259	--	242.830.543
-Equities	564.895.135	578.165.216	(345.829.723)	797.230.628
<b>Total Liabilities</b>	<b>3.110.658.093</b>	<b>1.514.316.972</b>	<b>(663.361.825)</b>	<b>3.961.613.240</b>

	<b>Turkey</b>	<b>Iran</b>	<b>Consolidation</b>	<b>Total</b>
	<b>December</b>	<b>December</b>	<b>Adjustments</b>	<b>December</b>
	<b>31,2019</b>	<b>31,2019</b>	<b>December</b>	<b>31,2019</b>
			<b>31,2019</b>	
<b>Assets</b>				
Current assets	1.995.202.267	1.004.152.743	(201.107.746)	2.798.247.264
Non-current assets	1.427.364.482	399.772.695	(339.745.578)	1.487.391.599
<b>Total assets</b>	<b>3.422.566.749</b>	<b>1.403.925.438</b>	<b>(540.853.324)</b>	<b>4.285.638.863</b>
<b>Liabilities</b>				
Short-term liabilities	2.653.967.265	735.233.417	(195.186.497)	3.194.014.185
Long-term liabilities	133.290.109	117.425.748	--	250.715.857
-Equities	635.309.375	551.266.273	(345.666.827)	840.908.821
<b>Total Liabilities</b>	<b>3.422.566.749</b>	<b>1.403.925.438</b>	<b>(540.853.324)</b>	<b>4.285.638.863</b>

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**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**  
**Notes to the consolidated financial statements as of March 31, 2020**  
**(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

**NOTE 3- SEGMENT REPORTING (Cont'd)**

The distribution of statement of profit or loss for the three-month interim periods ended on March 31, 2020 and 2019 by segments are as follows:

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

	Turkey	Iran	Consolidation Adjustments	Total
	January 1- March 31, 2019	January 1- March 31, 2019	January 1- March 31, 2019	January 1- March 31, 2019
Sales	1.240.812.788	524.066.042	(304.536.756)	1.460.342.074
Cost of sales	(1.088.150.245)	(418.633.642)	302.644.286	(1.204.139.601)
<b>Gross profit</b>	<b>152.662.543</b>	<b>105.432.400</b>	<b>(1.892.470)</b>	<b>256.202.473</b>
Marketing, selling and distribution expense	(48.061.090)	(36.586.721)	--	(84.647.811)
General and administrative expense	(9.902.751)	(28.567.099)	--	(38.469.850)
Other operating income / expense, net	(19.410.532)	(17.172.554)	--	(36.583.086)
<b>Operating profit</b>	<b>75.288.170</b>	<b>23.106.026</b>	<b>(1.892.470)</b>	<b>96.501.726</b>
Income from investments, net	103.646	--	--	103.646
Profit from investments accounted by equity method	887.997	--	--	887.997
<b>Operation profit before financial income / (expense)</b>	<b>76.279.813</b>	<b>23.106.026</b>	<b>(1.892.470)</b>	<b>97.493.369</b>
Financial expense, net	(89.264.572)	(807.615)	--	(90.072.187)
<b>Profit / (loss) before tax</b>	<b>(12.984.759)</b>	<b>22.298.411</b>	<b>(1.892.470)</b>	<b>7.421.182</b>
Deferred tax income / (expense)	(5.285.107)	(942.157)	416.343	(5.810.921)
<b>Profit / (loss) for the period</b>	<b>(18.269.866)</b>	<b>21.356.254</b>	<b>(1.476.127)</b>	<b>1.610.261</b>



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

## GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2020

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### NOTE 3- SEGMENT REPORTING (Cont'd)

Investment expenditures pertaining to segment assets for the periods ending March 31, 2020 and 2019 are as follows:

	January 1- March 31, 2020	January 1- March 31, 2019
Turkey	20.437.240	18.171.785
Iran	1.452.101	3.700.543
<b>Total</b>	<b>21.889.341</b>	<b>21.872.328</b>

### Depreciation / Amortization:

Depreciation and amortization expenditures pertaining to segment assets for the periods ending March 31, 2020 and 2019 are as follows:

	January 1- March 31, 2020	January 1- March 31, 2019
Turkey	11.175.339	15.497.994
Iran	6.461.979	7.453.308
<b>Total</b>	<b>17.637.318</b>	<b>22.951.302</b>

### NOTE 4- CASH AND CASH EQUIVALENTS

	March 31, 2020	December31,2019
Cash on hands	27.152	251.583
Bank	532.973.223	173.995.566
- demand deposits	52.938.976	45.202.413
- time deposits	480.034.247	128.793.153
Other cash equivalents	1.666.565	210.760
<b>Total</b>	<b>534.666.940</b>	<b>174.457.909</b>
Blocked deposit	(7.581.718)	--
<b>Cash and cash equivalents at the statement of cash flow</b>	<b>527.085.222</b>	<b>174.457.909</b>

#### 4.1 Time Deposits (TL)

Interest rate (%)	Maturity	March 31,2020
8,50 – 9,05	1-3 days	230.625.381
<b>Total</b>		<b>230.625.381</b>

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**  
**Notes to the consolidated financial statements as of March 31, 2020**  
**(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

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

**4.1 Time Deposits (TL) (Cont’d)**

<b>Interest rate (%)</b>	<b>Maturity</b>	<b>December 31, 2019</b>
10,75	1-3 days	56.691.692
<b>Total</b>		<b>56.691.692</b>

**4.2 Time Deposits (Foreign Currency)**

<b>Interest rate (%)</b>	<b>Maturity</b>	<b>Currency</b>	<b>March 31, 2020</b>	
			<b>Foreign currency amount</b>	<b>Amount in TL</b>
0,30	1-3 days	EUR	32.847	236.994
10 - 15	1-3 days	Mil. IRR	1.272.615	61.994.311
0,80 – 1,00	1-3 days	USD	28.725.838	187.177.560
<b>Total</b>				<b>249.408.866</b>
<b>Interest rate (%)</b>	<b>Maturity</b>	<b>Currency</b>	<b>December 31, 2019</b>	
			<b>Foreign currency amount</b>	<b>Amount in TL</b>
0,30 – 0,65	1-30 days	EUR	1.470.755	9.781.402
10 - 15	1-3 days	Mil. IRR	809.488	40.640.995
2,00	1-3 days	USD	3.649.551	21.679.064
<b>Total</b>				<b>72.101.461</b>

**NOTE 5 – FINANCIAL BORROWINGS**

<b>Short-term and Long-term borrowings</b>	<b>December 31,</b>	
	<b>March 31, 2020</b>	<b>2019</b>
Payable within 1 year	1.491.139.980	1.521.847.115
Payable within 1 – 5 years	112.715.713	117.472.564
<b>Total</b>	<b>1.603.855.693</b>	<b>1.639.319.679</b>

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

## GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2020

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

### NOTE 5 – FINANCIAL BORROWINGS (Cont’d)

As of March 31, 2020 and December 31, 2019, details of short-term and long-term borrowings are as follows:

<b>Short-term borrowings</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Short-term borrowings	1.376.779.411	1.458.191.882
Lease certificates (*)	85.000.000	--
Short-term parts of long-term borrowings	22.281.096	55.885.641
Rental obligations	7.079.473	7.769.592
<b>Total</b>	<b>1.491.139.980</b>	<b>1.521.847.115</b>

(\*) In accordance with the Board Decision dated July 30, 2019, in accordance with the authorization granted by the CMB's relevant legislation and 15<sup>th</sup> Article of the Company's Articles of Association; with the approval of the CMB dated January 2, 2020, it was decided to sign a contract between the Group and Halk Varlık Kiralama A.Ş., where the Group will be "Fund User / Originator Company", and to issue lease certificates up to TL 500.000.000 to sell dedicated or qualified investors. Accordingly, on March 24, 2020, lease certificates amounting to TL 85,000,000 was issued to the qualified investor. The maturity date of the lease certificate with ISIN code of TRDHVKA62050 is June 26, 2020, and the basic dividend rate is 10.25% per year.

#### 5.1 Short-term Borrowings and Short-term Portion of Long-term Borrowings

The details of short-term borrowings and short-term parts of long-term borrowings as of March 31, 2020 and December 31, 2019 are as follows:

##### March 31, 2020

<b>Currency</b>	<b>Average effective annual interest rate (%)</b>	<b>Original amount</b>	<b>Amount in TL</b>
<b>Bank loans</b>			
TL	10,53	1.295.058.262	1.295.058.262
<b>Other Financial Borrowings</b>			
Mil. IRR (*)	18,00	2.134.951	104.002.255
<b>Total</b>			<b>1.399.060.507</b>

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## GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2020

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

### NOTE 5 – FINANCIAL BORROWINGS (Cont’d)

#### 5.1 Short-term Borrowings and Short-term Portion of Long-term Borrowings (Cont’d)

December 31, 2019

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
<b>Bank loans</b>			
EUR	3,40	5.455.324	36.311.669
USD	3,43	10.000.000	59.402.000
TL	14,30	1.306.554.075	1.306.554.075
<b>Other Financial Borrowings</b>			
Mil. IRR (*)	18,00	2.227.029	111.809.779
<b>Total</b>			<b>1.514.077.523</b>

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

#### 5.2 Finance Lease Liabilities

March 31, 2020	Average effective annual interest rate (%)	Original Amount	Amount in TL
Currency			
TL	12	7.079.473	7.079.473
<b>Total</b>			<b>7.079.473</b>

  

December 31, 2019	Average effective annual interest rate (%)	Original Amount	Amount in TL
Currency			
TL	12	7.769.592	7.769.592
<b>Total</b>			<b>7.769.592</b>

#### 5.3 Long-term Borrowings

	March 31, 2020	December 31, 2019
Long-term loans	98.790.325	102.185.456
Lease liabilities	13.925.388	15.287.108
<b>Total</b>	<b>112.715.713</b>	<b>117.472.564</b>

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**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**  
**Notes to the consolidated financial statements as of March 31, 2020**  
**(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

**NOTE 5 – FINANCIAL BORROWINGS (Cont’d)**

**5.3 Long-term Borrowings (Cont’d)**

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

**Bank Loans:**

<b>Currency</b>	<b>Maturity</b>	<b>Average effective annual interest rate (%)</b>	<b>Original amount</b>	<b>Amount in TL</b>
TL	2024	12,23	98.790.325	98.790.325
<b>Total</b>				<b>98.790.325</b>

As December 31, 2019 details of long-term borrowings are as follows:

**Bank Loans:**

<b>Currency</b>	<b>Maturity</b>	<b>Average effective annual interest rate (%)</b>	<b>Original amount</b>	<b>Amount in TL</b>
TL	2024	12,30	102.185.456	102.185.456
<b>Total</b>				<b>102.185.456</b>

**Finance Lease Liabilities**

<b>March 31, 2020</b>		<b>Average effective annual interest rate (%)</b>	<b>Original amount</b>	<b>Amount in TL</b>
<b>Currency</b>	<b>Maturity</b>			
TL	December 2023	12	13.925.388	13.925.388
<b>Total</b>				<b>13.925.388</b>

<b>December 31, 2019</b>		<b>Average effective annual interest rate (%)</b>	<b>Original amount</b>	<b>Amount in TL</b>
<b>Currency</b>	<b>Maturity</b>			
TL	December 2023	12	15.287.108	15.287.108
<b>Total</b>				<b>15.287.108</b>

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**  
**Notes to the consolidated financial statements as of March 31, 2020**  
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**NOTE 6 – TRADE RECEIVABLES AND PAYABLES**

**6.1 Short-term trade receivables:**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Trade receivables	528.242.490	302.628.203
Receivables from Iran Oil Ministry’s participations	45.022.703	46.161.675
Notes receivable	84.000	--
	<b>573.349.193</b>	<b>348.789.878</b>
Provision for doubtful trade receivables	(10.186.936)	(12.212.962)
<b>Total</b>	<b>563.162.257</b>	<b>336.576.916</b>

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

<b>Time after maturity</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
More than 9 months	10.186.936	12.212.962
<b>Total</b>	<b>10.186.936</b>	<b>12.212.962</b>

The movements of the doubtful trade receivables provision for the 3-month interim period ended on March 31, 2020 and March 31, 2019 are as follows:

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Balance at beginning of the period</b>	12.212.963	10.088.498
Period cost	(2.026.027)	70.048
<b>Balance at end of the period</b>	<b>10.186.936</b>	<b>10.158.546</b>

As of March 31, 2020, and December 31, 2019, the guarantees regarding the overdue receivables are as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Guarantee letters	206.213.618	222.142.247
Collateral cheques and notes	164.066.321	2.790.001
<b>Total</b>	<b>370.279.939</b>	<b>224.932.248</b>

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

## GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2020

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

#### 6.2 Short-term trade payables

	March 31, 2020	December 31, 2019
Payables to NIOC	602.539.370	602.725.593
Creditors	389.832.987	352.131.253
Other trade payables	76.695.278	31.161.663
<b>Total</b>	<b>1.069.067.635</b>	<b>986.018.509</b>

(\*) A second warning because Razi's subsidiary of Gübretaş, NIOC (National Iranian Oil Co.), owing to NIOC's assets and receivables, was seized by the Tax Office of Tehran due to tax debts on NIOC's assets and receivables up to Tehran Tax Office.

### NOTE 7 – OTHER RECEIVABLES AND PAYABLES

#### 7.1 Other short-term receivables:

	March 31, 2020	December 31, 2019
VAT receivables (Iran)	123.142.166	120.587.913
VAT receivables - Turkey	28.975.335	18.666.711
Due from personnel	4.251.417	5.698.894
Other various receivables (Tabosan) (*)	33.273.552	33.273.552
Receivables from other government agencies - Iran	17.855.720	11.661.904
Other receivables from related parties	--	10.135.215
Other various receivables (**)	101.376.642	15.624.406
<b>Total</b>	<b>308.874.832</b>	<b>215.648.595</b>

(\*) The total receivables of the Group arising from principal payments made as co-guarantor and accrued interest receivable thereon amounted to TL 33.273.552 as of report date. The Group management requested from the Bankruptcy Administration to affect the transfer of Razi shares pertaining to Tabosan Mühendislik ve İmalat ve Montaj San. A.Ş.'ye (“Tabosan”) at the rate of 1,31% corresponding to payments in the amount of EUR 5.439.402 made as co-guarantor. Since this request was not accepted by the Bankruptcy Administration, the Group applied to court whereby it was ruled by the court to issue an interim injunction on June 27, 2013 in order to avoid any savings on the shares and the distribution of 1,31% of Razi shares owned by Tabosan. The share transfer lawsuit brought to the court by the Group was dismissed and appealed by the Group. However, the court ruling was approved by the Supreme Court. The Group hence applied to the Supreme Court in order to seek a revision of the verdict. The lawsuit filed by the Group against the Bankruptcy Court to seek share transfer plea was rejected.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**  
**Notes to the consolidated financial statements as of March 31, 2020**  
**(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

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

**7.1 Other short-term receivables (Cont’d)**

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

(\*\*) The Group had sold all of its shares in Nbulkgas Deniz İşletmeciliği Ltd. Şti. to Pasco Investment Holding Co. with a share transfer agreement dated February 5, 2020, who made a bid amounting to USD 75.120.000 (including related debts) in the tender held on January 8, 2020. The receivables amounting to TL 90.508.640 of the Group arising from the sale of its subsidiary were recorded in other receivables after the sales transaction was completed.

**7.2 Other long-term receivables**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Deposits and guarantees given	48.305.417	63.115.925
Due from personnel	1.788.478	1.820.900
Other long-term receivables	13.434.000	13.732.406
<b>Total</b>	<b>63.527.895</b>	<b>78.669.231</b>

**7.3 Other short-term payables**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Dividend payables to non-controlling interests	13.594.263	46.049.817
Other payables to related parties	--	25.000.000
Other payables and liabilities	86.900.732	40.325.655
<b>Total</b>	<b>100.494.995</b>	<b>111.375.472</b>

**7.4 Other long-term payables**

None (December 31, 2019: None).



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**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

Notes to the consolidated financial statements as of March 31, 2020

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

**NOTE 8 - INVENTORIES**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Raw materials and supplies	166.930.441	200.437.149
Finished goods	177.621.262	310.773.646
Trade goods	315.630.628	642.840.114
Other inventories	87.450.301	96.091.705
	<b>747.632.632</b>	<b>1.250.142.614</b>
Provision of inventories (-)	(19.166.395)	(18.813.479)
<b>Total</b>	<b>728.466.237</b>	<b>1.231.329.135</b>

**NOTE 9 – PROPERTY, PLANT AND EQUIPMENT**

The details of depreciation and amortization expenses of the Group as of March 31, 2020 and March 31, 2019 are given below:

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

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

			<b>March 31, 2019</b>
	<b>Gübretaş</b>	<b>Razi</b>	<b>Total</b>
Depreciation expense	15.200.643	7.453.374	22.654.017
Amortization expense	297.285	--	297.285
<b>Total</b>	<b>15.497.928</b>	<b>7.453.374</b>	<b>22.951.302</b>

During the period ended March 31, 2019, depreciation and amortization expense amounting to TL 22.951.302; TL 21.792.142 is included in general production expenses, TL 346.387 in sales and marketing expenses, TL 812.773 in general administrative expenses.

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**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**  
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**NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Cont’d)**

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

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**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

Notes to the consolidated financial statements as of March 31, 2020

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

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

	Lands	Land improvements	Buildings	Machinery, equipment and installations	Vehicles	Furnitures and fixtures	Special costs	Construction in progress	Total
<b>Cost Value</b>									
Opening balance at January 1,2029	487.225.047	128.434.581	357.345.942	828.132.342	575.107.963	31.834.492	1.018.158	45.392.380	2.454.490.905
Foreign currency translation differences	(3.673.649)	--	(2.908.039)	(22.057.583)	35.955.409	(511.218)	--	(607.625)	6.197.295
Purchases	--	183.104	177.333	142.976	146.338	630.700	--	18.562.494	19.842.945
Sales / cancellation	--	--	--	--	(47.730)	(22.088)	--	--	(69.818)
Transfer from construction in progress	--	228.836	4.967	518.354	--	48.859	--	(801.016)	--
<b>Closing balance at March 31,2019</b>	<b>483.551.398</b>	<b>128.846.521</b>	<b>354.620.203</b>	<b>806.736.089</b>	<b>611.161.980</b>	<b>31.980.745</b>	<b>1.018.158</b>	<b>62.546.233</b>	<b>2.480.461.327</b>
<b>Accumulated depreciation</b>									
Opening balance at January 1,2019	--	(50.620.073)	(145.623.103)	(543.716.808)	(145.988.138)	(15.379.288)	(510.037)	--	(901.837.447)
Foreign currency translation differences	--	--	1.405.610	17.142.975	(10.442.628)	344.729	--	--	8.450.686
Period cost	--	(2.667.189)	(2.921.693)	(8.451.143)	(7.696.089)	(874.599)	(43.304)	--	(22.654.017)
Sales / cancellation	--	--	--	--	39.775	9.085	--	--	48.860
<b>Closing balance at March 31,2019</b>	<b>--</b>	<b>(53.287.262)</b>	<b>(147.139.186)</b>	<b>(535.024.976)</b>	<b>(164.087.080)</b>	<b>(15.900.073)</b>	<b>(553.341)</b>	<b>--</b>	<b>(915.991.918)</b>
<b>Net book value on March 31,2019</b>	<b>483.551.398</b>	<b>75.559.259</b>	<b>207.481.017</b>	<b>271.711.113</b>	<b>447.074.900</b>	<b>16.080.672</b>	<b>464.817</b>	<b>62.546.233</b>	<b>1.564.469.409</b>

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## GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2020

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### NOTE 10 – INTANGIBLE ASSETS

#### 10.1 Rights

	March 31, 2020	March 31, 2019
<b>Cost</b>		
Opening balance at January 1	27.348.692	25.644.968
Purchases	1.285.234	2.029.383
Foreign currency translation differences (net)	(432.786)	(451.956)
<b>Closing balance</b>	<b>28.201.140</b>	<b>27.222.395</b>
<b>Accumulated Amortization</b>		
Opening balance at January 1	(5.143.792)	(4.950.084)
Current period amortization expense	(1.140.064)	(297.285)
<b>Closing balance</b>	<b>(6.283.856)</b>	<b>(5.247.369)</b>
<b>Net Book Value</b>	<b>21.917.284</b>	<b>21.975.026</b>

#### 10.2 Goodwill:

	March 31, 2020	March 31, 2019
Opening balance at January 1	87.044.600	121.614.875
Foreign currency translation differences	(2.586.226)	(4.603.618)
<b>Closing balance</b>	<b>84.458.374</b>	<b>117.011.257</b>

### NOTE 11 – COMMITMENTS

#### 11.1 Razi’s share purchase

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

As of August 1, 2016, a portion of shares held by the Group and other consortium members were released, and from 1.368.698.169 shares pertaining to the Group, 1.225.559.793 shares were physically taken delivery.

As of the balance sheet date, all shares have been received and there is no pledge on the shares.

#### 11.2 Purchasing commitments

As of March 31, 2020, the Group has USD 106.552.271 of purchase commitment for raw materials and trade goods, planned to be imported for which purchase orders were placed and related letters of credit were opened (December 31, 2019 USD 108.076.341).

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**NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**12.1 Short-term provisions**

	<b>March 31,2020</b>	<b>December 31,2019</b>
Provisions for costs	88.591.828	80.618.320
Fertilizer tracking system expense provision (*)	32.263.583	46.454.760
Provisions for pending claims and lawsuits	4.484.079	4.663.112
Other short-term debt provisions	8.948.542	6.310.775
<b>Total</b>	<b>134.288.032</b>	<b>138.046.967</b>

(\*) Amount represents expense accruals for system usage expenses related to the Fertilizer tracking system, which was started to be implemented at the end of 2018 and continued to be used throughout 2019. Subsequent to the balance sheet date, the related amounts were invoiced by the supplier.

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

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
As of January 1,	4.663.112	1.502.750
Additional provision	(179.033)	(193.386)
<b>Closing Balance</b>	<b>4.484.079</b>	<b>1.309.364</b>

A lawsuit amounting to TL 785.193 was filed by Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi against the Group for loss of profit claims. The Group management has not made any provision for this lawsuit in the accompanying consolidated financial statements considering the opinion of the legal counsel. The Group made a provision of TL 4.484.079 (2019: TL 1.309.364) in respect of other lawsuits.

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## GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

#### 12.2 Guarantees given

As of March 31, 2020, and December 31, 2019, the tables related to the Group’s tables related to Collaterals/ pledges/ mortgages/bill of guarantees (“CPMB”) position are as follows:

	March 31, 2020			December 31, 2019		
	Currency	Currency Amount	Amount in TL	Currency	Currency Amount	Amount in TL
CPMB given by the company						
A. CPMB’s given						
	TL	121.899.706	121.899.706	TL	33.405.490	33.405.490
	USD	700.000	4.561.200	USD	10.750.000	63.857.150
B. CPMB’s given on behalf of fully consolidated companies	--	--	--	--	--	--
C. CPMB’s given on behalf of third parties for ordinary of business	--	--	--	--	--	--
D. Total amount of other CPMB’S	--	--	--	--	--	--
i. Total amount of CPMB’s given on behalf of the majority shareholder	--	--	--	--	--	--
ii. Total amount of CPMB’s given on behalf of other Group companies which are not in scope of B and C	--	--	--	--	--	--
iii. Total amount of CPMB’s given on behalf of third parties which are not in scope of C	--	--	--	--	--	--
<b>Total</b>			<b>126.460.906</b>			<b>97.262.640</b>

#### 12.3 Contingent liabilities and Assets

##### Iran Comprehensive Action Plan

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

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

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

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the consolidated financial statements as of March 31, 2020**

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**NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)**

**12.3 Contingent liabilities and Assets (Cont’d)**

**Coastal Line**

Iskenderun Fiscal Directorate (“Treasury”) brought a lawsuit in order to hypothecate on behalf of public and cancel land register of property owned by the Group having a surface area of 79.350 m<sup>2</sup> located in Hatay, Iskenderun, Sariseki in accordance with the Regulation on Implementation of Coastal Law and its provisions since the Shore Edge Line passes through the aforementioned land. The net book value of the aforementioned property is 99.415.344 TL as of balance sheet date. The Group has appealed against the case in its legal period and requested to re-preparation of expert’s report issued towards determining Shore Edge Line which constitutes a base for the aforementioned case. Additionally, the Group has brought a suit for the compensation of property right through considering that the case will result in favor of Treasury. In March of 2018, Iskenderun 3.Civil Court partially accepted the case opened by the Property Directorate and decided to cancel the title deed registration of 78.674,76 m<sup>2</sup> of the immovable property of the Company located in Hatay, İskenderun and Sariseki borders, the court ruled that the applicant had been denied the registration with the abandonment as a line and rejected the request concerning the surplus and rejected the case against the group. Within the legal period, the Group has applied for the appeal law, the group has accepted the appeal and the Gaziantep Regional Court of Justice has removed the decisions given by the Law Department of the 15th Law Department and the Group actions and returned the case to the local court for reconsideration. The Group Management has not recorded any provision in its accompanying consolidated financial statements since the legal procedures have not been finalized yet with respect to views of legal advisors.

**Razi Shares**

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

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

Even though the Group applied to the bankruptcy administration for the registration of other receivables that had not become subject to the share transfer case, the request made was rejected by the administration. This time the Group filed a lawsuit against the bankruptcy administration. The Bankruptcy Administration has accepted the Group's case for the registration of receivables and upon this declaration, the Court has decided on July 15,2017 to accept the case of the Group's registration. As of the reporting date, the Group's principal receivable arising from the payments made on surety and total interest receivable as of the reporting date is TL 33.273.552.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the consolidated financial statements as of March 31, 2020**

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**NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)**

**12.3 Contingent liabilities and Assets (Cont’d)**

**Razi Shares (Cont’d)**

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

**Use of Gas**

A lawsuit has been filed at the Ahwaz General and Revolutionary Court for claims amounting to TL 31.328.421 due to the alleged excessive use of gas. The title deed of Razi's land carried at TL 69.460.933 was placed as collateral in the related litigation matter. In view of the opinions of the legal counsel, the Group Management has not made any provision for this case in the accompanying consolidated financial statements at this stage due to the fact that the outcome of the court is uncertain.

**VAT Receivable**

Razi, the subsidiary of the Company, has value added taxes receivable amounting to TL 123.142.166 (2.607 Million IRR). Even though there is value added tax exemption over export sales in accordance with the current tax regime in Iran and the tax paid is required to be refunded in case of submitting the required documents, Razi Management's refund request was not accepted as of the date of the report. There is uncertainty regarding the timing of the recovery of this receivable recorded under short term other receivables and no provision has been made thereon in the consolidated financial statements.

**Koza Gold Case**

Mining rights of mine site located in Kızılsaray village in Söğüt / Bilecik was transferred to Koza Altın İşletmeleri A.Ş.'ye (“Koza Altın”) in accordance with the agreement dated June 2, 2007 for the fee and royalty offered in the agreement..

The related agreement was terminated unilaterally by sending the notice of termination via notary on September 7, 2015, as Koza Altın did not fulfill its obligations in the agreement and exhibited acts and transactions contrary to the agreement. Koza Altın objected to the termination reasons of the Group with the notification dated October 2, 2015 and stated that it would not fulfill the demands of the Group. On October 30, 2015, the Group requested Koza Altın to fulfill its demands in the notice of termination not to issue the subject to the jurisdiction.

As of December 29, 2015, a lawsuit was filed in the competent local court for the cancellation of the transfer of operating licenses related to the mine site and its re-registration on behalf of the Group within the General Directorate of Mining Affairs of the Ministry of Energy and Natural Resources.



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**NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)**

**12.3 Contingent liabilities and Assets (Cont’d)**

**Koza Gold Case (Cont’d)**

At the trial dated December 27, 2018, upon the acceptance of the case, it was decided to terminate the agreement issued between the parties on July 2, 2007, to evacuate Koza Altın from the mine site subjected to the lawsuit and the agreement, to transfer the mine site area to the Group, to reject the request to register the operation licenses on behalf of the group as it’s an administrative saving, where right to appeal is open. In accordance with the reasoned decision of the Regional Court of Justice on December 30, 2019; it has been decided to reject the appeal of Koza Altın, to accept the Group's appeal and to remove the first-instance court decision. The lawsuit to terminate of the lease contract and moving out the tenant filed by the Group has been accepted, and due to violation of contracts it has been decided to terminate the contract for the transfer of the right to operate the mines in the mining site dated July 2, 2007 and the additional contract for the calculation of royalty. The mining site will be delivered to the Group after evacuation of the tenant, and the license regarding the operating rights of the mines in the mine field named Koza Altın has been canceled. The license regarding the operating right of the mines in the mining area has been registered on behalf of the Group.

**NOTE 13- REVENUE AND COST OF SALES**

<b>Sales</b>	<b>January 1 – March 31, 2020</b>	<b>January 1 – March 31, 2019</b>
Domestic sales	1.701.055.991	1.243.003.520
Foreign sales	355.657.604	222.048.966
Service sales	914.174	14.696.231
Sales returns (-)	(301.795)	(1.715.356)
Sales discounts (-)	(324.971.813)	(15.530.877)
Other discounts from sales (-)	(318.520)	(2.160.410)
<b>Total</b>	<b>1.732.035.641</b>	<b>1.460.342.074</b>

<b>Cost of sales</b>	<b>January 1 – March 31, 2020</b>	<b>January 1 – March 31, 2019</b>
Cost of goods produced	518.526.803	470.453.641
Change in the finished goods	133.152.384	106.436.206
-Finished goods at the beginning of the period	310.773.646	184.741.963
-Finished goods at the end of the period	(177.621.262)	(78.305.757)
<b>Cost of finished goods sold</b>	<b>651.679.187</b>	<b>576.889.847</b>
-Trade goods at the beginning of the period	642.840.114	465.740.737
-Purchases	382.543.661	512.206.837
-Trade goods at the end of the period	(315.630.628)	(369.645.594)
<b>Cost of trade goods sold</b>	<b>709.753.147</b>	<b>608.301.980</b>
<b>Cost of other sales</b>	<b>2.907.379</b>	<b>1.715.974</b>
<b>Cost of services sold</b>	<b>97.069</b>	<b>17.231.800</b>
<b>Total</b>	<b>1.364.436.782</b>	<b>1.204.139.601</b>

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**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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**NOTE 14 - OTHER OPERATING INCOME AND EXPENSES**

**14.1 Other Operating Income**

	<b>January 1 – March 31, 2020</b>	<b>January 1 – March 31, 2019</b>
Foreign exchange gains related to trade transactions	77.030.775	54.348.525
Interest income	2.131.648	4.923.751
Other revenues	4.593.362	6.842.794
<b>Total</b>	<b>83.755.785</b>	<b>66.115.070</b>

**14.2 Other Operating Expense**

	<b>January 1 – March 31, 2020</b>	<b>January 1 – March 31, 2019</b>
Foreign exchange losses related to trade transactions	157.312.879	89.248.323
Provision expenses	1.120.146	--
Other expenses	14.892.137	13.449.833
<b>Total</b>	<b>173.325.162</b>	<b>102.698.156</b>

**NOTE 15 – EARNINGS PER SHARE**

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

The weighted average of the shares and profit per share calculations are as follows:

	<b>January 1 – March 31, 2020</b>	<b>January 1 – March 31, 2019</b>
Net period (loss) on parent's shares)	69.655.779	(5.809.134)
Weighted average number of issued ordinary shares (1 kr each)	33.400.000.000	33.400.000.000
<b>Earnings per share (kr) (*)</b>	<b>0,0021</b>	<b>(0,0002)</b>

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.

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Notes to the consolidated financial statements as of March 31, 2020

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**NOTE 16 -- RELATED PARTIES TRANSACTIONS**

**16.1 Balances due to / from related parties**

<b>Trade Receivables</b>	<b>March 31,2020</b>	<b>December 31,2019</b>
TKK	133.866.745	173.404.172
Other related parties	1.387.882	1.277.865
<b>Total</b>	<b>135.254.627</b>	<b>174.682.037</b>

The maturity in sales to TKK varies between 15 and 120 days.

<b>Trade Payables</b>	<b>March 31,2020</b>	<b>December 31,2019</b>
Tarkim	4.260	18.359
Tarnet	179.590	889.673
TKK	--	20.098
Tarım Kredi Yem	--	238.021
TK Taşımacılık	1.039.290	632.182
Bereket Sigorta	3.092.579	22.754
<b>Total</b>	<b>4.315.719</b>	<b>1.821.087</b>

<b>Other Receivables</b>	<b>March 31,2020</b>	<b>December 31,2019</b>
Tarım Kredi Holding A.Ş. (*)	--	10.135.215
<b>Total</b>	<b>--</b>	<b>10.135.215</b>

<b>Other Payables</b>	<b>March 31,2020</b>	<b>December 31,2019</b>
Tarım Kredi Yem San. ve Tic. A.Ş. (*)	--	25.000.000
<b>Total</b>	<b>--</b>	<b>25.000.000</b>

(\*) In the prior year, the Group had borrowed TL 25.000.000 from Tarım Kredi Yem San. ve Tic. A.Ş., a related party of the Group, in the line with the Group regulations, and TL 10.000.000 part of this borrowing was given to Tarım Kredi Holding A.Ş. and TL 15.000.000 part was given to Tarım Kredi Birlik Tarım Ürünleri A.Ş. in accordance with the same Group regulations. As of March 31, 2020, the all related receivables were collected, and related payables were paid.

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**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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**NOTE 16 -- RELATED PARTIES TRANSACTIONS (Cont'd)**

**16.2 Transactions with Related Parties**

	<b>January 1 – March 31, 2020</b>	<b>January 1 – March 31, 2019</b>
<b>Sales of goods and services</b>		
TKK	837.784.600	812.614.420
Tarım Kredi Birlik Tarım Ürünleri	--	7.409.415
Tarkim	46.503	102.426
Tarnet	745	6.773
<b>Total</b>	<b>837.831.848</b>	<b>820.133.034</b>
	<b>January 1 – March 31, 2020</b>	<b>January 1 – March 31, 2019</b>
<b>Purchases of goods and services</b>		
TKK	2.823.098	5.186.819
TK Taşımacılık	2.670.750	--
Tarnet	714.074	571.520
Tarım Kredi Birlik Tarım Ürünleri	8.344	16.706
<b>Total</b>	<b>6.216.266</b>	<b>5.775.045</b>
	<b>January 1 – March 31, 2020</b>	<b>January 1 – March 31, 2019</b>
<b>Interest income</b>		
Tarım Kredi Holding	70.959	--
Tarım Kredi Birlik Tarım Ürünleri	682.192	--
<b>Total</b>	<b>753.151</b>	<b>--</b>
	<b>January 1 – March 31, 2020</b>	<b>January 1 – March 31, 2019</b>
<b>Interest expense</b>		
Tarım Kredi Yem	171.062	--
<b>Total</b>	<b>171.062</b>	<b>--</b>

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**NOTE 16 -- RELATED PARTIES TRANSACTIONS (Cont'd)**

**16.3 Remuneration of board of directions and executive management**

The total benefits provided by the Group to its board of directors and executive management during the periods ended March 31, 2020 and March 31, 2019 are as follows:

	<b>March 31, 2020</b>		<b>March 31, 2019</b>	
	<b>Gübretaş</b>	<b>Razi</b>	<b>Gübretaş</b>	<b>Razi</b>
Short-term employee benefits	715.495	1.571.786	738.524	1.525.410
<b>Total</b>	<b>715.495</b>	<b>1.571.786</b>	<b>738.524</b>	<b>1.525.410</b>

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## GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2020

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### NOTE 17 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

#### Foreign currency risk

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

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

	March 31, 2020		
	TL (functional currency)	USD	EUR
1 Trade receivables	311.995.899	42.984.110	4.422.929
2 Monetary financial assets (included cash, bank accounts)	239.272.257	33.832.448	2.608.458
3 Other current assets	52.357.193	7.427.239	549.037
<b>4 Foreign current assets (1+2+3)</b>	<b>603.625.348</b>	<b>84.243.797</b>	<b>7.580.425</b>
5 Trade payables	(904.220.430)	(137.924.421)	(762.980)
6 Financial borrowings	(88.591.827)	--	(12.278.840)
7 Other short-term liabilities, net	(142.373)	(21.850)	--
<b>8 Short term liabilities in foreign currency (5+6+7)</b>	<b>(992.954.631)</b>	<b>(137.946.271)</b>	<b>(13.041.819)</b>
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
<b>11 Long term liabilities in foreign currency (9+10)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>12 Total liabilities in foreign currency (8+11)</b>	<b>(992.954.631)</b>	<b>(137.946.271)</b>	<b>(13.041.819)</b>
<b>13 Net foreign currency asset, liability position (4-12)</b>	<b>(389.329.283)</b>	<b>(53.702.474)</b>	<b>(5.461.395)</b>
<b>14 Monetary items net foreign currency asset / liability position (4-12)</b>	<b>(389.329.283)</b>	<b>(53.702.474)</b>	<b>(5.461.395)</b>
<b>15 Fair value of derivative instruments classified for hedging purposes</b>	<b>14.174.722</b>	<b>--</b>	<b>--</b>
<b>16 Amount of hedged portion of foreign currency liabilities</b>	<b>517.157.100</b>	<b>84.350.000</b>	<b>(4.500.000)</b>

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**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

Notes to the consolidated financial statements as of March 31, 2020

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

**Foreign currency risk**

Assets and liabilities denominated in foreign currency held by the Group in terms of original and Turkish Lira currency units as of December 31, 2019 are as follows:

		<b>December 31, 2019</b>	
	<b>TL (functional currency)</b>	<b>USD</b>	<b>EUR</b>
1 Trade receivables	192.177.940	32.089.094	234.911
2 Monetary financial assets (included cash, bank accounts)	58.372.049	8.088.493	1.552.459
3 Other current assets	4.236.963	505.375	185.687
<b>4 Foreign current assets (1+2+3)</b>	<b>254.786.951</b>	<b>40.682.963</b>	<b>1.973.057</b>
5 Trade payables	(756.495.509)	(127.112.820)	(213.505)
6 Financial borrowings	(207.172.465)	(10.000.000)	(22.219.118)
7 Other short-term liabilities, net	(88.733)	(14.938)	--
<b>8 Short term liabilities in foreign currency (5+6+7)</b>	<b>(963.756.707)</b>	<b>(137.127.758)</b>	<b>(22.432.623)</b>
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
<b>11 Long term liabilities in foreign currency (9+10)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>12 Total liabilities in foreign currency (8+11)</b>	<b>(963.756.707)</b>	<b>(137.127.758)</b>	<b>(22.432.623)</b>
<b>13 Net foreign currency asset, liability position (4-12)</b>	<b>(708.969.755)</b>	<b>(96.444.795)</b>	<b>(20.459.565)</b>
<b>14 Monetary items net foreign currency asset / liability position (4-12)</b>	<b>(708.969.755)</b>	<b>(96.444.795)</b>	<b>(20.459.565)</b>
<b>15 Fair value of derivative instruments classified for hedging purposes</b>	<b>9.462.872</b>	<b>--</b>	<b>--</b>
<b>16 Amount of hedged portion of foreign currency liabilities</b>	<b>389.706.821</b>	<b>65.605.000</b>	<b>--</b>

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

**Foreign currency risk (Cont'd)**

As of March 31, 2020, and March 31, 2019, if related currencies had appreciated/depreciated by 10% against Turkish Lira with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange losses on the translation of foreign exchange position is as follows:

	<b>March 31,2020</b>	
	<b>Profit/(loss)</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD by %10 against TL</b>		
1- Assets/liability denominated in USD – net	(34.992.532)	34.992.532
2- The part hedged for USD risk (-)	54.962.460	(54.962.460)
3- The impact of TL net profit for the period	19.969.928	(19.969.928)
<b>Change of EUR by %10 against TL</b>		
1- Assets/liability denominated in EUR - net	(3.940.396)	3.940.396
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	(3.940.396)	3.940.396
	<b>March 31,2019</b>	
	<b>Profit/(loss)</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD by %10 against TL</b>		
1- Assets/liability denominated in USD – net	(25.655.786)	25.655.786
2- The part hedged for USD risk (-)	428.094	(428.094)
3- The impact of TL net profit for the period	(25.227.692)	25.227.692
<b>Change of EUR by %10 against TL</b>		
1- Assets/liability denominated in EUR - net	(6.643.354)	6.643.354
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	(6.643.354)	6.643.354



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**NOTE 19- SUBSEQUENTS EVENTS**

As of the report date, due to the COVID-19 outbreak, a “Pandemic” has been declared by the World Health Organization. The aforementioned situation is expected to cause unfavorable results in the economy all over the globe as well as Turkey. Efforts are carried out through control-protection measures and significant support is being given primarily by government authorities to minimize losses. Although the current situation is expected to cause a severe economic contraction, the impact on the operations and going concern of the entities remain uncertain.

According to the Special Circumstances Disclosure dated May 6, 2020, the Administration was authorized to negotiate and make offer and fulfill all financial and legal to sign agreements subject to approval of the Board related with the purchase of the properties and construction in progress of Koza Altın İşletmeleri A.Ş. in the related mining area.

Using this authorization and as a result of the negotiations, both sides had reached an agreement amounting to TL 33.040.000 including VAT for the purchase and transfer of the rights of data, analysis, reports and agreements made with third parties related with the mining area in Söğüt.