

GÜBRE FABRİKALARI T.A.Ş.

BALANCE SHEET (YTL)
(XI-29 CONSOLIDATED)

Independently
Audited/ Audited/

	Footnote References	30.09.2008	31.12.2007
ASSETS			
Currents Assets		891,222,008	264,930,068
Cash and cash Equivalents	6	46,844,293	116,277,945
Financial Investments	7	254,465	
Trade Receivables	10	458,676,760	61,876,645
Receivables due from Activities in the Finance Sector	12	0	0
Other Receivables	11	39,569,974	345,128
Stocks	13	301,027,867	74,720,449
Live Assets	14	0	0
Other Current Assets	26	44,848,649	11,709,901
(Sub-Total)		891,222,008	264,930,068
Assets Held For Purposes of Selling	34	0	0
Fixed Assets		1,079,344,941	133,652,210
Commercial receivables	10	0	0
Receivables due from Activities in the Finance Sector	12	0	0
Other Receivables	11	14,423	8,456
Financial Investments	7	2,190,577	2,190,576
Investments Appreciating Through management of Equity capital	16	382,177	0
Live Assets	14	0	0
Real Estate Held for Investment Purposes	17	40,510,391	40,510,391
Tangible Fixed Assets	18	775,351,832	86,288,241
Intangible Fixed Assets	19	3,913	7,371
Goodwill	20	224,501,054	0
Deferred Tax Asset	35	30,950,960	4,647,175
Other Fixed Assets	26	5,439,614	0
TOTAL ASSETS		1,970,566,949	398,582,278
LIABILITIES			
Short term Liabilities		651,338,353	193,779,938
Financial Debt	8	186,549,089	19,380,168
Other Financial Liabilities	9	3,730	0
Trade Payables	10	354,494,549	163,785,598
Other Payables	11	51,241,447	1,559,794
Payables due to Activities in the Finance Sector	12	0	0
State Incentives and Aid	21	0	0
Profit Tax Obligation	35	6,709,964	4,018,993
Provision for Borrowings	22	31,572,873	1,029,857
Other Short Term Liabilities	26	20,766,701	4,005,528
(Sub-Total)		651,338,353	193,779,938
Obligations Pertaining to Assets Held For Purposes of Selling	34	0	0
Long Term Liabilities		625,114,432	14,152,976
Financial Debt	8	270,014,912	2,920,243
Other Financial Liabilities	9	0	0
Trade Payables	10	281,808,244	0
Other Payables	11	0	0
Payables due to Activities in the Finance Sector	12	0	0
State Incentives and Aid	21	0	0
Provision for Borrowings	22	0	0
Provisions for Employee Benefits (or Provision For Severance Pay)	24	68,567,917	6,509,374
Deferred Tax Liability	35	4,723,359	4,723,359
Other Long Term Liabilities	26	0	0
EQUITY CAPITAL	27	694,114,164	190,649,364
Equity capital Belonging to the Main Partnership		360,090,645	190,649,364
Paid up Capital		22,498,573	22,498,573
Capital Adjustment Differences		18,566,650	18,566,650
Mutual Participation Capital Adjustment (-)			
Share Issue Premiums			0
Value Appreciation Funds		89,807,364	89,807,364
Foreign Currency Conversion Differences		(20,730,000)	0
Restricted Reserves From Profit		6,330,257	3,388,778
Previous Years' Profits/ Losses		41,875,473	17,107,289
Net Period Profit/ Loss		201,742,328	39,280,710
Minority Shares		334,023,519	0
TOTAL LIABILITIES		1,970,566,949	398,582,278

GÜBRE FABRİKALARI T.A.Ş.
INCOME STATEMENT (YTL)
(XI-29 CONSOLIDATED)

GUBRF

	Dipnot Referansı	Independently			Audited/ 01.07.2007- 30.09.2007
		Audited/ 01.01.2008- 30.09.2008	Audited/ 01.07.2008- 30.09.2008	Audited/ 01.01.2007- 30.09.2007	
OPERATING ACTIVITIES					
Sales Income	28	1,088,368,207	462,349,971	396,621,167	128,941,155
Cost of Sales (-)	28	(667,662,309)	(274,647,903)	(347,921,402)	(115,643,709)
Gross Profit from Commercial Operations (Loss)		420,705,898	187,702,068	48,699,765	13,297,446
Interest, Wages, Premium, Commissions and other Income		0	0	0	0
Interest, Wages, Premium, Commissions and other expenses (-)		0	0	0	0
Gross Profit from Activities in the Finance sector (loss)		0	0	0	0
GROSS PROFIT/ LOSS		420,705,898	187,702,068	48,699,765	13,297,446
Marketing, sales and Distribution expenses (-)	29	(36,458,723)	(12,949,196)	(21,144,580)	(6,776,186)
General Administrative Expenses (-)	29	(17,592,857)	(4,760,461)	(7,849,518)	(2,335,785)
Research and Development Expenses (-)	29	0	0	0	0
Other Operating Income	31	8,566,303	3,993,779	3,640,866	1,677,585
Other Operating Expenses (-)	31	(3,401,247)	(2,719,576)	(1,745,657)	(621,652)
OPERATING PROFIT/ LOSS		371,819,374	171,266,613	21,600,876	5,241,407
Profit/Loss Share in Investments Appreciating Through management of Equity capital	16	(17,823)	(17,823)	0	0
(Other than the main activity) Financial Income	32	48,437,531	5,199,544	19,616,790	13,436,687
(Other than the main activity) Financial Expenses (-)	33	(57,356,738)	(10,515,772)	(13,174,132)	(7,213,577)
BEFORE TAX PROFIT/LOSS FROM OPERATING ACTIVITIES		362,882,344	165,932,562	28,043,534	11,464,518
Tax Income/Expense from Operating Activities		(11,969,570)	(740,279)	(5,630,944)	(2,272,256)
- Period Tax Income/Expense	35	(16,428,566)	(6,709,964)	(5,444,474)	(2,424,098)
- Deferred Tax Income/Expense	35	4,458,996	5,969,685	(186,470)	151,842
PERIOD PROFIT/LOSS FROM OPERATING ACTIVITIES		350,912,774	165,192,283	22,412,590	9,192,262
DISCONTINUED OPERATIONS		0	0	0	0
After Tax Period Profit/Loss – Discontinued Operations	34	0	0	0	0
PERIOD PROFIT/LOSS		350,912,774	165,192,283	22,412,590	9,192,262
Distribution of Period Profit/ Loss		0	0	0	0
Minority Shares		149,170,446	0	0	0
Main Partnership Share		201,742,328	165,192,283	22,412,590	9,192,262
Earnings Per Share	36	0	0	0	0
Diluted Earnings Per Share	36	0	0	0	0
Earnings Per Share from operating activities	36	0	0	0	0
Diluted Earnings Per Share from operating activities	36	0	0	0	0

GÜBRE FABRİKALARI T.A.Ş.

**TABLE FOR EQUITY CAPITAL CHANGES
(XI-29 CONSOLIDATED)**

GÜBRE FABRİKALARI T.A.Ş.

CONSOLIDATED EQUITY CAPITAL CHANGES TABLE AS OF 30 SEPTEMBER 2008 and 30 SEPTEMBER 2007

(Unless otherwise stated the amounts are indicated in New Turkish Liras "YTL".)

	Capital	Revaluation Fund	Equity Capital Inflation Adjustment Differences	Foreign Currency Conversion Differences	Legal Reserves	Status Reserves	Participation stocks and immovable sales revenues added to the capital	Net Period Profit (or Loss)	Previous Years' Profit (+)/ Loss (-)	Minority Shares	Total
PREVIOUS PERIOD											
Balance as of 31.12.2006	22,498,573	63,599	18,602,298	0	998,899	-	684,960	9,121,565	14,920,540		66,890,434
Changes in the Accounting Policy			(35,648)		662,106				(626,458)		-
New Balance as of 31.12.2006	22,498,573	63,599	18,566,650	0	1,661,005	0	684,960	9,121,565	14,294,082	0	66,890,434
Capital Increase									0		-
Cash											-
From Internal Sources											-
Shares Purchased by the Enterprise Itself											-
Gains and Losses not included in the Income Statement											-
Revaluation Fund		89,743,768									89,743,768
Foreign Currency Conversion Differences											-
Other Gains and Losses											-
Inflation Adjustment Differences											-
Gains from sale of Aff., Shares and Sec. Added to the Capital											-
Period Net Profit (or Loss)								22,412,590			22,412,590
Dividends								(5,265,544)			(5,265,544)
Transferred to Reserves					1,042,814			(3,856,021)	2,813,207		-
Set off to the Losses from Previous Years											-
Balance as of 30.09.2007	22,498,573	89,807,367	18,566,650	0	2,703,818	0	684,960	22,412,590	17,107,290	0	173,781,248
CURRENT PERIOD											
Balance as of 31.12.2007	22,498,573	89,807,364	18,602,298	-	2,041,713	-	684,960	39,203,020	17,733,747		190,571,675
Changes in the Accounting Policy			(35,648)		662,106			77,690	(626,458)		77,690
New Balance as of 31.12.2007	22,498,573	89,807,364	18,566,650	-	2,703,819	-	684,960	39,280,710	17,107,289	-	190,649,365
Capital Increase											-
Cash											-
From Internal Sources											-
Shares Purchased by the Enterprise Itself											-
Gains and Losses not included in the Income Statement											-
Revaluation Fund											-
Foreign Currency Conversion Differences				(20,730,000)							(20,730,000)
Other Gains and Losses											-
Inflation Adjustment Differences											-
Gains from sale of Aff., Shares and Sec. Added to the Capital											-
Period Net Profit (or Loss)								201,742,328			201,742,328
Dividends								-11,571,048			(11,571,048)
Transferred to Reserves					2,941,479			-27,709,662	24,768,183		-
Set off to the Losses from Previous Years											-
Minority Shares										334,023,519	334,023,519
Balance as of 30.09.2008	22,498,573	89,807,364	18,566,650	(20,730,000)	5,645,298	-	684,960	201,742,328	41,875,473	334,023,519	694,114,164

GÜBRE FABRİKALARI T.A.Ş.

CASH FLOW TABLE

(XI-29 CONSOLIDATED)

GÜBRE FABRİKALARI T.A.Ş.

CONSOLIDATED CASH FLOW TABLE AS OF 30 SEPTEMBER 2008 and 30 SEPTEMBER 2007

(Unless otherwise stated the amounts are indicated in New Turkish Liras "YTL".)

	Current Period		Previous Period	
	9/30/2008		9/30/2007	
A. CASH FLOW ORIGINATING FROM MAIN ACTIVITIES		272,733,215		-22,750,004
Net Period Profit (+)		350,912,774		22,412,590
Adjustments		39,289,845		-787,679
Depreciation/Amortization Expense	29,781,073		1,402,798	
Provision for severance Pay/Cancellation	1,419,418		-295,817	
Provision for Vacation All./Seniority Incentive/Cancellation	-353,135		849,128	
Provision for other liabilities and expenses / Cancellation	-228,742		-1,383,995	
Provision for Doubtful receivables / Cancellation	-486,724		-27,679	
Provision for Stock Value Depreciation / Cancellation	0		0	
Provision for Fixed asset Value depreciation / Cancellation	0		0	
Conversion Difference Originating from Income Statement	-10,958,496			
Other Provisions and Deductions that are no longer Outstanding	-232,374		-548,878	
Affiliate Income/Expense Appreciated by Equity Capital method	17,823		0	
Tax Expense /Income	11,969,570		5,630,944	
Interest Expense /Income	27,125,950		-67,866	
Rate Difference Expense /Income	-19,931,046		-5,534,910	
Deferred Financing Expense /Income	1,177,035		-811,404	
Securities (Shares) Sales Profit/loss	0		0	
Tangible Fixed Asset Sales Profit/Loss	-10,508		0	
Cash Flow Before Changes in Operating Capital		390,202,618		21,624,911
Changes in Assets and Liabilities		-75,267,732		-38,002,103
Increases/Decreases in Trade Receivables	-366,298,162		-25,868,439	
Increases/Decreases in Other Receivables	2,462,108		-17,191	
Increases/Decreases in Stocks	-169,825,011		-42,168,703	
Increases/Decreases in Other Current/Fixed Assets	-32,653,496		-5,100,910	
Increases/Decreases in Trade Payables	470,829,506		28,473,937	
Increases/Decreases in Other Payables	-10,012,625		21,744	
Increases/Decreases in Provision for Borrowings	17,715,217		2,220,444	
Increases/Decreases in Other Short and Long Term Liabilities	12,514,731		4,437,015	
Cash Flows related to the main Operating Activities		314,934,886		-16,377,192
Payments of Interest and Rate Differential		-32,483,069		-3,352,436
Tax Payments		-9,718,602		-3,020,376
Net Cash Flow originating from main Operating Activities (used)		272,733,215		-22,750,004
B. CASH FLOW ORIGINATING FROM INVESTMENT ACTIVITIES		-483,079,377		-1,592,670
Net Cash flow Originating from Investment Activities (Used)		-483,079,377		-1,592,670
Purchases of Tangible/Intangible Fixed Assets	-83,042,177		-6,272,592	
Cash inflow due to the sale of Tangible/Intangible Fixed Assets	133,101			
Purchases Related to the Financial Investments	-415,275,202			
Sales Related to the Financial Investments	0.00			
Interest Collected	15,104,901		4,679,922	
Dividend Collected	0		0	
C. CASH FLOW ORIGINATING FROM FINANCING ACTIVITIES		140,591,534		19,484,456
Net Cash (used) Originating from Financing Activities		140,591,534		19,484,456
Cash Inflow Related to the Financial Liabilities	276,618,301		24,750,000	
Principal payments Related to the Financial Liabilities	-21,759,668		0	
Increases/Decreases in Other Short and Long Term Financial Liabilities	-102,696,051		0	
Dividends Paid (-)	-11,571,048		-5,265,544	
D. INCREASES/DECREASES IN CASH AND CASH EQUIVALENTS		-69,754,627		-4,858,218
Cash and Cash Equivalents at the Beginning of the Period		116,530,026		20,482,829
Cash and Cash Equivalents at the End of the Period		46,775,399		15,624,611

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

FOOTNOTE 1- ORGANIZATION OF THE COMPANY AND ITS FIELD OF ACTIVITY

Gübre Fabrikalari T.A.Ş. (Gübretaş) was established in the year 1953, and the field of activity of the company is chemical fertilizer production and sales.

The company conducts a significant part of its business with Turkish Agricultural Credit Cooperatives Central Association. The legally registered headquarters of the company is in Istanbul and information with regard to the other places of production and offices is as follows.

Unit	Operational Status
Yarımca Facilities	Production / Port Operations / Warehousing
Manisa Facilities	Production of Agricultural Pesticides
İskenderun Facilities	Port / Warehousing (Leased)
İzmir Regional Directorate of Sales	Sales-Marketing / Liquid-Powder Fertilizer Production / Warehousing
Samsun Regional Directorate of Sales	Sales-Marketing / Warehousing
İskenderun Regional Directorate of Sales	Sales-Marketing / Warehousing
Tekirdağ Regional Directorate of Sales	Sales-Marketing / Warehousing
Ankara Regional Directorate of Sales	Sales - Marketing
Diyarbakır Regional Directorate of Sales	Sales - Marketing

On the basis of 26.10.2007 dated and 9484 numbered resolution of the Board of Directors of the Company, the land, factory and movable property registered in the name of Kimyagerler Ziraat İlaçları A.Ş. and partners, in the city of Manisa were capitalized by way of acquisition. The company is planning to carry out production of agricultural pharmaceuticals in these production facilities.

As of September 30th 2008, the company has 399 (December 31st 2007 435) employees.

25% of the shares of the company that is publicly held are traded at Istanbul Stock Exchange (ISE) and as such they are registered at the Capital Markets Board (CMB).

The shareholders with shares of 10% or more in the capital of the company are listed below.

Name	30 September 2008		31 December 2007	
	Share rate	Share amount	Share rate	Share amount
Agriculture Credit Coop. Central Assc. Of Turkey	80.85%	18,190,160	83.85%	18,865,626
Other	19.15%	4,308,413	16.15%	3,632,947
TOTAL	100.00%	22,498,573	100.00%	22,498,573

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Subsidiaries and Affiliates

On 24.05.2008, Gübretaş participated in Razi Petrochemical Co (Razi) that is involved in the production and sales of chemical fertilizer raw materials in Iran. The capital of Razi is 388,360,826 YTL and the shareholding in this company is 47.81%. Due to the fact that 5 out of 9 members of the Board of Directors of Razi belong to the Company, the Company controls over 50% of Razi and as such Razi has become a subsidiary.

On 30.06.2008, the Company participated in "Negmar Denizcilik Yatirim A.Ş that is involved in maritime transport. The capital of Negmar is 4,000,000 YTL and the shareholding in this company is 40%. Due to the fact that the proportion of shareholding is less than 50% and less than half of the members of the Board of Directors belong to the company, Negmar has become an affiliate.

FOOTNOTE 2- PRINCIPLES PERTAINING TO THE PRESENTATION OF THE FINANCIAL STATEMENTS

A. Principles Pertaining to Presentation

The Company maintains its legal records according to the accounting principles determined in the Turkish Code of Commerce and Tax Legislation. The financial statements presented in attachment have been prepared to reflect the actual situation as per Serial: XI, No: 29 numbered Communiqué and as such they include some adjustments and classifications including the changes in the purchasing power of New Turkish Liras. Capital Markets Board, in its 17.03.2005 dated decision stated that as of 01.01.2005, it will no longer be required for companies that are active in Turkey and preparing financial statements in accordance with accounting standards of CMB, to apply inflation accounting.

Capital Markets Board ("CMB") with its Serial: XI, No: 29 numbered and "Principles Pertaining to Financial Reporting in Capital Markets" titled Communiqué has determined principles, methods and procedures pertaining to the preparation of financial reports as well as their submitting to the related authorities. This communiqué has become effective with the first intermediate statements ending after date of January 1st 2008. On the basis of this communiqué, the enterprises implement International Accounting / Financial Reporting Standards ("ICS/IFRS") and they state that their financial statements have been prepared in accordance with ICS/IFRS in the footnotes to the concerned reports. Within this scope, the Turkish Accounting / Financial Reporting Standards ("TAS/TFRS") that are not against the said standards and published by Turkish Accounting Standards Institute ("TASI") are taken as the basis.

Therefore, the financial statements provided in attachment, have been prepared in accordance with Serial: XI, No: 29 numbered Communiqué of CMB and the financial tables and footnotes are presented in compliance with the format that is made mandatory on the basis of 14 April 2008 dated notice of CMB. Within this scope some classifications have been made in the financial statements of the previous period.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Although there are some seasonal shifts on the basis of years, in the sector for fertilizers, the months of February-March-April, September-October-November are the months that fertilizers are used heavily. The effects of seasonal sales are tried to be overcome by spreading them all through the year through early shipments.

B Comparative Information and Correcting of Financial Statements Dated to the Previous Period

The Financial Statements of the company are being prepared in comparison with the previous period.

The Balance sheet of the company has been prepared comparatively as of January 1st 2008 - September 30th 2008 and January 1st 2007 - 31 December 2007; and the Income statement has been prepared as of January 1st 2008 - September 30th 2008 / July 1st 2008 - September 30th 2008 and January 1st 2007 - September 30th 2007 / 1 July 2007 - 30 September 2007, while Equity Capital Changes and Cash Flow Table has been prepared as of January 1st - September 30th 2008 and January 1st - June 30th 2007.

Due to the reason that Razi is an affiliate, the financial statements of the company dated September 30th 2008 were prepared by taking the financial statements prepared as of September 20th 2008 on the basis of legislation in Iran into consideration.

C Conversion of financial statements of Subsidiaries operating in overseas countries

The financial statements of Razi that operates in Iran as a subsidiary, have been prepared in accordance with the applicable legislation in Iran and as such the information on these consolidated financial statements of the company were reflected after the necessary adjustments and classifications are made on the basis of applicable accounting policies were made. The assets and liabilities of Razi were converted at the foreign exchange rate that was valid as of the Balance Sheet date while the income and expense items were converted into New Turkish Liras by using an average rate of foreign exchange. The re-conversion of the net assets at the beginning of the period, and the rate differences encountered due to the utilization of an average rate, are being followed up through foreign currency conversion differences account classified in equity capital accounts group.

As Euro is the basis currency with regard to the money transfers initiated in Iran, in converting Riyal into YTL, first of all Riyal is converted into Euro and then into YTL. For this reason in converting the Financial Statements of Razi into YTL, EURO/Riyal and YTL/EURO rates were used.

D Principles of Consolidation

1-The consolidated financial tables include financial statements of the company that constitutes the main partnership and Razi that is the subsidiary, as prepared on the basis of the principles stated below. The financial statements of the companies that

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

are included within the scope of consolidation have been prepared in accordance with Financial Reporting Standards of CMB as of the date of the consolidated financial tables and by observing the accounting principles and applications. The operating results of subsidiaries were either included or excluded in compliance with concerned acquisition or disposal transaction as of the effective date of the subject matter transaction.

The subsidiaries express the companies of which the Company has the power and authority to control the operating policies to serve its interests a) either directly and/or indirectly and by controlling more than 50% of the voting rights related to the shares as a result of the shares owned, or b) by exercising its authority to actually effect the operating policies of the subsidiary although it is not authorized to use more than 50% of the voting rights.

The balance sheets and Income and Expense Statements belonging to Razi, have been consolidated on the basis of full consolidation and the registered value of the shares owned by Gübre Fabrikalari T.A.Ş. has been deducted from equity capital of Razi. The transactions and balances between the two companies have been mutually written off.

In spite of the fact that Gübre Fabrikalari T.A.Ş was participated in Razi at a rate of 47.81%, five of the nine board members of Razi belong to Gübretaş and thus Razi is under control of Gübretaş.

In compliance with the difference in calendar and legislation in Iran, the yearend financial statements of Razi were prepared as of 31.12.2007 instead of 19.03.2008. In the circumstances, the first six month's financial statements are prepared as of 20.09.2008 by Razi.

Due to this difference in calendars between Turkey and Iran, while the preparation of the consolidated financial statements, 6-monthly financial statements of Razi, which correspond to the period between 19.03.2008-20.09.2008, were taken into consideration as of 30.09.2008 when the 9-monthly financial statements of Gübretaş A.Ş. were prepared.

2- The financial assets that are ready for sale and that direct and indirect total share of Gübretaş A.Ş. is less than 20% or even if it is more than 20 % it doesn't have any significant influence or do not present any significance in terms of consolidated financial statements and that are not traded in regulated markets and fair values of which cannot be reliably determined are reflected to the consolidated financial statements with their cost values after provisions for loss of value are deducted.

Negmar in which the Company has 40% shareholding, has been shown in the consolidated financial statements with its cost valued by equity method.

The subsidiaries are included in the consolidation from the date that the control passes to the Company and as such they are excluded from the scope of the consolidation as of the date that control over the subsidiary ceases to exist.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

In the net assets of the subsidiaries as well as in their operating results, the shares of the minority shareholders are shown as consolidated equity of participations in the consolidated financial statements.

E-Netting– Set-off

Assets and liabilities and income and expenses are not set-off unless such is permitted under a standard and as such they are shown separately in the financial statements. However, if the presentation in the financial tables reflects the core of the transaction or the case, then the related income and expenses related with the transaction can be presented after they are set-off.

F- Functional and Reporting Currency Unit

The functional and reporting currency unit of the company has been accepted as New Turkish Lira (YTL).

On the basis of 17 march, 2005 dated and 11/367 numbered decision of CMB, due to the reason that the objective conditions that require the implementation of process of restating the costs in the financial statements are not materialized and that CMB foresees with regard to existing data that the signs of materialization of these conditions in future are substantially disappeared, the financial statements were subjected to restating pursuant to UMS 29 (Financial Reporting in High Inflation Economies) as of December 31st 2004 for the last time. Therefore, non monetary assets and liabilities that take place in the balance sheet dated December 31st 2006 and equity items including capital were calculated by means of that the entries until December 31st 2004 were indexed until December 31st 2004 and the entries after this date were transferred at their nominal values.

G Changes in Accounting Policies

1. Adjustments

	Rearranged according to XI-25 Communiqué	Rearranged according to XI-29 Communiqué
Total Assets as of 31 December 2007	398.523.325	398.582.278
Total Equity as of 31 December 2007	190.571.676	190.649.364
Total Net profits as of 30 June 2007	13.293.356	13.220.329
Total Net profits as of 31 December 2007	39.203.020	39.280.710

Except the ones mentioned below the company has implemented its accounting policies consistent with the previous year.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

2. Classifications

Within the scope of Communiqué XI, No: 29 of CMB, to be consistent with 30 September 2008 dated financial statements, some adjustments were made in the Balance Sheet as of 31 December 2007, in line with the Communiqué.

The classification differences of assets 45.914.903 YTL, Liabilities 14.689.047 YTL and Equity Capital 118.730.791 YTL in total in the balance sheet were realized. These classification differences do not have any effect on the Income Statement.

H Applied Valuation Principles / Accounting Policies

The significant accounting principles adopted in the preparation of the financial statements provided in attachment are as follows:

Revenue

Revenue is measured at sales values that are compliant with the actual numbers by taking into consideration the commercial discounts and discounts in the amount. If the value is in cash or cash equivalent then the revenue is also as cash or cash equivalent received or will be received. However, in cases where the receipt of cash or cash equivalents are postponed; the fair value of the sales proceed is determined by discounting of all the future collections at a reference interest rate. For the reference rate, either the rate quoted in the contract is used or the interest rate that is applicable for similar financial instruments. The difference between the nominal amount of the sales value and its fair value is accounted for as interest income.

Sale of Goods

This is reflected to the records if the enterprise transfers the important risks and income associated with the ownership of the goods to the buyer, and the amount of revenue can be reliably measured, and it is possible for the economic benefits pertaining to the transaction to be realized by the enterprise or for the undertaken costs to be reliably measured.

Revenue is measured at received or receivable values that are compliant with the actual numbers by taking into consideration the commercial discounts and discounts in the amount.

In case there is any uncertainty involved in the collection of the revenue amount, the amount for which there is no possibility of collection or that cannot be collected is posted as an expense to the financial statements.

Service Sales

In cases where a transaction pertaining to the provision of a service can be reliably predicted, the revenue with regard to the transaction is reflected to the financial statements by taking into consideration the level of completion as of the date of the balance sheet.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

In cases where the result of a transaction pertaining to the provision of a service cannot be reliably predicted, the revenue can only be reflected to the financial statements at the rate of recovery of the costs posted to the financial statements.

Interest and Dividends

Interest and dividends, in case that the amount of revenue can be reliably measured, and it is possible for the economic benefits pertaining to the transaction to be realized by the enterprise;

- **Interest;** The accounting for interest will be on the basis of effective interest method, the accrual of interest will be split into two periods being before and after acquisition and only after acquisition part will be reflected as revenue to the financial statements.

- **Dividends;** It is reflected to the financial statements when the right of shareholders to collect is realized.

Stocks

Stocks are valued at the lower of the cost or the net realizable value.

Net realizable value, is the amount that is forecasted by deducting the additional costs that may be realized until the actual sale, from the forecasted sale value.

The cost of stocks; includes all the purchasing costs, conversion costs and all the other costs incurred to bring the stocks to their present state and condition.

Borrowing costs are not allocated to the stocks.

In case the costs are higher than the amount that may be realized as a result of utilization or sale then the stock value is reduced to its net realizable value by making a provision for Inventory Value depreciation.

In terms of costing system, phase costing system is used. In stocks first in first out method is used for raw materials, finished products and commodities while for supplementary and spare materials monthly moving average costing method is applied (Footnote 13).

Assets Held for Purposes of Disposal and Operations Suspended

There are no Assets Held for Purposes of Disposal or Operations Suspended. (Footnote: 34)

Real Estate maintained for Investment Purposes

The real estate that is held for investment purposes excluding the property that is used in the production or supply of goods or services or the real estate that is maintained to be used for administrative purposes or to be sold within the normal flow

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

of work and this group of immovable property includes real estate that is held for purposes of obtaining lease income or to obtain an income from value appreciation or both.

At the beginning, the real estate obtained for investment purposes is measured at cost. As per the standard, the company can either choose to use the fair value valuation method or cost method as the accounting method, however, the method chosen must be applied to all the items of real estate obtained for investment purposes. Within the framework of this principle, the company had the fair value of its real estate obtained for investment purposes appraised as of 30.04.2007 through an authorized independent appraisal expert, and reflected values determined as such to the financial statements.

The real estate that was being used by its owner, was subjected to amortization until the day it is converted into real estate held for investment purposes reported at fair value, and from that day onwards amortization has not been calculated.

The gain or loss originating from the change in the fair value of the real estate held for investment purposes is included in either profit or loss in the period that it is realized.

In determining the fair value of the real estate held for investment purposes, the fair value of the machinery and equipment contained in the factory on lease are also included. For this reason, the subject matter assets are shown separately in the account for real estate held for investment purposes.

The real estate held for investment purposes is inspected for possible value losses and if in conclusion to this inspection, it is understood that the registered value of the real estate held for investment purposes is more than its recoverable value, then the registered value of the real estate is decreased to its recoverable value by making a provision. The recoverable value of the real estate held for investment purposes is the higher of either the fair value after the deduction of sales related expenses or the utilization value. (Footnote: 17)

Tangible Fixed Assets

These are physical items that are used in the production or supply of goods or services or to be lease to others or used for administrative purposes and they are predicted to be used longer than one period.

The cost of a tangible fixed asset item is reflected to the financial statements if the cost of the concerned item can be reliably measured, and it is possible for the economic benefits pertaining to the asset to be realized by the enterprise in the future. Otherwise it is recorded as an expense item.

The fixed asset item is measured at its cost when it is first accounted for. In the cost of the item the following are also included, after the price decreases and discounts are deducted from the purchase price; import taxes and non-refundable purchasing tax, any and all the costs that will render the item suitable for the purpose of

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

utilization as well as the forecasted costs pertaining to the dismantling of the asset, its transportation and the restoration of the area that it will be placed in.

The Company has chosen to apply Cost Method of accounting for its assets other than the buildings and land. Within this framework, the subject matter assets are reflected in the financial statements at values derived by deducting accumulated amortization and if any, the accumulated value depreciation provisions from their costs.

On the other hand for buildings and land, revaluation method has been adopted for accounting purposes. According to this method, the revalued amount is calculated by deducting accumulated amortization and the accumulated value depreciation provisions from the fair value of the asset as of the revaluation date.

The fair value of the land and buildings are determined as a result of the appraisal process conducted by experts that has professional qualifications. The fair value of the fixed assets is usually the market value of such determined in appraisals.

The amount of tangible fixed assets that are subject to amortization is distributed to the useful life of the asset in a systematic manner.

In general the amount of the asset that is subject to amortization is determined by deducting the residual value. In application, the residual value of assets is negligible and insignificant and as such it has not been taken into consideration in the calculation of the amount subject to amortization.

The Company uses straight-line depreciation method. The method chosen is being applied methodically from one period to the other unless there is a change in the pattern of consumption of the economic benefits expected in the future.

Expected useful life, residual value and the method of amortization are reviewed every year to determine the possible effects of any changes in forecasts, with an eye to the future.

The amortization is calculated on inflation adjusted values of fixed assets other than land with infinite life, by using normal amortization method and equally distributed amortization principle (KIST). The tangible fixed assets are amortized by taking into consideration the following foreseen economic useful lives. (Footnote: 18)

Buildings, underground and above ground arrangements	10-50 Years
Machinery, equipment and devices	10 Years
Vehicles	5 Years
Furnishings and Fixtures	3-10 Years
Special Costs	5 Years

In determining whether there is any value depreciation in any one of the tangible fixed assets, the provisions of the Standard on Value depreciation in Assets are applied and In case the book value of an asset is higher than its recoverable cost

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

then a provision for Value depreciation is made.

However, in the current period there is no provision for value depreciation calculated by using the above said method.

The historical costs of the tangible fixed assets have been adjusted according to the inflation until 31.12.2004.

The profit or loss realized due to the sale of a Tangible Fixed Asset is included in the relevant income and expense accounts in the financial statements.

The amounts spent for the repair, maintenance and care of tangible fixed assets are posted as expenses and the performance improving expenses on the other hand are capitalized. (Footnote: 18).

Intangible Fixed Assets

Intangible Fixed Asset; must be accounted for if the foreseen future economic benefits that are associated with the asset must be probable in terms of their realization and the cost of the asset must be reliably measured.

The intangible fixed asset item is measured at its cost when it is first accounted for. The cost of a separately acquired intangible fixed asset is determined with the inclusion of the following after the price decreases and discounts are deducted from the purchase price; import taxes and non-refundable purchasing tax, any and all the costs that can be directly associated with the asset and will render the item suitable for the purpose of utilization.

There is no intangible fixed asset that is created in the company (such as R&D).

The Company has chosen to apply Cost Method for accounting policy. Within this framework, the intangible fixed asset, after its first accounting, is followed-up at values derived by deducting accumulated amortization and the accumulated value depreciation provisions from their costs.

In accounting of an intangible fixed asset, its useful life is taken into consideration. An intangible fixed asset with a limited useful life is subjected to amortization while one with infinite useful life is not.

The amount of intangible fixed asset that has limited useful life and is subject to amortization is distributed to the useful life of the asset in a systematic manner. The amortization is started when the asset is ready for utilization in other words when it is in the status and condition that is desired by management for it to be operational. In case that the foregoing cannot be determined reliably then straight-line amortization method is used.

The historical costs of the intangible fixed assets have been adjusted according to the inflation until 31.12.2004. In the current period the intangible fixed assets are amortized on the basis of normal depreciation method over their costs, according to

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

their economic useful lives. The amount stated in the balance sheet is made up of special costs and it is amortized over a 5-year period. (Footnote: 19).

Goodwill

Goodwill represents the difference between the purchasing cost of the assets acquired and their reasonable value that can be clearly distinguished. (Footnote: 20)

Value Depreciation in Assets

In accordance with this standard, a provision for value depreciation must be made for the part that exceeds the recoverable part of the book value of the asset. The recoverable amount is higher of either the fair value or the utilization value of an asset or a unit creating cash after deducting the cost of acquisition. On the other hand utilization value is the present value of the cash flows that are expected to be obtained from an asset or a unit creating cash. Within this framework, the cash flows in the future must be discounted by using the discount rate that would yield the time value of money under the prevailing market conditions.

Borrowing Costs

The cost of borrowing is reflected to the financial statements, on the basis of fundamental method in the period that they are incurred regardless of the quality and method of borrowing used.

However, if there are any borrowing costs that can be directly associated with the purchase, construction or production of an asset then an alternative method is used and the borrowing costs are capitalized as a part of the cost of the specific asset. These types of costs are included in the cost of the specific asset if they can be reliably measured and it is possible that the enterprise can take advantage of its future economic benefits. The borrowing costs other than these are accounted for as expenses in the period that they are realized. The borrowing costs that can be capitalized in relation to the funds that are borrowed to acquire a specific asset are determined by deducting the income obtained from investing these funds temporarily from the total borrowing costs incurred for these assets in the period.

As there are no specific products that would require the capitalization of the financing expenses of the company, the financing expenses in the current period have been directly posted to the Income Statement.

Financial Instruments:

Financial instruments include the financial assets and debts.

Financial assets and financial debts; The financial assets and financial debts that are shown in the balance sheet at fair value are classified as financial assets held for trading purposes, Investments to be held until maturity, credits and receivables, and financial assets ready for sale.

Financial Assets Held For Trading Purposes: On principle, these are the assets that

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

are acquired to be sold or reacquired in the near future. (Such as securities for sale, bonds, debentures, shares)

Investments to be held until maturity: These are the financial instruments that the company has the intention and means to hold until maturity, involving payments that are either fixed or determinable and a fixed term.

Credits and receivables: These are the financial instruments that are created by the enterprise when it either directly lends funds or sells goods or services to the Company.

Financial assets ready for sale: These are the financial assets that are defined as being ready for sale or credits and receivables, investments to be held until maturity or financial assets of which the fair value difference is reflected to either the profit or loss and derivative financial instruments.

Accounting and Valuation Principles of Financial Instruments

Recording of Financial Instruments: The Company takes a financial instrument into its records only when it is a party to the provisions of a contract. Cost of the financial instrument at the first purchase is determined upon the price acquired and paid for the fair value of the related asset or the liability during the stage that the transaction is realized. The additional costs that are directly related to the acquisition or disposal of a financial asset or liability are included in the first valuation of the financial asset or liability.

The amortized cost of the financial asset or liability through effective interest method: This is the amount left over of the financial asset or liability after deducting the principal payments from its value measured during its first posting as well as the deduction or the addition of the accumulated amortization share that is calculated on the difference between the said initial value and the value at the maturity by using effective interest method and after any and all reductions pertaining to the value depreciation or doubtful collection are made (either directly or by using a provision account).

Effective Interest Method: This is the method with which the amortized costs of the relevant financial asset or liability are calculated (or a financial asset or liability group) and the related interest income or expense is distributed to the respective period. The effective interest rate is the rate that discounts the future forecasted cash payments and collections to be made on the financial asset or the liability through its useful life or if applicable for a shorter period of time, to the net book value of the concerned financial asset or liability.

The income pertaining to the financial assets other than the ones, of which the fair value difference is reflected to the profit or expense, is calculated by using effective interest method.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

The initial and Later Measurements of Financial Assets and Liabilities

Financial assets and liabilities are measured at fair value when they are initially accounted for. The fair value of a consideration given or taken for a financial instrument is determined by taking into consideration the transaction price or the other prices available in the market.

The fair values of the financial assets traded at the stock exchanges are determined by using the stock exchange values or the market values. Within this framework, the shares and other financial instruments are valued at the prices published by ISE as per 288-12335 numbered and 18.05.2005-dated letter of CMB. For the financial instruments that there is no available market value, the book value has been considered as the fair value.

Following Measurements of Financial Assets:

The financial assets other than the ones for which the fair value difference is reflected to the profit or loss following the initial purchase and is posted at the fair value in the books (the financial assets that are held for purposes of trading and the financial assets that are ready for sale), are valued as stated below.

Operating credits and receivables: These are assessed on their amortized cost by using effective interest method.

Investments to be held until maturity: These are assessed on their amortized cost by using effective interest method.

The investments that are not registered in an active market and financial instruments that are based on equity capital and cannot be reliably measured in terms of their fair value as well as the payments made to the derivative products based on investments that are not registered in an active market and financial instruments that are based on equity capital and cannot be reliably measured in terms of their fair value, are measured at their costs.

Following measurements of financial liabilities:

The financial assets other than the ones for which the fair value difference is reflected to the profit or loss following the initial posting are measured at their amortized costs that are measured by using effective interest method.

Accounting for gains and losses

The gain or loss that is realized in relation to a financial asset, for which the fair value difference is reflected to either the profit or loss, is accounted for either as a profit or loss item.

Until the concerned financial asset is removed from the balance sheet, the gain or loss that is realized in relation to a financial asset that is ready for sale is directly accounted for in the equity capital, other than the value depreciation losses and rate differential gains or losses.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

The gain or loss that is realized on financial assets or liabilities that are reported on their amortized costs, when such asset or liability is removed from the balance sheet or when its value is depreciated as well as the gain or loss realized due to amortization are accounted for either in profit or loss.

The Company makes a provision for value depreciation by taking into consideration whether there is any evidence that the financial asset or the financial asset group has been subjected to any value depreciation as of the date of each Balance Sheet.

a. Cash and Cash Equivalents

With regard to the presentation of cash flow table, cash and cash equivalents include the cash in hand; cash in banks, cheques and time deposits with original maturity of less than three months.

Cash and cash equivalents are reported together with the costs incurred for obtaining them as well as any accrued interest.

Foreign currency cash and cash equivalents are evaluated at the yearend exchange rate.

b. Commercial and Other Receivables

The commercial receivables are posted at their invoiced values and they are reflected in the accounts at their net value discounted at the effective rate and after the deduction of the provision for doubtful receivables. Provision for doubtful receivables is made by taking into consideration the amount of bad debt, and guarantees received, as well as the previous experiences and the prevailing economic conditions. The bad debt that is determined to be non-collectible is posted as a loss in the period such determination is made.

The following principles have been taken into consideration in determining the discounted net value.

	30 September 2008		31 December 2007		
	%	USD	%	USD	EUR
Dibs	17,15-18,10	--	15,00-17,28	--	--
Libor	--	3,93-4,83	--	4,22-4,82	3,67-4,75

c. Commercial and Other Payables

With regard to the commercial and other payables, the rates representing the market value of the amount that may be realized in the future with regard to purchases of goods or services regardless of whether these are invoiced or not, are taken as the basis.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

	30 September 2008		31 December 2007		
	%	USD	%	USD	EUR
Dibs	17,15-18,10	--	15,00-17,28	--	--
Libor	--	3,93-4,83	--	4,22-4,82	3,67-4,75

d. Credits

The bank credits are recorded on the date they are received, after the transaction costs are deducted from the credit amount. The bank credits are later on reported on discounted cost value derived by using effective interest method. The difference between the amount that is left over after the deduction of the transactional costs and the discounted cost value is reflected as the financing cost to the income statement during the term of the credit. The financing cost originating from credits is reflected to the income statement when realized.

In the current period credits in YTL and foreign currency were used. (Footnote: 8)

Protection Against Financial Risk

The company can carry out option transactions for protection against changes in prices, foreign exchange rates and interest rates belonging to the financial instruments.

a. Collection Risk

The collection risk of the company may primarily arise from its commercial receivables. Commercial receivables are evaluated by the company in the light of previous experiences and prevailing economic conditions, and commercial receivables are reported at net values in the balance sheet after a provision is made for doubtful receivables.

b. Price Risk

The company, due to its subject of operation, is exposed to the fluctuations in the values of foreign currencies against Turkish Lira. The import and export transactions of the company are handled in foreign currency. A part of the interest rates pertaining to the credit utilized, change in parallel to the movements in the markets. For this reason the company is also exposed to the movements in interest rates both in domestic and international markets.

c. Liquidity Risk

Liquidity risk involves any difficulties that an enterprise may be faced in meeting its obligations arising from financial debts. The company, in general, creates funds by converting its short-term financial instruments into cash: for example, by collecting its receivables or disposing of its securities. The proceeds obtained from these instruments are posted in the books at fair value.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

d. Effects of Transactions in Foreign Currency and Rate Changes

The foreign currency based transactions that are realized within the period have been converted at the foreign exchange rates that are applicable on the date of the transaction. The monetary assets and liabilities based on foreign currency are converted at the foreign exchange bid rates applicable at the end of the period concerned. The gain or loss realized on the exchange rate due to the conversion of foreign currency monetary assets and liabilities has been reflected to the income statement.

The results of the subsidiaries that prepare their financial statements in currency units other than New Turkish Liras have been converted into New Turkish Liras at the average rate for the concerned period. The assets and liabilities of these subsidiaries have been converted into New Turkish Liras at the year-end rate, and the rate differential due to the conversion of net assets into New Turkish Liras at the beginning of the period, as well as the differences realized in the average and year end rates were included in Foreign Currency Conversion Differences account under Equity Capital.

Transactions related to Financial Leasing and Operating Leases

The display of the Lease Contract in the Financial Statements in case the Company is the Lessee

The company classifies leasing transactions in which the risks and benefits arising from owning an asset are completely transferred as financial leases and the leases in which the risks and benefits arising from owning an asset are not completely transferred as operating leases.

Financial leasing operation is accounted for as either an asset or a liability at the lower of either the fair value of the lease contract or the present value of minimum lease payments.

However, in the current period, the company has no financial leasing transactions.

In an operating lease on the other hand, the lease payments are accounted as expenses during the term of the lease by applying the straight-line method.

In the current period the company has leased vehicles by way of operating leases (Footnote: 23).

The display of the Lease Contract in the Financial Statements in case the Company is the Lessor

The company that leases its assets under operating leases, reports the assets that are subject to these operating leases according to their type in the balance sheet.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

The lease income originating from an operating lease is accounted for as an income during the term of the lease by using straight-line method.

The costs incurred in the realization of the lease income are posted as expenses including the amortization.

The facilities of the company located at Iskenderun Sariseki, have been leased for a period of 25 years commencing from 30.04.2007 and later on the term of the lease has been extended to 30 years by way of a supplementary contract executed. The lease income obtained from these facilities, is accounted for periodically (Footnote: 17, 41).

Earnings Per Share

Earnings per share are calculated by dividing the amount pertaining to the ordinary shareholders from the net profit or loss of the period into the weighted average number of outstanding ordinary shares for the period.

In application, bonus shares as well as ordinary shares can be issued without requesting any additional payments from shareholders. In this case the number of ordinary shares increases without a corresponding increase in resources. The distribution of bonus shares as such are taken into account as shares issued in calculating the earnings per share and before a capital increase, the number of existing ordinary shares is taken into account after an adjustment for a proportionate change that may be realized in the number of existing ordinary shares. (Footnote: 36)

Events taking Place after the balance sheet date

Between the balance sheet date and the date that the balance sheet is authorized for publishing, events that may be realized either in favour of or against the enterprise will be required to be expressed.

The company, in case there is evidence that the subject matter events were present as of the date of the balance sheet, adjusts the amounts reported in the balance sheet in accordance with the new situation. If there are conditions indicating that the concerned events have taken place after the balance sheet date then the company suffices to explain the related points in the footnotes. No adjustments are made for the events that do not require any adjustments following the balance sheet date. (Footnote: 40)

Provisions, Conditional Liabilities and Conditional assets

Provisions are reflected to the financial statements in cases where there is an existing liability stemming from a past event (legal or implied) or the possibility that resources including economic benefits would be used by the enterprise for the accomplishment of the liability and that the amount of the liability can be reliably determined.

The provisions are reviewed and adjusted in a manner that will reflect the best estimate at the time of the balance sheet. In case the possibility of expanding

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

resources with economic benefits is abated, the provision made is cancelled. In case the discounting procedure is used, the book value of the related provision is increased in each period to reflect the passage of time. The subject matter increase is accounted as a borrowing cost.

Conditional Liabilities and Conditional assets are assets and liabilities that arise from a previous event that cannot be completely controlled by the enterprise and their existence is confirmed with the realization or non-realization of one or more ambiguous events that may take place in the future and as such they are not reported in the financial statements. In cases where the existence of a conditional asset or liability becomes probable however, the amount of the resources with economic benefits that are involved in the case cannot be reliably estimated; the subject matter Conditional Liability or Conditional asset is shown in the footnotes.

The conditional assets and liabilities are subjected to continuous reviews to ensure that they are reported correctly in the financial statements. When it becomes almost certain that the economic benefit would be realized by the enterprise, the conditional assets and its associated income is reflected to the financial statements of the period in which the change takes place. In relation to an item that has previously been considered as a conditional liability, if the probability that the economic benefits would be expanded by the enterprise, arises, then a provision in proportion to the subject matter probability of realization will be made to the financial statements of the period in which the change takes place.

Accounting Policies, Changes in Accounting Forecasts and Errors

The company can change its accounting policies only if it is required by a standard or if the subject matter change would ensure that the effects of the events and transactions are reflected better on the financial situation of the company as well as its performance, and cash flow rendering a more appropriate and reliable presentation of such in the financial statements.

When the application of the subject matter change has an effect on the future periods, the related policy change will be reflected to the financial statements in the period that it is initiated.

When the change in the accounting policy effects the existing period or the previous periods, then it is implemented retroactively as if it has always been in application.

Some financial statement items include estimated amounts due to the uncertainties in the activities of the enterprise. If there are any changes in the conditions on which the estimates are based or when new information is obtained or an additional development arises, the estimates are reviewed. If the effect of the change in the accounting estimate isolated to only one period then in the present period in which the change is made, or if it can be attributed to the future periods then both in the present period and the future periods, the change is reflected to the financial statements in a manner that will be taken into consideration in determining the net period profit or loss.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Errors consist of mathematical errors, wrong application of the accounting policies, incorrect interpretation of the information related to the financial statements of the company or their escaping notice. When the company becomes aware of a potential error, the amount is corrected in the financial statements retrospectively.

Important changes executed in accounting policies and the important accounting errors discovered are adjusted retrospectively and the financial statements of the previous periods are rearranged. If the effect of the change in the accounting estimate isolated to only one period then in the present period in which the change is made, or if it can be attributed to the future periods then both in the present period and the future periods, the effect of the change is adjusted.

Related Parties

In the financial statements the shareholders of the company, the companies that are owned by them, their managers and the other groups that are known to be related as well as the management staff are identified as the related parties. (Footnote: 37)

In the presence of any one of the criteria stated below the party will be deemed as related to the company:

- a. If the subject matter party, either directly or indirectly and through one or more intermediaries;
 - Controls the enterprise, controlled by the enterprise or be under common control as the enterprise (including main partnerships, subsidiaries and subsidiaries in the same business field);
 - Having a shareholding that ensures significant influence on the company; or Having joint control over the company.
- b. If the party is an affiliate;
- c. If the party is a joint venture in which the company is a partner;
- d. If the party is a member of the key management personnel in the Company or in its main partnership ;
- e. If the party is a close family member of the person indicated in paragraphs (a) or (d);
- f. If the party is an enterprise that is controlled, jointly controlled or under significant influence of any one of the person indicated in paragraphs (d) or (e) or if such person has important voting rights in the enterprise; or
- g. If the party has plans providing benefits to the employees of the enterprise or another enterprise related to the one concerned, following their dismissal or resignation from the company.

The transaction carried out with a related party would be treated as a transfer regardless of whether the resources, services or obligations among the parties are provided in return for a consideration.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Reporting of Financial Information According to the Departments

The company operates in the field of manufacturing, supply, marketing and sales of chemical fertilizers. Entire assets of the company and its means of manufacturing are located in Turkey. The bulk of the sales of the company is made to Agricultural Credit Cooperatives Central Association of Turkey.

State Incentives and Aids

The company includes all the state sourced incentives including the non-monetary incentives that are followed-up on the basis of a reasonable value in the financial statements when there is reasonable assurance that the conditions necessary for their receipt can be accomplished by the company.

Even if the state incentives are obtained in cash or as deductions from an obligation to the state, they will still be reflected in the same manner in the financial statements.

The investment incentives are valued at their fair value if there is sufficient assurance that the incentive will be received and that the conditions necessary for receiving it will be accomplished by the company. When an incentive is associated with an expense item, it will be systematically posted as income in the following periods, in a manner that will cover the expenses that it is intended to compensate. If the incentive is associated with an asset item, then its present value will be maintained under capital account (like a deferred income item) and it will be associated with the income statement, in equal instalments over the useful economic life of the asset to which the investment incentive is related to.

Taxes Calculated

The income tax included in the financial statements includes the current year tax and the change in the deferred taxes. The company in line with the "Income Tax Standard" calculates the current and deferred taxes on the results achieved in each period.

Tax Provision; in the financial statements prepared, a provision is made for corporate tax obligation of the company on the basis of the results achieved for the period as of the year-end. Corporate Tax obligation is calculated after the result for the period is adjusted on the basis of the expenses that are not legally accepted as well as the deductions.

The company is subject to the corporate tax on the basis of the legislation applicable in Turkey. With regard to the estimated tax obligations of the company pertaining to the current period activity results a provision is being made in the financial statements.

Information on Corporate Tax Calculations: The 5422 numbered Corporate tax law that was applicable in the first provisional tax period of the year 2007, has been abrogated by 5520 numbered new corporate tax law that became effective with its publishing in 21.06.2006 dated and 26205 numbered Official gazette. According to the 5520

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

numbered new corporate tax law the rate of corporate tax as well as the provisional tax have been determined as 20% as of 01.01.2006. Furthermore a withholding tax at the rate of 15% shall be applicable on the dividends distributed to persons and entities other than the full tax payer institutions residing in Turkey and limited tax payers earning income through a work place or a permanent representation in Turkey. The addition of the profit to the capital is not deemed as payment of dividends.

By the corporate taxpayers, a provisional tax at the rate of 20% shall be calculated in quarterly periods to be deducted from the corporate tax and the subject matter provisional tax shall be declared until the 14th of the next month and paid at the latest by the end of the 17th of the month in line with the arrangements in the income tax law. If the taxes paid in the year are in excess of the corporate tax calculated on the tax return, it will either be returned or set off against other taxes payable.

According to the corporate tax law, the losses from previous years as included in the corporate tax return of the institution can be deducted from the income earned by company in the future periods subject to the condition that it is not carried forward for more than 5 years.

The following are the exceptions that can be applied to the company as per 5520 numbered law; exception for income earned by affiliates, emission premium exception, exception on gains realized by the sale of immovable property or affiliates maintained in the assets of the company for two full years (75% of the gain is subject to the exception), and R&D Deduction. The investment tax credit application was stopped as per 5479 numbered 30 March 2006 dated law.

Inflation Application: With the changes made in the tax procedural law, income tax law and corporate tax law by way of 5024 numbered law that became effective with its publishing in 30 December 2003 dated 25332 numbered Official Gazette, it has become mandatory for income and corporate tax payers to adjust their financial statements according to the inflation starting from the year 2004. To be able to carry out the inflation adjustment on the basis of this provision, it is required that the, cumulative inflation rate in the last 36 months is higher than 100% and the annual inflation is higher than 10%. The company, due to the fact that the necessary conditions have not been realized, did not adjust its 30 June 2008 dated financial statements as per inflation accounting related provisions of Tax Procedural Law and the current period tax base has been calculated on the basis of existing values.

Deferred Taxes and Deferred Tax Liability. As a result of different evaluation of some income and expense items in accounting and tax calculations, some timing differences arise and on the basis of these timing differences the liability concerned are calculated. The deferred tax liability is calculated in consideration of all realized taxable timing differences and the a deferred tax asset is only posted when the subject matter asset realized can be amortized and a profit that can be taxed is expected to be realized in the future.

Deferred Tax is calculated on the basis of the rates applicable in the period that the assets are formed or liabilities are performed and as such these are posted to the income statement as an income or expense item.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

The company is posting deferred tax assets and liabilities on the basis of the timing differences arising from the financial statements that are prepared in accordance with XI/29 numbered Communiqué of CMB and the tables prepared as setting the basis for tax obligations. In general the subject matter differences result from some income and expense amounts included in the tax based statements to take place in different periods in the financial statements that are prepared in accordance with XI/29 numbered Communiqué of CMB and as such it is explained below.

Timing differences originate from the differences arising between income and expense items posted for accounting and tax purposes in the past years. The timing differences are calculated on the basis of tangible fixed assets (except land), intangible fixed assets, revaluation of stocks and prepaid expenses, rediscounting of receivables, provisions for severance pay, debt discounts, losses in previous years and the investment credits to be taken advantage of.

Subject to the condition that both of them are subject to the tax legislation of the same country, if there is a legal right for setting off current tax liabilities against current tax receivables then the deferred tax assets can be set off against deferred tax liabilities. (Footnote: 35).

A deferred tax liability has been calculated on the revaluation fund that is formed as a result of valuing the tangible fixed assets and the real estate held for investment purposes, on the basis of reasonable values.

Benefits Provided to Employees / Severance Pay / Incentive Premiums / Vacation Allowances:

Provision for Severance Pay, this states the discounted value of the total provision for possible obligations of the company that may arise in the future due to the retirement of its personnel on the basis of Turkish labour Law. (Footnote: 24)

According to 4857 numbered Labour Law, the company is obliged to pay a severance benefit to the employees that complete a full year of service but leaving the company, or to the retiring personnel or personnel who have completed 25 years of service (for women 20 years) and have earned their retirement rights (58 years of age for women and 60 years of age for men), the employees that are called for military duty or for employees that pass away.

The severance benefit to be paid is calculated within the framework of the applicable Turkish Labour Legislation as well as the provisions of Collective Labour Agreements of the company. There is no legal obligation to set up a fund for severance pay liability and as such no specific fund serving this purpose has been classified in the financial statements.

The provision for severance pay is calculated on the basis of the present value of the probable obligation of the company in case of the retirement of its employees.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, “YTL”.)

In the light of the explanations made in serial XI/29 numbered Communiqué, actuarial assumptions have been used in the calculation of the total severance pay obligation of the company:

The basic assumption is based on increasing the ceiling provision for each year of service by the inflation rate. As such the discount rate applied reflects an actual rate free of any expected inflationary effects.

According to the existing laws in Turkey as well as the provisions of collective labor agreements, the severance benefit is paid when the employee retires or is dismissed from the company. The updated UMS 19 Employee Benefits Standard (“UMS 19”) defines these payments as identified benefit plans.

Seniority Incentive Premium; as per the applicable collective labour agreement, the employees within the scope of the agreement are paid a seniority incentive premium when they complete certain years of service in the company. The liability calculated for the subject matter incentive premium is posted to the financial statements. (Footnote: 26)

Vacation Allowances; The company makes a provision for the wages corresponding to the unused portion of vacation allowances of its employees in the previous years. (Footnote: 26)

Cash Flow Table

During the arrangement of the cash flow table, the cash flows pertaining to the period have been reported in a manner that will include the costs of main activities, investments and financing.

The cash flows originating from main activities reflect the flow of cash originating from fertilizer selling activities of the company.

The cash flows pertaining to the investment activities reflect the flows of cash used in and obtained from the investment activities of the company (fixed investments and financial investments).

The cash flows pertaining to the financing activities, reflect the resources used in the financing activities of the company as well as the repayment of these resources.

Liquid assets are the short term investments made up of cash, demand deposits and other short-term investments with original maturities of 3 months or less, eligible to be immediately converted into cash without being subject to the risk of steep value changes.

Capital and Dividends

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

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Accounting on the date of the Transaction and Delivery

Any and all purchases and sales of financial assets are accounted for on the transaction date, in other words on the date that the company undertakes to realize the purchase or sale of the financial asset. The ordinary purchases and sales are the ones for which the delivery time of the asset is arranged either under legislation or in the arrangements pertaining to the markets.

Recording the Financial Assets and Liabilities and their removal from Records

The company reflects the financial assets or liabilities in its financial statements only if it is a party to the related financial instrument contract. The company removes the record of a financial asset either partially or as a whole when it loses its control on the rights arising from the contract to which the subject matter financial asset is subject. The company removes a financial liability from its records only if its obligation defined in the contract is no more valid, or terminated or subject to a time limitation.

FOOTNOTE 3- BUSINESS ENTERPRISE MERGERS

There has not been any business enterprise merger as of the date of the balance sheet. (31 December 2007 - None.)

FOOTNOTE 4- BUSINESS PARTNERSHIPS

None (31 December 2007 - None.)

FOOTNOTE 5- REPORTING BY DEPARTMENTS

The company operates in Turkey, whereas Razi, which is a subsidiary, operates in Iran. The Company undertakes chemical fertilizer production and sales throughout Turkey. Razi Company on the other hand, performs the production and sales of fertilizer raw material. (31 December 2007 - None.)

FOOTNOTE 6- CASH AND CASH EQUIVALENTS

	30 September 2008	31 December 2007
Cash	62.362	33.701
Checks received	640.053	11.630.000
Banks – Demand deposits	11.070.317	659.839
Banks – Time deposits (< 3 months)	35.071.521	103.973.004
Checks given and payment instructions	-	-18.639
Other liquid assets	40	40
Cash and Cash equivalents	46.844.293	116.277.945
Affect of effective interest rate (-)	-68.893	-417.505
Balance of cash/cash equivalents in the cash flow statement	46.775.400	115.860.440

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

The maturities of time deposits as of 30 June 2008 and 31 December 2007 are shorter than three months; their values assessed according to effective interest method are as follows.

Time Deposits: YTL

Interest rate (%)	Maturity	30 September 2008	31 December 2007
14,00 - 18,50	January 08	-	32.504.153
14,75 - 19,15	September 08	32.037.910	-
Total		32.037.910	32.504.153

Time Deposits: Foreign Currency

Interest rate (%)	Maturity	Foreign currency	30 September 2008		31 December 2007	
			Foreign currency amount	In YTL terms	Foreign currency amount	In YTL terms
4,50 - 5,86	January 08	USD	-	-	61.362.455	71.468.851
2,00 - 3,90	September 08	USD	2.185.658	2.691.857		
3,70	September 08	EUR	190.096	341.755		
Total	USD		2.185.658	2.691.857	61.362.455	71.468.851
Total	EUR		190.096	341.755	-	-
Total	YTL		-	3.033.612	-	71.468.851

The Company has 353 YTL blocked liquid assets as of 30 June 2008 (31 December 2007 - None).

FOOTNOTE 7 – FINANCIAL INVESTMENTS

A. Short-term Financial Investments

Financial Assets Held For Trading Purposes

a) Stock Shares

The Company has a total of 274.450 YTL worth of stock shares with the purpose of purchase and sale as of 30th of June 2008. Aforementioned financial tables are being evaluated at the best purchase price declared at the stock exchange.

B. Long-term Financial Investments

Financial Assets

Partnerships within the Scope of Consolidation

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Title Of the Subsidiary	Subject of Activity	Country of Origin	Share (%)	Capital of the Subsidiary
Razi Petrochemical co.	Chemical Fertilizer and Fertilizer Raw Material	Iran	47.81	414.575.438
Total				414.575.438

The participation amount of the Company in Razi Petrochemical Co., which takes place in its Assets, has been subjected to elimination during the consolidation.

Partnerships out of the Scope of Consolidation

Title of the Associate	Subject of Activity	30 September 2008		31 December 2007	
		Share (%)	Capital of the Associate	Share (%)	Capital of the Associate
İmece Pref Yapı Tar. Mak. Tem. Gv. Hiz.San.Tic.A.Ş	Steel Construction Prfb. House, Konty. Kule Viç parç. SanYap.	15,00	2.013.888	15,00	2.013.887
Tarnet Tar. Kr. Bil. Hiz. San Tic.A.Ş	Internet Service Provider etc.	15,44	176.689	15,44	176.689
Total			2.190.577		2.190.576

(*)Gonen Gıda San. ve Tic. A.S., an affiliate of the Company that was in liquidation in previous terms, has been removed from records as the liquidation process has been completed.

FOOTNOTE 8- FINANCIAL LIABILITIES

	30 September 2008	31 December 2007
Short-term Bank credits	173.751.161	19.380.168
Other Financial Debts	12.797.928	-
Short-term Financial Debts Total	186.549.089	19.380.168
Long-term bank credits	78.073.508	2.920.243
Other Financial Debts (1)	191.941.404	-
Long-term Financial Debts Total	270.014.912	2.920.243

The short-term and long-term financial liabilities have been valued according to efficient interest method, and the results have been stated below.

A. Short-term Financial Debts

a. Bank Credits

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Interest Rate (%)	Maturity	Type of Currency	30 September 2008		31 December 2007	
			Amount of Currency	In YTL Terms	Amount of Currency	In YTL Terms
15,52 - 18,29	April.-September.-October 08	YTL	-	-	-	7.526.198
5,97 - 6,03	September-November 08	USD	-	-	10.177.703	11.853.970
6,15	November 08	USD	5.014.950	6.176.413	-	-
16,10 - 23,51	October-November-December 08	YTL	-	140.620.644	-	-
18,00 - 20,23	March-September 09	YTL	-	26.954.104	-	-
Total YTL			-	167.574.748	-	7.526.198
Total USD			5.014.950	6.176.413	10.177.703	11.853.970
				173.751.161		19.380.168

b. Other Financial Debts

Foreign Currency	30 September 2008		31 December 2007	
	Foreign Currency Amount	In YTL Terms	Foreign Currency Amount	In YTL Terms
EUR	7.118.661	12.797.928	-	-
Total		12.797.928		-

B. Long-term Financial Debts

a. Bank Credits

Interest Rate (%)	Maturity	Foreign Currency	30 September 2008		31 December 2007	
			Foreign Currency Amount	In YTL Terms	Foreign Currency Amount	In YTL Terms
5,36	October 08	EUR	-	-	1.707.545	2.920.243
6,28	October 08	EUR	1.737.394	3.123.486	-	-
8,94	November 08	EUR	41.689.855	74.950.022	-	-
Total EUR			43.427.249	78.073.508	1.707.545	2.920.243

b. Other Financial Debts

Maturity	Foreign Currency	30 September 2008		31 December 2007	
		Foreign Currency Amount	In YTL Terms	Foreign Currency Amount	In YTL Terms
(1) 5 years	EUR	82.513.652	148.343.043	-	-
(1) 2 years	Milyon IRR	342.231	43.598.361	-	-
Total			191.941.404		-

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

(1) Other financial debt amounts that take place within the short and Long-term financial debts, show the debt amount taken from NPC, which was in the position of owner of the Razi Petrochemical Co. prior to the privatization.

FOOTNOTE 9- OTHER FINANCIAL LIABILITIES

Other financial liabilities as of 30 September 2008 are 3.730 YTL. (31 December 2007: None)

FOOTNOTE 10- TRADE RECEIVABLES AND PAYABLES

A. Trade Receivables

Short-term Trade Receivables

	30 September 2008	31 December 2007
Trade receivables	453.638.254	62.574.967
Notes receivable	6.121.318	1.005.477
Receivables rediscount	-2.889.856	-2.247.461
Other trade receivables	1.807.044	543.662
Doubtful trade receivables	305.455	792.179
Provisions for Doubtful trade receivables	-305.455	-792.179
Short-term trade receivables	458.676.760	61.876.645

164.635.021 YTL of the trade receivable item shows the receivables of Razi Petrochemical Co. prior to the privatization from the concerned parties.

The details of the transactions related to concerned parties are given in Footnote 37.

The below table contains an analysis of the trade receivables by taking as the basis the period up to the due date as of the balance sheet dates:

The analysis provisions for overdue and bad debts are as follows:

Overdue following the maturity	30 September 2008	31 December 2007
Between 0 – 3 months	0	213.608
Between 6 – 9 months	1.035	27.765
More than 9 months	304.420	550.806
Total	305.455	792.179

Provisions have been allocated for non-collectable receivables. Allowances for bad debts are as follows:

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

	30 September 2008	31 December 2007
Opening balance	792.179	625.325
Expenses for the period	1.035	228.980
Collections during the period	-487.759	-62.126
Closing balance	305.455	792.179

Guarantees related to outstanding receivables:

	30 September 2008	31 December 2007
Letters of Guarantee	105.396.030	69.530.795
Collateral checks/notes	773.490	758.574
Total Sum	106.169.520	70.289.369

B. Trade Payables

	30 September 2008	31 December 2007
Suppliers	353.080.989	164.067.507
Debt Rediscount (-)	-1.381.422	-1.916.063
Other Trade Payables	2.794.982	1.634.154
Short-term Trade Payables	354.494.549	163.785.598

The details of the transactions related to concerned parties are given in Footnote 37.

	30 September 2008	31 December 2007
Suppliers	281.808.244	-
Long-term Trade Payables	281.808.244	-

The consortium that includes The Company, participated in the tender the Iranian Privatization Administration held in the year 2008 and purchased the shares of the Razi Petrochemical Co. and its holdings of Gubretas company shares amounts to 47.81%. Twenty percent of the sales price was paid in advance and the balance shall be paid in six monthly equal installments.

A sum of 31.312.038 YTL of the total debt is shown in short-term supplier's account, whereas the balance amounting to 281.808.244 YTL was shown in long-term trade payables.

	(Iranian Rials Million)	YTL
Year 2008	242.878	31.312.038
Years from 2009 to 2013	2.185.902	281.808.244
Total	2.428.780	313.120.282

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

FOOTNOTE 11- OTHER RECEIVABLES AND PAYABLES

A. Other Receivables

a. Other Short-term Receivables

	30 September 2008	31 December 2007
Deposits and collateral given	1.208.337	0
Receivables from personnel	3.144.821	337.208
Other various receivables	35.216.816	7.920
Other short-term receivables	39.569.974	345.128

b. Other long-term Receivables

	30 September 2008	31 December 2007
Deposits and collateral given	14.423	8.456
Other long-term receivables	14.423	8.456

B. Other Payables

Other Short-Term Debts

	30 September 2008	31 December 2007
Deposits and collateral taken	29.369.096	149.198
Payable to partners	25.430	23.314
Payable to personnel	6.476.494	39.048
Taxes, Funds and other deductions payable	11.594.190	1.312.169
Other debts and liabilities	3.776.237	36.065
Other short-term Payables	51.241.447	1.559.794

FOOTNOTE 12- RECEIVABLES AND PAYABLES FROM FINANCE SECTOR ACTIVITIES

None. (31 December 2007: None.)

FOOTNOTE 13- INVENTORIES

	30 September 2008	31 December 2007
Raw materials and materials	102.644.758	22.353.750
Finished goods	36.366.609	2.906.614
Commodities	157.949.885	49.453.896
Other stocks	4.079.395	18.969
Provisions for decrease in value of stocks (-)	-12.780	-12.780
Total	301.027.867	74.720.449

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Transactions against stock value decrease:

	30 September 2008	31 December 2007
Opening balance	12.780	-
Provisions allocated during the period	-	12.780
Closing balance	12.780	12.780

FOOTNOTE 14- LIVE ASSETS

None. (31 December 2007 - None.)

FOOTNOTE 15- ASSETS RELATED TO CONTINUING CONSTRUCTION CONTRACTS

There are no continuing construction contract receivables and progress payments. (31 December 2007 - None.)

FOOTNOTE 16- INVESTMENTS APPRECIATING BY EQUITY METHOD

Title of the Associate	30 September 2008		31 December 2007	
	Share (%)	Capital of the Associate	Share (%)	Capital of the Associate
Negmar Denizcilik Yatırım A.Ş				
Capital Subscription	40,00	1.600.000		0
(Maritime Transportation)				
Nominal Sharing Amount		-1.200.000		0
Düz. As per Equity Method		400.000		0
Sharing Amount as per Equity Method.		17.823		0
		382.177		0

Negmar Denizcilik Yatırım A.Ş, that the Company is participated in at 40% shareholding and at an amount of 382.177 YTL, was evaluated by equity method.

FOOTNOTE 17- REAL ESTATE FOR INVESTMENT PURPOSES

The information regarding real estate for investment purposes are as follows.

a) The facilities belonging to the Company located at Iskenderun, Sariseki, have been leased for a period of 30 years as of 30 April 2007, in accordance with the contract executed with Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi. Hence, the tangible assets leased out have been reclassified by taking this differentiation into consideration, and are shown in real estate for investment purposes. The lease period was extended to 30 years with the supplementary contract executed later on.

b) The real estate for investment purposes have been shown at a fair price according to a current market value assessment performed by a real estate appraisal company, which has been authorized by the Capital Markets Board. The facility, machinery,

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

equipment and furniture and fixtures, which have been leased out together with the real estate in accordance with the contract, have also been classified in this account.

c) The depreciation application has been continued until the date the real estate for investment purposes attained this characteristic, depreciation allocation was discontinued as of the date of 30 April 2007.

The information related to the book values and fair values of the real estate for investment purposes belonging to the Company are as follows.

	Land	Land improvements	Buildings	Equipment, machinery and devices	Vehicles	Fixtures	Total
Cost value							
Real estates for investment purposes	1.170.146	40.333.288	9.768.726	31.544.664	23.986	439.696	83.280.506
Increase in fair value	37.466.854						37.466.854
30.09. 2008	38.637.000	40.333.288	9.768.726	31.544.664	23.986	439.696	120.747.360
Accrued Depreciation							
Real estates for investment purposes	0	(39.682.864)	(9.173.559)	(31.176.513)	(23.617)	(180.416)	(80.236.969)
30.09.2008	0	(39.682.864)	(9.173.559)	(31.176.513)	(23.617)	(180.416)	(80.236.969)
30.09.2008 Net Value	38.637.000	650.424	595.167	368.151	369	259.280	40.510.391

The Company had lease income amounting to 911,867 YTL excluding VAT from its real estate for investment purposes in the period ending on the date of 30 September 2008. (31 December 2007: 831,233 YTL)

FOOTNOTE 18- TANGIBLE FIXED ASSETS

Those from the fixed tangible assets, which are classified as land and buildings, have been subjected to valuation according to the fair value principle by taking into consideration the price determined by a real estate appraisal company authorized by the Capital Markets Board and by adopting the alternative method.

The basic method is continued to be used as the valuation method for the other tangible assets outside of the land and buildings.

The depreciation cost of the Company is 29,777,614 YTL, and amortization cost is 3,458 YTL as of 30 September 2008.

From the total of 29,781,072 YTL depreciation and amortization costs; 28,624,397 YTL have been included in General Production Costs, 884,146 YTL in Sales and Marketing Costs, 272,529 YTL in General Management costs. (31 December 2007: from 1,837,677 YTL depreciation costs; 851,915 YTL has been included in Costs of

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Goods Sold, 678,235 YTL in Sales and Marketing costs, 239,881 YTL in General Management costs. 67,646 YTL on the other hand has stayed in inventory.)

Financial Lease

There are no fixed tangible assets that the Company acquired by way of financial leasing. (31 December 2007: None.)

Pledges and Mortgages on Assets

There are no mortgages or pledges on the fixed tangible assets of the Company as of the dates of 30 September 2008 and 31 December 2007.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

	Land	Land Improvements	Buildings	Equipment, Machinery & Devices	Vehicles	Fixtures	Ongoing Investments	Total
Cost Value								
Opening balance	66.144.783	9.511.132	70.639.289	858.737.221	5.111.662	7.414.108	14.458.131	1.032.016.326
Purchases	1.146.000	2.750	1.543.363	46.597	84.219	452.323	78.671.356	81.946.608
Sales / Cancellations	0	0	12.230	518.230	-143.627	-91.982	0	294.851
Transfers from investments made	0	65.865	0	181.631	0	0	-247.496	0
Closing balance on 30.09.2008	67.290.783	9.579.747	72.194.882	859.483.679	5.052.254	7.774.449	92.881.991	1.114.257.785
Accrued depreciation								
Opening balance	0	-8.700.858	-36.135.379	-257.104.845	-3.772.588	-3.695.123	0	-309.408.793
Expenses for the period	0	-108.911	-1.907.238	-27.088.089	-216.789	-456.587	0	-29.777.614
Sales / Cancellations / Corrections	0	0	5.605	73.645	143.626	57.578	0	280.454
Closing balance on 30.09.2008	0	-8.809.769	-38.037.012	-284.119.289	-3.845.751	-4.094.132	0	-338.905.953
Net Value on 30.09.2008	67.290.783	769.978	34.157.870	575.364.390	1.206.503	3.680.317	92.881.991	775.351.832

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

FOOTNOTE 19- INTANGIBLE FIXED ASSETS

	30 September 2008	31 December 2007
Special Cost price		
Opening balance on 01.01.2008	23.050	23.050
Purchases	-	-
Closing balance on 30.09.2008	23.050	23.050
Accrued depreciation		
Opening balance on 01.01.2008	-15.679	-11.069
Amortization expenses for current period	-3.458	-4.610
Closing balance on 30.09.2008	-19.137	-15.679
Net book value	3.913	7.371

FOOTNOTE 20- GOODWILL

In the consolidation transaction carried out with Razi Company, a subsidiary of the Company, the investment amount of main partner in the subsidiary partnership and the equity of the subsidiary equivalent to the amount of the main partner's share have been eliminated. The balance remaining from such transaction totaling 224,501,054 YTL is shown as goodwill in the balance sheet. (31 December 2007: None.)

FOOTNOTE 21- GOVERNMENT INCENTIVE AND AIDS

Investments, made in the scope of 26.12.2005 dated and 82775 numbered extension and incentive certificate of the company that is partake of renewal are being finished and transactions of incentive closing are still continuing.

(31 December 2007: Investments, made in the scope of 26.12.2005 dated and 82775 numbered extension and incentive certificate of the company that is partake of renewal are being finished and transactions of incentive closing are still continuing.)

FOOTNOTE 22- PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES

A. Provisions for Debts

a. Provisions for Short-term Debt

	30 September 2008	31 December 2007
Provisions for possible expenses and losses	97.629	9.780
Provisions for law suits	1.018.380	1.020.077
Provisions for forward expenses	1.953.100	0
Payments made to Contractors & employees	28.503.764	0
Total	31.572.873	1.029.857

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

Provisions for Probable Expenses and Losses

There is an amount of 97,629 YTL provision allocated for probable expenses and losses by the Company.

Provisions for Law Suits and Indemnity:

The total risk of law suits brought against the Company and which are continuing as of the date of 30 September 2008, amounts to 1,018,380 YTL, provisions have been set aside for this in the previous periods as well as the current period.

a) The fine of 1,409,115 YTL the Competition Authority passed within the scope of the investigation conducted about fertilizer manufacturers was paid to the Competition Authority on the date of 04 August 2006 with reservation, and was recorded as expense. A court case was initiated by the Company for the revocation of the fine on the date of 13 June 2006, at the 13th Court of State Council, however this was rejected. The Company will appeal to the decision within the given time and request that this decision be examined at the State Council Case Department.

b) Disputes with personnel and other law suits: A total of 1,018,380 YTL has been calculated as provisions against law suits such as termination indemnities, payments in lieu of notice, as well as accidents at work, return to work and other reasons that have been brought against the Company on various dates by personnel who have left the company. A portion of the calculated provisions in the amount of 1,020,077 YTL was in previous years; the remaining 1,698 YTL portion was cancelled in the current period.

Provisions for Forward Expenses

The company has allocated an amount of 1,953,100 YTL for forward contracts done with the financial institutes against currency exchange risk as of 30 September 2008 and reflected this amount to the income statement. (31 December 2007: 12,600 YTL)

Payments to the Contractors and Employees

The amount that Razi Company has allocated as of 30 September 2008 for debts and expenses is 28,503,764 YTL and a great portion of this amount shows the provisions allocated for short term payments to be done to the employees and transactions accrued but lacking the document.

b. Provisions for Long-term Debt

There is no provisions for long-term debt. (31 December 2007; None.)

B. Guarantees Given and Taken:

a. Guarantees Taken

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

	30 September 2008	31 December 2007
Collateral checks	565.661	550.745
Collateral notes	207.829	207.829
Letters of Guarantee	105.131.030	69.530.795
Mortgage liens obtained	140.890	140.890
Total	106.045.410	70.430.259

b. Guarantees Given

	30 September 2008	31 December 2007
Letters of Guarantees given	6.193.303	13.201.371
Total	6.193.303	13.201.371

FOOTNOTE 23- LIABILITIES

Forward and Option Contracts

The Company does not have any forward or option contracts as of the 30th of September, 2008.

The Company has 37 foreign currency purchase contracts executed with financial institutions against the currency exchange rate risk as of the date of 30 September 2008. The maturity date of the contracts is September 2008, and the total contract value is 72,000,000 USD.

(31 December 2007: The Company has executed 2 foreign currency purchase contracts with financial institutions against the currency exchange rate risk as of the date of 31.12.2007. The maturity date of the contracts is 03.01.2008, and the total contract value is 4,000,000 USD.)

Operational Leasing

The Company has existing operational leasing contracts amounting to a total of 385,973 YTL. The future payment terms and amounts belonging to these transactions, which completely belong to vehicle leasing are 2008: 43,630 YTL, 2009: 174,095 YTL, 2010: 140,205 YTL, 2011: 28,043 YTL.

FOOTNOTE 24- PROVISION FOR TERMINATION INDEMNITIES

	30 September 2008	31 December 2007
Provisions for Termination indemnity (Gubretas)	5.101.868	6.509.374
Provisions for Termination indemnity (Razi)	63.466.049	-
Total	68.567.917	6.509.374

The total termination indemnity liability has been calculated with an annual 5 % inflation and 11 % discount rate, and by using the 5,71 % real discount rate as of the 30th of June, 2008. As the termination indemnity cap of the Company's provision for termination indemnities is adjusted on

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

a semi-annual basis, it is calculated as 2,173YTL, which is valid from the date of 1 July 2008 onwards (31 December 2007: 2.030 YTL).

	30 September 2008	31 December 2007
Discount rate	% 5,71	% 5,71

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

	Total
1 January 2008	6.509.374
Provisions for Razi Co.	60.639.125
Paid during the year (-)	-4.108.092
Increase during the year (+)	5.527.510
30 September 2008	68.567.917

FOOTNOTE 25- PENSION PLANS

There is no pension plan implementation. (31 December 2007; None.)

FOOTNOTE 26- OTHER ASSETS AND OTHER LIABILITIES

A. Other Assets

Other Current Assets

	30 September 2008	31 December 2007
Advances given for orders	26.792.275	10.633.726
Prepaid expenses for future months	429.787	251.800
Income accrual	123.015	16
Deferred VAT	14.870.456	6
Prepaid taxes and funds	243.445	8.031
Work Advances	2.086.086	548.248
Personnel advances	303.585	268.074
Other various current assets	0	-
Other current assets	44.848.649	11.709.901

Other Fixed Assets

	30 September 2008	31 December 2007
Advances given for orders	4.835	-
Other various fixed assets	5.434.779	-
Other Fixed Assets	5.439.614	0

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

B. Other Liabilities

Other Short-term Liabilities

	30 September 2008	31 December 2007
Advances received	2.884.176	1.146.657
Provisions for Costs	8.389	79.679
Income belonging to future months	-	260
Provisions for permits and termination incentives	1.028.951	1.382.086
Accrued expenses	16.845.185	1.389.728
Stock taking and inventory overages	-	7.118
Other short-term liabilities	20.766.701	4.005.528

Provision for Termination Bonus Incentive

The total liability for termination bonus incentive calculated as of the date of 30 September 2008 is 670,039 YTL. (31 December 2007 - 772,653 YTL)

Provision for holiday pays for accrued holidays

Provisions for holidays taken in the current year are cancelled from the provision for holiday pays reserved in the amount of 609.434 YTL as of the end of 2007, for the accrued holiday pays of the Company personnel as a result of the holidays they have not taken from previous years, as such the new amount of liability is 358,912 YTL. (31 December 2007 - 609,434 YTL)

FOOTNOTE 27- EQUITY CAPITAL

A. Paid-in Capital

The equity structure as of 30 September 2008 and 31 December 2007 is as follows:

Name	30 September 2008		31 December 2007	
	Share ratio	Share amount	Share ratio	Share amount
Agr. Credit Coop. Central Assc. Of Turkey	80,85%	18.190.160	83,85%	18.865.626
Other	19,15%	4.308.413	16,15%	3.632.947
TOTAL	100,00%	22.498.573	100,00%	22.498.573

B. Capital Rectification Differences

The remaining balance after the amount used in loss deduction differences of capital rectification of the Company that occurred previously is 18,566,650 YTL. In the balance sheet arranged according to communiqué number SPK XI-25, the indexing difference amount is 18,602,298 YTL. From this amount, 35,648 YTL portion belongs to restricted reserves coming from profits, and has been classified in the financial statement of the previous year's profit

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

and loss as per the communiqué XI-29, and the capital rectification difference was 18,566,650 YTL.

C. Appreciation Fund

The total of appreciation fund is 89,807,364 YTL, from which an 89,743,765 YTL portion belongs to Fixed asset appreciation fund and 63,599 YTL portion on the other hand belongs to financial assets appreciation fund. (31 December 2007: 89,807,364 YTL)

i- Appreciation Fund for Fixed Assets

The results of the details of valuation by current market values of items shown as tangible fixed assets and real estate for investment purposes in the balance sheet of Re-appreciation Fund amounting to 89,743,765 YTL are as follows.

- A net portion of 35,593,511 YTL of the Re-appreciation Fund belongs to real estate for investment purposes, and a net 54,150,254YTL portion belongs to tangible fixed assets.

The deferred tax, calculated over the fund amount obtained as a result of the valuation with current market prices has been finalized from the fund amount.

	Fund total for reappraisal	Deferred tax adjustment	Net fund total
Real Estates for investment purposes	37.466.853	1.873.342	35.593.511
Fixed Assets	57.000.271	2.850.017	54.150.254
	94.467.124	4.723.359	89.743.765

ii- Financial Asset Valuation Appreciation Fund

With regards to the financial assets that take place in the balance sheet, the financial asset valuation appreciation fund calculated in the previous years' amounts to 63,599 YTL (31 December 2007 : 63,599 YTL)

D. Foreign Currency Exchange Differentials

During the consolidation transaction with Razi Petrochemical Co., which is in a subsidiary position of the Company, a total of 20,730,000 YTL foreign currency exchange differential occurred due to the foreign exchange transactions performed at the balance sheet date.

E. Restricted Retained Earnings

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

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

In accordance with the Communiqué number 25, Sequence XI, which was abrogated, when the amount was being found that results at the first financial statement balancing process corrected for inflation and which is followed under the previous years' loss, within the framework of arrangements of Capital Markets Board related to profit distribution, such figure was followed in the previous years' losses by taking it into consideration as a deduction item or if available, when the retained earnings of previous years' figure was being established for the period's profit and previous years' retained earnings, were offset from extraordinary retained earnings, legal retained earnings, capital reserves arising from arrangement of equity items according to inflation accounting, in that order. However it was stated by announcement made in relation to the Communiqué number 29, Sequence XI that the restricted reserves allocated from profits in the matters relating to equity items section, it was pointed out that such had to be shown with the amount that is found in the legal records, and that use of different accounting valuations may not amend this. In accordance with the arrangement in question, the legal reserves in the amount of 662,105 YTL, offset from previous years' losses in the past years, this time have been added to the reserves account, and the same amount has been counter-balanced in the previous year's profit and loss account.

The retained earnings that were reclassified consist of the below items as of the date of 30 September 2008.

	30 September 2008	31 December 2007
Legal reserves	5.645.297	2.703.818
Cap. Sup. Subs. Share/Security Sale Gains	684.960	684.960
Total	6.330.257	3.388.778

F. Previous Years' Profit and Losses

In the balance sheet dated 31 December 2007 arranged according to Communiqué number XI/25 of Capital Markets Board, the previous year's profit is 10,116,437 YTL. Within the framework of Communiqué number XI/29, the previous year's profits decreased to 9,454,331 YTL by 662,105 YTL, as a result of the classification made related to legal reserves. In the same manner, in accordance with the classification made as per the Communiqué number XI/29, together with the indexing difference of extraordinary reserves and restricted reserves retained from earnings, the total of previous year's profit and loss reflected in the balance sheet was 17,107,289 YTL on the date of 31 December 2007, and 41,875,473 YTL on the date of 30 September 2008. Following the adjustments made within such framework, the details of the previous year's profit and loss account is as follows.

	30 September 2008	31 December 2007
Previous years' profits	10.797.699	9.454.331
Extraordinary reserves	31.042.126	7.617.310
Ind. Diff. Of res. Restr. Frm profits	35.648	35.648
Total	41.875.473	17.107.289

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

G. Minority Interests

In the consolidation transaction undertaken with the Razi Co., a subsidiary of the Company, the net assets of the subsidiary and the part of the profits and losses per other shares that are outside of the main partnership have been shown separately as minority interests as 334,023,519 YTL amount calculated within equity.

The 149,170,446 YTL portion of the profit and losses, which goes to the minority interests that arise as a result of consolidation was shown separately in the income statement.

FOOTNOTE 28 – SALES AND COST OF GOODS SOLD

A. Sales Income

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
Gübre Fabrikaları T.A.Ş.	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Domestic sales	700.292.425	275.510.933	390.653.901	131.529.998
Overseas sales	50.451	0	10.552.348	(0)
Other sales	1.639.206	1.289.323	422.551	80.018
Sales returns (-)	(50.543)	(5.709)	(158.124)	(10.826)
Sales discounts (-)	(4.733.962)	(2.388.967)	(2.472.691)	(1.083.548)
Other discounts from sales (-)	(1.002.441)	(5.207)	(2.376.818)	(1.574.487)
Net sales	696.195.136	274.400.373	396.621.167	128.941.155
Razi Petrochemical Co.	392.173.071	187.949.598	-	-
Total Net Sales	1.088.368.207	462.349.971	396.621.167	128.941.155

The details of the transactions related to concerned parties are given in Footnote 37.

		01.01.2008	01.07.2008	01.01.2007	01.07.2007
		30.09.2008	30.09.2008	30.09.2007	30.09.2007
TYPE	Unit	Sales amount	Sales Amount	Sales Amount	Sales Amount
TSP Triple super phosphate	Tons	9.593	4.550	45.641	5.555
NKP Composite and fertilizer	Tons	363.571	159.625	329.043	136.671
Urea	Tons	156.577	27.007	139.569	11.922
Ammonium Nitrate	Tons	131.667	12.815	124.065	5.865
DAP	Tons	52.193	37.128	108.092	88.674
Ammonium Sulfate	Tons	68.093	6.553	70.197	6.121

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

CAN	Tons	136.034	2.836	111.299	1.845
Potassium Sulfate	Tons	3.189	585	4.489	527
Other	Tons	1.613	153	1.736	51
Total		922.530	251.252	934.131	257.231
Liquid fertilizer	Lt.	1.667.505	98.307	313.102	41.626
Powder fertilizer	Kg	3.953.480	133.475	209.814	24.236
Razi (Fertilizer – Fertilizer raw mat.)	Unit	Sales Amount	Sales Amount	Sales Amount	Sales Amount
Sulphur	Tons	157.725	53.700	0	0
Ammoniac	Tons	314.639	165.798	0	0
Sulfuric acid	Tons	110.218	38.641	0	0
Urea	Tons	190.833	95.212	0	0
Dap	Tons	40	0	0	0
TOTAL		773.455	353.351	0	0

B. Cost of Sales (-)

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Cost of goods produced	323.080.176	141.693.099	120.823.946	45.349.673
Change in the goods inventory	-26.888.568	10.410.729	-9.872.220	-4.078.463
- Goods at the beginning of the period	9.680.397	-270.826	8.160.287	0
- Goods at the end of the period	-36.568.965	10.681.555	-18.032.507	-4.078.463
Cost of goods sold	296.191.608	152.103.828	110.951.726	41.271.210
- Merchandise inventories at the beginning of the period	49.453.896	0	40.385.055	0
- Purchases	478.221.975	130.974.310	276.948.993	102.572.412
- Merchandise inventories at the end of the period	-157.949.885	-8.430.235	-80.605.813	-28.201.383
Cost of merchandise sold	369.725.986	122.544.075	236.728.235	74.371.029
Cost of other sales	1.744.715	0	137.248	0
Cost of services sold	0	0	104.193	1.470
Total cost of sales	667.662.309	274.647.903	347.921.402	115.643.709
		280.647.853		115.643.710

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

Production Amounts	Unit	01.01.2008	01.07.2008	01.01.2007	01.07.2007
		30.09.2008	30.09.2008	30.09.2007	30.09.2007
TYPE	Unit	Prod. Amount.	Prod. Amount.	Prod. Amount.	Prod. Amount.
TSP Triple super phosphate	Tons	93.300	31.550	96.815	27.420
NKP Composite and fertilizer	Tons	325.858	122.953	275.991	114.360
Total	Tons	419.158	154.503	372.806	141.780
Liquid fertilizer	Lt.	375.345	31.120	254.873	21.809
Powder Fertilizer	Kg.	1.152.235	163.000	186.783	19.885
Razi (Fertilizer – Fertilizer raw mat.)					
	Unit	Prod. Amount.	Prod. Amount.	Prod. Amount.	Prod. Amount.
Sulphur	Tons	243.900	120.650	-	-
Ammoniac	Tons	407.640	202.380	-	-
Sulfuric acid	Tons	124.460	52.060	-	-
Urea	Tons	171.380	70.400	-	-
Total	Tons	947.380	445.490	-	-

FOOTNOTE 29- RESEARCH AND DEVELOPMENT / MARKETING & SALES AND DISTRIBUTION / GENERAL ADMINISTRATION EXPENSES (-)

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Marketing, Sales and Distribution exp. (-)	36.458.723	12.949.196	21.144.580	6.776.186
- Personnel expenses	1.700.015	578.614	1.287.013	484.455
- Outsourced utilities and services exp.	32.027.707	11.417.266	18.031.616	5.774.440
- Depreciation	884.146	632.743	401.999	198.945
- Taxes, duties and levies	237.381	11.583	183.098	21.106
- Various expenses	1.609.474	308.990	1.240.854	297.240
General Administrative Expenses (-)	17.592.857	4.760.461	7.849.518	2.335.786
- Personnel expenses	10.842.231	3.122.709	5.829.181	2.636.373
- Outsourced utilities and services exp.	3.098.116	1.432.004	777.413	196.046
- Depreciation	272.529	-153.938	325.490	45.383
- Taxes, duties and levies	1.480.661	31.571	91.015	16.903
- Various expenses	1.899.320	328.115	826.419	-558.919
Operational Expenses Total	54.051.580	17.709.657	28.994.098	9.111.972

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

FOOTNOTE 30- EXPENSES ACCORDING TO THEIR CHARACTERISTICS (-)

A. Depreciation and Amortization Expenses

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Production cost	28.624.398	13.622.016	675.309	349.784
General administrative expenses	272.529	-153.938	325.490	45.383
Sales and marketing expenses	884.146	632.743	401.999	198.945
Total	29.781.073	14.100.821	1.402.798	594.112

B. Personnel Expenses

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Production costs	14.785.829	5.521.211	9.924.973	5.209.478
- Salaries and fees	13.350.790	3.466.764	6.404.376	1.554.870
- Extended benefits to workers	1.435.039	2.054.447	3.520.596	3.654.607
Sales and marketing expenses	1.700.015	578.614	1.287.013	484.455
- Salaries and fees	1.284.697	240.272	754.341	47.685
- Extended benefits to workers	415.318	338.342	532.672	436.770
General administrative expenses	10.842.231	3.122.709	5.829.181	2.636.373
- Salaries and fees	9.235.600	3.346.405	2.302.162	250.945
- Extended benefits to workers	1.606.631	-223.696	3.527.019	2.385.428
Total	27.328.075	9.222.534	17.041.167	8.330.306

C. Outsourced Utilities and Services

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Production costs	61.801.726	27.089.982	10.712.292	4.289.643
Energy, fuel and water expenses	4.380.764	1.550.688	3.524.771	1.059.295
Freight expenses	1.583.276	737.064	1.241.455	542.675
Maintenance and repair expenses	1.881.814	801.678	1.251.961	776.588
Loading, unloading and freight	5.917.424	1.757.590	4.400.948	1.804.701
Subcontractor expenses	47.023.268	21.756.997	0	0
Other	1.015.180	485.965	293.157	106.384
Sales and marketing expenses	32.027.707	11.417.266	18.031.616	5.774.440
Energy, fuel and water expenses	89.651	22.562	27.693	9.359
Freight expenses	22.780.626	7.476.964	17.713.602	5.645.820
Maintenance and repair expenses	1.122.575	760.698	54.543	6.879
Sales commissions	5.653.398	982.106	0	0
Other	2.381.457	2.174.936	235.778	112.382

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

General administrative expenses	3.098.116	1.432.004	777.413	196.046
Energy, fuel and water expenses	54.543	28.556	28.825	11.297
Freight expenses	3.245	950	5.881	1.821
Maintenance and repair expenses	1.019.267	467.192	17.323	3.353
Banking services	0	0	0	0
Other	2.021.061	935.306	725.384	179.575
Total	96.927.549	39.939.252	29.521.321	10.260.129

FOOTNOTE 31- INCOME / EXPENSES FROM OTHER OPERATIONS

A. Income from Other Operations

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Provisions for closed subjects	452.992	0	507.444	431.479
Penal income	370.241	36.143	274.067	50.020
Warehouse and inventory surplus	351.307	44.858	226.658	76.748
Scrap sales income	217.189	84.933	162.354	58.964
Dispatch and extra bonus income	1.110.782	244.839	518.370	109.926
Indemnity income	34.112	7.250	0	0
Profits from fixed asset sales	10.508	10.000	16.365	7.043
Real estate lease income	912.542	299.518	979.501	715.158
Other ordinary income and profits	6.251	0	37.984	3.820
Previous period's income and profits	7.512	7.252	222.403	3.657
Insurance claim sums	84.094	3.288	40.053	36.831
Other operating profit	4.291.272	3.079.660	0	0
Other extraordinary income and profits	717.501	176.038	655.667	183.939
Total	8.566.303	3.993.779	3.640.866	1.677.585

B. Expenses from Other Operations (-)

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Expenses for provisions	1.035	0	28.463	-9
Expenses and losses of previous period	3.184	0	6.962	0
Losses from fixed asset sales	0	0	3.440	3.440
Deficits from stock taking	233.375	87.495	475.766	201.527
Contingent losses	-1.697	-94.487	442.880	332.002
Demurrage expenses	170.876	111.394	33.953	19.562
Indemnities and penalties paid	399.682	112.816	553.251	56.961
Expenses legally rejectable	2.174.956	2.115.767	175.562	1.979
Other extraordinary expenses and losses	419.836	386.591	25.380	6.190
Total	3.401.247	2.719.576	1.745.657	621.652

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

FOOTNOTE 32- FINANCIAL INCOMES

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Dividend income from subsidiaries	15.000	0	15.000	15.000
Interest income	15.173.794	5.460.281	4.929.204	2.301.718
Foreign exchange profits	29.564.644	19.944.848	10.870.964	10.530.195
Real estate sales profits	55.210	512	13.478	11.915
Securities sales profits	3.628.883	-2.071.952	3.788.144	577.859
Financial income	48.437.531	23.333.689	19.616.790	13.436.687

Total financing income arisen within the period is 48,437,531 YTL. (30 September 2007: 13,436,687 YTL)

FOOTNOTE 33- FINANCIAL EXPENSES (-)

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Borrowing expense (-)	27.941.360	11.674.896	4.861.338	4.275.080
- Foreign exchange differentials	1.347.499	-1.746.490	0	0
- Credit interest	26.593.861	13.421.386	0	0
Foreign exchange losses (-)	9.633.598	1.973.783	5.336.054	2.130.642
Rediscount interest expenses (-)	4.805.918	50.689	2.976.740	807.855
Real estate sales expenses	45.298	19.985	0	0
Financial Expenses (-)	42.426.174	13.719.353	13.174.132	7.213.577

Total financing expense arisen within the period is 57,356,738 YTL. (30 September 2007: 13,174,132 YTL)

FOOTNOTE 34 – THE FIXED ASSETS AND DISCONTINUED OPERATIONS HELD FOR THE PURPOSE OF SALES

There are no fixed assets or discontinued operations held for the purpose of sales as of 30 September 2008. (31 December 2007; None.)

FOOTNOTE 35- TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED ASSETS AND LIABILITIES)

A. Tax Liability for the Profit of the Period

The Corporate Tax ratio for the year 2008 is 20%. (2007: 20 %) This ratio is applied to tax assessment found after the non-deductible expenses as per the law are added, and the exceptions (such as subsidiary earnings) and deductions (such as investment deductions) are deducted.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

According to Corporate Tax Law number 5520, the corporate tax and pre-paid corporate tax is applied as 20 %. (Year 2007: 20 %)

The provisions for tax that are found in the income statement belonging to the period ending on the date of 30 September 2008 are as follows.

	30 September 2008	31 December 2007
Provisions for Corporate taxes	16.428.566	9.691.502
Prepaid taxes, etc. for the period's profits	-9.718.602	-5.672.509
Total	6.709.964	4.018.993

B. Deferred Tax Assets and Liabilities

The items that constitute the basis for deferred tax and corporate tax are specified below:

Reflected to the Income Statement	30 September 2008		31 December 2007	
	Provisional differences	Deferred tax, assets and Liab.	Provisional differences	Deferred tax, assets and Liab.
Deferred taxes				
a- Provisions for termination indemnity	5.101.868	1.020.374	6.509.374	1.301.875
b- Prov. for exp. Coll. Leave & term. Inc. Bon.	4.112.358	822.471	2.414.765	482.953
c- Receivables rediscount (est. fin. Exp)	2.878.690	575.738	2.218.244	443.649
d- Provisions for Val. Dec. in stocks	12.780	2.556	12.780	2.556
e- Difference bet. Stocks & XI/29	468.422	93.685	358.975	71.795
f- Difference bet. Fixed Assets Loss Val & XI/29	13.839.914	2.767.983	13.785.150	2.757.030
g- other	42.964	8.593	7.385	1.477
Deferred tax assets	26.456.996	5.291.400	25.306.673	5.061.335
a- Debt Redisc. (est. fin. Exp)	1.381.422	276.284	1.916.063	383.213
b- Expenses related to future months	-	-	101.115	20.223
c- Other	13.510	2.703	53.619	10.724
Deferred Tax liabilities	1.394.932	278.987	2.070.797	414.160
Net deferred tax assets	25.062.064	5.012.413	23.235.876	4.647.175
Razi Co. deferred tax assets		25.938.547		-
Total deferred tax assets		30.950.960		4.647.175

Deferred taxes reflected to equity	30 September 2008		31 December 2007	
	Provisional differences	Deferred tax liability	Provisional differences	Deferred tax liability
Current market value valuation difference	94.467.125	4.723.359	94.467.125	4.723.359

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

The deferred tax of 30,950,960 YTL that takes place in the balance sheet shows the net amount of tax calculated over the provisional timing differences.

The 4,723,359 YTL that takes place in the deferred tax liability account on the other hand shows the deferred tax amount that is calculated from reappraisal fund, which is formed as a result of the real estate for investment purposes and fixed assets being valued according to the principle of fair price. The subject matter amount has been shown in the reappraise value appreciation fund in the liabilities of the balance sheet, after being clarified.

Information related to deferred tax transaction table:

Reflected to Income statement	30 September 2008	31 December 2007
Deferred tax assets/liabilities transactions		
1 January, opening balance	4.647.175	4.755.960
Transferred from Razi Co.	21.844.789	-
Deferred tax (income)/ expense	4.458.996	-108.785
Balance sheet outstanding of 30 September 2008	30.950.960	4.647.175
Reflected to equity (reappraisal fund)	30 September 2008	31 December 2007
Deferred tax liabilities transactions		
1 January, opening balance	4.723.359	-
Deferred tax amount deducted from equity	-	4.723.359
Balance sheet outstanding of 30 September 2008	4.723.359	4.723.359

The amount that is found in the income statement in conclusion:

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Provisions for current year corporate tax (-)	-16.428.566	-6.709.964	-5.444.474	-2.424.098
Deferred tax exp. (-) / inc. (+)	4.458.996	5.969.685	-186.470	151.842
Total tax expense / income	-11.969.570	-740.279	-5.630.944	-2.272.256

FOOTNOTE 36- EARNINGS PER SHARE

The weighted average of the shares and profit per share calculations of the Company as of 30 September 2008 and 30 September 2007 are as follows.

	01.01.2008	01.01.2007
	30.09.2008	30.09.2007
Net profit for the period	201.742.328	22.412.590
Number of weighted average shares	22.498.573	22.498.573
Profit/loss per share (YTL)	8,967	0,996

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

The main earnings per share as of the dates of 30 September 2008 and 30 September 2007 have been calculated by dividing them to the number of weighted average number of ordinary shares issued.

In accordance with the Capital Markets Board decision number 7/242 dated 25 February 2005; in case of a situation where the whole of the total of the profit distribution amount calculated pursuant to the regulations of the Capital Markets Board related to minimum profit distribution amount to be distributed shall be met from the net profits for distribution, all of this amount shall be distributed, otherwise, all of the net amount found for distribution in legal records will be distributed. In case there is a loss in the period according to the financial statements prepared according to Capital Markets Board, or any of the legal records for that matter, no profit distribution shall be made.

With the decision number B.02.1.SP.K.0.13 dated 12 February 2008 of Capital Markets Board, and entering into force as of 1 January 2008, it has been decided that incorporated partnerships whose shares are listed in the stock exchange will realize the distribution of the 20% minimum profit distribution ratio to the partners as cash or as stock dividends by adding the dividends to capital, or else as cash in a certain ratio and stock dividends in certain ratio, provided such distribution is in accordance with the resolution taken in the general meeting of the shareholders. Pursuant to the decision taken, in case the 1st dividend amount is less than 5 % of the paid/issued capital, it is possible to leave such an amount within the partnership without it being distributed.

The profit distribution for the year 2007 has been calculated according to these principles, and the 1st dividend that will be distributed at a minimum of 20% ratio has been determined as 7,481,053 YTL. However, the 11,249,286.50 YTL portion of the profits was decided to be distributed to the partners, whereas the 321,761.36 YTL portion of it was decided to be distributed to managers and employees, in accordance with the resolution of the general meeting of the shareholders dated 31 March 2008.

The decision taken conforms to the principle decisions of Capital Markets Board explained above.

FOOTNOTE 37- DISCLOSURES OF RELATED PARTIES

A. Transactions Realized with Related Parties Within the Period

a. Trade Receivables and Payables

30 September 2008	Receivables	Payables
- Agr. Credit Coop. Central Assc. Of Turkey	226.817.439	-
- Tarnet A.Ş.	-	2.762
31 December 2007	Receivables	Payables
- Agr. Credit Coop. Central Assc. Of Turkey	34.941.445	-
- Tarnet A.Ş.	-	31.511

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

b. Sales - Purchases

1 January – 30 September 2008	Goods	Services
Sales		
- Agr. Credit Coop. Central Assc. Of Turkey	514.386.780	-
Purchases		
- Tarnet A.Ş.	121.638	-
1 January – 30 September 2007	Goods	Services
Sales		
- Agr. Credit Coop. Central Assc. Of Turkey	273.187.240	-
Purchases		
- Tarnet A.Ş.	82.825	-

B. Benefits Provided to Top Management

The total of the benefits such as salaries, bonuses, and other similar benefits the Company has provided to its top managers in the year ending on 30 September 2008 is 678,581 YTL (30 September 2007: 503,144 YTL).

FOOTNOTE 38- THE CHARACTERISTICS and THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

A. Targets, Purposes and Policies of Financial Risk Management

The Company manages its financial instruments, through a separate risk management unit especially established for this purpose. All the developments in the market are monitored instantly. Risk Management manages the financial instruments by evaluating the national and international markets, and taking into consideration cash inflows and outflows in its daily ordinary meetings. The Company prepares daily cash report, and the said information is taken into consideration by the Risk Management Team and the cash management strategies are thus formed. As such, all the financial actions of the Company are managed centrally. The Company undertakes cash plans through forward looking cash flow reports.

The financial instruments that the Company uses are cash, cash equivalents, liquidity funds, purchase and sale of stock shares, credits and forward transactions. The true purpose of using these instruments is to create financing for the operations of the Company. The Company also has financial instruments such as trade receivables and trade payables, which directly arise from the operations of the Company.

The risks arising from instruments used are foreign exchange risk, interest rate risk, and liquidity risk. The Company management manages these risks in the following stated manner. The Company also follows the market risk that may arise due to the use of financial instruments.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

B. Capital Management

The Company, while trying to sustain the continuity of its operations on one hand in capital management, also targets to increase its profits by using liabilities and capital balance in the optimum manner possible. The capital structure of the Company consists of liabilities, cash and cash equivalents, issued capital explained in Footnote 27, capital reserves, and equity items including retained earnings.

The capital costs as well as risks related to each capital class of the Company are evaluated by the top management of the Company. The top management evaluates capital cost as well as risks related to capital class during such examinations, and submits to the Board of Directors those that are dependent on Board of Directors' resolution.

The General strategy of the Company does not show any change from the previous period.

C. Market Risk and Foreign Currency Risk

The Company is exposed to fluctuations in foreign exchange rates and interest rates and related financial risks due to its operations. In order to keep the risks in relation to foreign exchange rates and interest rates under control, the Company uses financial instruments including the below stated ones:

An important part of the production inputs of the Company is in foreign currency terms, and virtually all of the sales are made in prices, which are determined in YTL terms.

Although the sales prices are in YTL terms, as the sector is mainly dependent on inputs that are imported, any changes that may happen in the foreign exchange rates directly affect the product sales prices. This is why material changes in the foreign exchange rate are instantly reflected to the sales prices. On the other hand, some of the deposits are kept in foreign currency accounts. Moreover, the foreign exchange risks of the Company are tried to be minimized with the use of financial instruments such as forwards and options. No changes have occurred in the market risks the Company is exposed to or in the manner the Company handles the risks it faces, or in the measuring methods of such risks in the current year when compared to previous years.

The foreign currency positions of the Company for the dates of 30 September 2008 and 31 December 2007 are submitted below.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

Detailed, on the basis of Foreign Currency

30 September 2008	USD	In YTL Terms	EURO	In YTL Terms	Millions Iranian Rial	In YTL Terms	TOTAL (YTL)
Cash and Banks	2.284.188	2.813.206	270.315	485.972			3.299.178
Receivables	-	-	3.864	6.947			6.947
Total Assets	2.284.188	2.813.206	274.179	492.919	0	0	3.306.125
Financial Liabilities	5.000.000	6.158.000					6.158.000
Trade Payables	239.714.678	295.232.597	222.960	400.837	242.878	31.312.038	326.945.472
Other Trade Payables	20.330	25.038					25.038
Short-Term Liabilities	244.735.008	301.415.635	222.960	400.837	242.878	31.312.038	333.128.510
Financial Liabilities			41.691.250	74.952.529	0	0	74.952.529
Trade Payables					2.185.902	281.808.244	281.808.244
Long-Term Liabilities	0	0	41.691.250	74.952.529	2.185.902	281.808.244	356.760.773
Total Liabilities	244.735.008	301.415.635	41.914.210	75.353.366	2.428.780	313.120.282	689.889.283
Net Foreign Currency Position in Balance Sheet	-242.450.820	-298.602.429	-41.640.031	-74.860.447	-2.428.780	-313.120.282	-686.583.158
Net Derivative Ind. Position out of Balance Sheet	72.000.000	88.675.200	0	0	0	0	88.675.200
Net Foreign Currency Asset/Liability Position	-170.450.820	-209.927.229	-41.640.031	-74.860.447	-2.428.780	-313.120.282	-597.907.957
31 December 2007	USD	In YTL Terms	EURO	In YTL Terms	Millions Iranian Rial	In YTL Terms	TOTAL
Cash and Banks	61.457.057	71.579.033	21.067	36.028			71.615.061
Assets	61.457.057	71.579.033	21.067	36.028	0	0	71.615.061
Credits	10.177.703	11.853.970	1.707.545	2.920.243			14.774.213
Trade Payables	128.886.323	150.113.900	-	-			150.113.900
Other Trade Payables	13.606	15.847	4.718	8.068			23.915
Liabilities	139.077.632	161.983.717	1.712.263	2.928.311	0	0	164.912.028
Net Foreign Currency Position	-77.620.575	-90.404.684	-1.691.196	-2.892.283	0	0	-93.296.967

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

Total value of instruments for the purpose of asset / liability, export / import, net assets / equity and Hedge on the basis of foreign currency.

	30.09.2008	31.12.2007
Total Trade Foreign Currency Assets	6.947	0
Total Financial Foreign Currency Assets	3.299.178	71.615.061
Total Trade Foreign Currency Liabilities	608.778.754	150.137.815
Total Financial Foreign Currency Liabilities	81.110.529	14.774.213
Total export amount	50.274	11.814.968
Total Import amount	601.284.601	375.553.678
Total Assets	1.970.566.949	398.582.278
Total Equities	694.114.164	190.649.364
Total Value of the Instruments for Hedge Purpose	88.675.200	0

D. Interest Rate Risk Management and Interest Rate Sensitivity

The sensitivity analysis below has been calculated by changing the existing interest rates of the deposits and credits at the reporting date. The Company management has performed sensitivity analysis by taking into consideration a 5% increase/decrease in the interest rates.

It has been predicted that the gross income of the Company would increase by 42,738YTL (31 December 2007: 4,355YTL) as of the date of 30 September2008, for its deposits and credit liabilities when a 5% decrease in the interest rate is taken into consideration. An equivalent expense would be in question in case a 5% increase in the interest rates would occur.

E. Liquidity Risk Management

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

The precautionary liquidity risk management expresses the ability to keep sufficient amount of cash, availability of sufficient amounts of credit transactions and fund sources and the power to close the market positions.

The Company prefers to use suppliers' credits rather than bank credits in general.

F. Credit Risk Management

The majority of trade receivables have been secured with cheques, bank letter of guarantees taken, and/or credit limits. Continuous credit valuations are undertaken over the trade receivable balances of the customers.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

The Company does not have any material credit risk that arises from any of its customers.

G. Borrowing Ratio

The net borrowing/total Capital ratio for the dates of 30 September 2008 and 31 December 2007 are as follows:

	30 September 2008	31 December 2007
Total liabilities	1.276.452.785	207.932.914
Liquid assets (-)	-46.844.293	-116.277.945
Net liabilities	1.229.608.492	91.654.969
Total Equity	694.114.164	190.649.364
Net Liabilities / Total capital ratio	177%	48%

H. The Critical Decisions the Company Takes When Implementing the Accounting Policies

Borrowing Costs

In case this business method is taken as the basis in entering borrowing costs into the accounts; such will be applied to the whole of the borrowing costs directly related with acquisition, construction or production of all of the specialty assets of the operation within the framework of "Consistency Concept".

The Company does not have any tangible fixed asset and specialty asset acquisition that contains borrowing costs as of the date of 30 September 2008. As such, the borrowing costs have been taken into consideration as expenses.

FOOTNOTE 39- FINANCIAL INSTRUMENTS (VALUE DISCLOSURES IN LINE WITH FAIR VALUE and EXPLANATIONS WITHIN THE FRAMEWORK OF PROTECTION FROM FINANCIAL RISK PRINCIPLE OF ACCOUNTING)

The Company has determined the estimated current market values of financial instruments by using the existing market information and methods for conforming valuation methods. But, valuation of market information and estimating current market values requires interpretation and reasoning. The estimates submitted here as a result, may not be an indicator of the amounts that may be obtained by the Company in a current market transaction. The below methods and assumptions were used in the estimation of the values of the financial instruments, whose current market values may be estimated:

Monetary Assets

The balances in foreign currency terms are converted to New Turkish Liras by using the effective foreign exchange rates at the end of the period. These balances are anticipated to approximate the recorded values.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

Certain financial assets, to which cash and cash equivalents are also included, are carried over at their cost values, and as these are of a short-term nature, the recorded values are anticipated to be approximately equal to fair values.

It is predicted that the recorded values of Trade receivables reflect the fair value together with the related provision for bad debts.

Monetary Liabilities

Since they are over a short-term, it is assumed that the recorded values of the financial liabilities and other monetary liabilities converge with their fair prices.

NOTE 40- EVENTS AFTER THE BALANCE SHEET DATE

30 September 2008

a. - 25,159,164.89 YTL is from equity capital inflation correction differences - 36,657,302.46 YTL from exceptional retained earnings

- -684,959.75 YTL from real estate sales to be added to the capital, will be increased by 277.8017405 % to 85,000,000 YTL,

All of the 6,250,142,710 shares at a nominal value of 1 YKR issued on behalf of increased capital of 62,501,427.10 YTL to be allocated to present shareholders in the rate of their shares at no charge to the bearer, (at 277.8017405 % rate per 1Ykr nominal share)

The management to be authorized on subjects of getting necessary allowances and carrying out transactions.

b. The Company has renewed the dealership contract as 5 yearly with Agricultural Credit Cooperatives Central Union, which was signed as annually in the previous periods. According to the contract signed on 28.10.2008, Agricultural Credit Cooperatives will continue to provide their chemical fertilizer requirement from the Company for 5 years.

31 December 2007

a. The termination indemnity cap has been raised to 2,088YTL as of the date of 01 January 2008.

b. The Company, with the consortium it established in its own leadership for Razi Petrochemical Co., within the scope of privatization done in Iran in February 2008, has submitted an offer of **6,350,000,000,000** Iranian Rials for 100 % of the company. As was disclosed with the private situation disclosure made on the 25th of February 2008, the tender was awarded to the consortium under the leadership of Gubretas, as the highest offer holder, and the approval process was commenced. The share of Gubretas in the consortium is 50 %. Of the total shares of 2,800,000,000, 122,603,662 shares amounting to 4.38% will belong to workers at Razi Petrochemical Co., and the remaining shares were allocated to the consortium. A total of 1,338,698,169 number of shares equivalent to 47.81% of the total company shares will belong to Gubretas. Five of the 9 Board Members shall be determined by Gubretas. The approval of the sale that was realized for a total price of 6,350,000,000,000 Iranian Rials (686,486,486 USD) was announced on 24 February 2008.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

From the sales price an amount of 3,035,976,147,324 Iranian Rials is the liability of Gubretas, and 20% of the sales price shall be paid in 30 business days, whereas the remainder shall be paid in semi-annual installments over a 5-year term. Following the payment of the advance, the transfer process shall be commenced.

FOOTNOTE 41- OTHER MATTERS THAT MATERIALLY EFFECT THE FINANCIAL STATEMENTS or else THAT NEED TO BE EXPLAINED FOR CLARITY

A- Financial Statement Explanations:

30 September 2008

The total insurance sum of assets was 399,732YTL, as of 30 September 2008.

31 December 2007

a. The total insurance sum of assets was 164,451,880 YTL, as of 31 December 2007.

a. The facilities found at Iskenderun Sarıseki have been leased to Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi for a period of 25 years as of 30 April 2007. The annual lease amount is 1,000,000 USD, a further 5 % share is also taken from the annual sales revenue of the operator. In addition, the fertilizer handling activities that were performed by the Company in these facilities previously are currently continued to be undertaken by the lessee in the name of the Company.

B- Classifications and Characteristics Performed on the Previous Period Financial Tables

When comparative information was seen as required for the presentation of Current Period's Financial Statements, these were re-classified. The contents and amounts of the classifications were stated in Footnote 2.

C- Important Accounting Policies

The important accounting policies of the Company regarding financial instruments are explained in Footnote 2 – Financial Instruments.

GUBRE FABRİKALARI T.A.S**BOARD OF DIRECTORS ACTIVITY REPORT WHI WAS PREPARED
BASED ON THE NOTIFICATION WITH SERIAL: XI NO: 29****I INTRODUCTION****A. PERIOD OF THE REPORT**

01.01.2008 - 30.09.2008

B. TITLE OF THE PARTNERSHIP

Gubre Fabrikaları Turk Anonim Sirketi

C. BOARD OF DIRECTORS MEMBERS

Commissioned Persons in the Period;

Chairman	: Bedrettin YILDIRIM	(beginning from the date of 11.08.2005)
Deputy Chairman	: Necdet DİRİK	(beginning from the date of 25.10.2005)
Member	: Hamdi GÖNÜLLÜ	(beginning from the date of 31.03.2005)
Member	: Sahabettin SİRİN	(beginning from the date of 30.03.2008)
Member	: Yusuf YESİL	(beginning from the date of 30.03.2007)
Member	: Veli ÇELEBİ	(beginning from the date of 26.09.2008)
Member	: Mehmet KOCA	(beginning from the date of 31.03.2006)

Departed Persons in the Period;

Member	: İrfan Guvendi	(from the date of 30.03.2000 until 31.03.2008)
Member	: Bekir AKBEY	(from the date of 31.03.2006 until 30.03.2008)
Member	: Abdullah KUTLU	(from the date of 31.03.2008 until 26.09.2008)

D. INSPECTORATE

Selahattin AYDOĞAN	(beginning from the date of 31.03.2005)
Fazlı SUMER	(beginning from the date of 30.03.2007)

The members of Board of Directors and Inspectorate have the authorizations designated in Turkish Trade Law and Company's main contract.

E. SENIOR MANAGEMENT

Director General Bachelor	Mehmet KOCA Istanbul Technical University/ Sakarya Faculty of Engineering Industrial Engineering Department
Deputy Director General Bachelor	Ferat GUMUSBAS Ankara Engineering and Architecture Academy Chemical Engineering Department
Deputy Director General Bachelor	Ferhat SENEL Istanbul University/School of Business Administration
Deputy Director General Bachelor / B.A. Bachelor / B.A. Post Graduate / M.A.	Tahir OKUTAN Ataturk University / Faculty of Agriculture Anadolu University / School of Economics Dumlupinar University / Institute of Social Sciences

F. Capital Structure

The registered capital of our company is 85.000.000 YTL, while the pain-in capital of our company is 22.498.573 YTL.

The partnership structure of our company is indicated below.

Tablo 1
Gübre Fabrikaları T.A.Ş. Capital Structure

Our Partners	Shares Amount	Share (%)
T.T.K.K.M.B	18.190.160	80,85%
Other	4.308.413	19,15%
Total	22.498.573	100,00%

With the board of directors decision dated on 25.09.2008; It was decided that out capital, which was increased to 22.498.572,90 YTL within the registered equity ceiling of 85.000.000 YTL be increased to 83.500.000 YTL by increasing the rate to 271%, while the applications within this context were made to SPK. The Process continues.

G. INFORMATION CONCERNING OUR FACILITIES

Our company has a real estate portfolio of a total 353.019 m² area, the 118.842 m² of which is a closed area while it is consisting of facility, warehouse, and administrative buildings as well as areas that are suitable for development.

The chemical fertilizer capacity of Gübre Fabrikaları T.A.S. is 685.000 ton/year while it has 13% share in the sector. The distribution of the capacity concerning the facilities and production types are shown in the Table.

Gübre Fabrikaları T.A.Ş. Fertilizer Production Capacity (Ton)

FACILITIES	2008
YARIMCA	
TSP	185.000
Compound Fertilizer	200.000
Compound Fertilizer	300.000
TOTAL	685.000
İZMİR	
Liquid manure	20.000
TOTAL	20.000
GRAND TOTAL	705.000

H. CHEMICAL FERTILIZER SECTOR AND THE PLACE OF GÜBRE FABRİKALARI T.A.S. WITHIN THE SECTOR

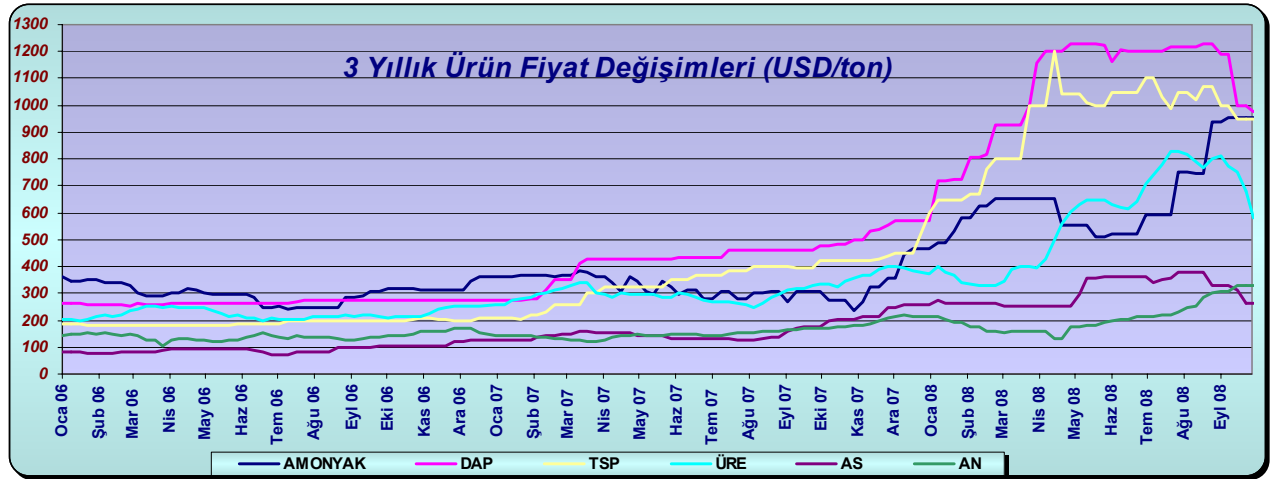
Fertilizer Sector in Turkey

Our country does not have the resources utilized in the production of chemical fertilizers. Approximately 95% of the inputs in the production are provided from the foreign market and there is a serious dependency on abroad.

The fertilizer usage per hectare in our country is too low compared with the countries that are advanced in agriculture while it has an increase potential about 40%.

The fact that the production does not fulfil the country's consumption creates a continuous gap between production and consumption. Therefore, this pushes the companies within the sector to import resources, intermediary products and product-goods continuously.

As it can be understood from the graphic attached, there has been serious increases in the resource and fertilizer prices on the international market during the last years. This increase trend continued rapidly in 2008, however, due to the crisis, which the world is experiencing, there has been a decrease after October such as in the whole goods prices.



1

Therefore, foreign market conditions and foreign exchange rates make up significance in the sector.

This condition inclines the sector companies to make investments in the countries that have resources considering the future of the sector and the market.

Within the scope of the works in this frame, our company implemented the purchase operation of the company, RAZI PETROCHEMICAL CO. /IRAN.

¹ Price Changes within the 3 Years (USD/ton)--ammonium

II. 2008 YEAR 01.01 - 30.09.2008 INTERIM PERIOD ACTIVITIES

A. THE PURCHASE OF RAZI PETROCHEMICAL CO

In Turkey, Gubre Fabrikaları T.A.S, which is among the main actors in the fertilizer sector, had implemented works for the purpose of making investments in the countries having resources beginning from the year 2006. Within this frame, and within the direction of the privatization policies of Iran Privatization Administration, Razi Petrochemical Co, which is among the pioneer fertilizer manufacturers, had been taken in the scope of privatization while this was inspected by our company from financial, technical and legal perspectives which as a result caused our decision to participate in the tender.

A consortium was created with the domestic and foreign companies for the participation to the privatization tender of Razi Petrochemical Co, which was opened by Iran Privatization Administration, and a bid of 6.350.000.000.000 Iranian Riyals (462,625.674 Euro) was made.

In the tender, which Gubretas participated as a consortium leader with a share of 50%, 2.677.396.338 shares out of 2.800.000.000 were purchased for total price of 6.071.952.294.647,00 Iranian Riyal, while the remaining shares were reserved for the company workers.

The initial payment of 1.214.390.481.879 riyal, which makes up 20% of the sales price, was deposited to the account of Iran Privatization Administration on the dates of 14th February 2008 and 12th April 2008, while the remaining amount shall be paid as by 6-month instalments within 5 years. The sales contract of shares was signed between Iranian Privatization Administration and our consortium on the date of 24.05.2008 and the share transferring operation of Razi Petrochemical Co was implemented. 5 of the Board of Directors Members of the Company, which consist of 9 people, were elected from the candidates who were nominated by our company.

Founded on an approximate area of 850.000 m² and having a port in Mahsahr city, which is located in the South of Iran, while producing Ammonium, Carbamide, DAP, Sulphuric Acid, and Phosphoric Acid Since 1968, Razi Petrochemical Co. Company is the biggest fertilizer complex in Iran.

Within the Facilities of Razi Petrochemical Co;

1 Dehydration Unit	3 Ammonium Units
1 Gas Liquid Decomposition Unit	2 Carbamide Units
3 Gas Cleaning Units	3 Sulphuric Acid Units
3 Sulphur Acquisition Units	2 DAP Units
1 Sulphur Granulation Unit	1 Phosphoric Acid Unit

Are present, and the founded capacity is calculated as 4.373.000 tons annually. In the inspections after the consolidation, it was decided that one of the Sulphuric Acid units be closed-out due to the fact that there is low demand in the markets and such high capacity is not required, while the utilized technology is also old, and also that one of the Carbamide Units be used within the future periods by not having it included in the capacity due to the fact that it is old and worn-out. Under these circumstances, the total available capacity is determined as 3.770.000 tons.

B.FOUNDATION OF NEGMAR DENİZCİLİK YATIRIM A.S.

We have been one of the founders of Negmar Denizcilik Yatırım A. S., which was founded with a capital of 4.000.000 YTL in order to implement activities in the Seafaring sector. The transportation costs are aimed to get lower levels compared to the market conditions through having Gubretas transportation services is done by Negmar. A ship of 3000 DWT was purchased in our participation as well as having it registered in the Turkey's International Ship Registry that caused the start of activities.

C. ISKENDERUN SARISEKI FACILITIES

As we have announced the public earlier about Iskenderun Sariseki Facilities' lease out by our company to Denizciler Birliği Deniz Nakliyat and Ticaret A.S. for a period of 25 years while the assignment operations were implemented on the date of 30.04.2007.

With the supplemental agreement established between our company and Denizciler Birliği Deniz Nakliyat ve Ticaret A.S.; the 350.000 TEU/Year capacity container port investment, which was located in the previous agreement and planned to be made after the fifth year of the agreement, was revised and it was planned that

the port capacity be increased to 1.300.000 TEU/year totally in two stages in accordance with the circumstances. By backdating the investment time, the investment shall begin following the receiver of confirmations. Our company shall be given a 5% share from the net sales revenue to be obtained from container handling activities for the portion of 3.500.000 TEU, while 3, 5% of it shall be given for the part that the renting period was increased to 30 years relying on the condition that Container Port investment shall be implemented, and it shall be assigned back to our company free of charge within the end of the period.

D. ACTIVITIES CONCERNING GOODS AND SERVICE PRODUCTION AND SALES

1- Production

Our production implemented within the first nine months of 2008 is 419.158 tons with an increase of 12% compared with the same period of last year and our KKO increased to 82%. (2007 year's production within the first nine months is 372.806, and the KKO is 73%)

The production throughout Turkey became 2.335.887 tons with an increase rate of 5.6% compared with the same period of last year's first nine months (2007 year's first nine months, 2.211.336 tons).

Our liquid and dust manure production line was transported from Iskenderun to our facilities in Izmir, and the capacities were increased with the implemented revisions.

In this group, 374.645 Lt Liquid and 1.468.985 Kg dust manure production was implemented within the first nine months of 2008. Our production in 2007 was 254.873 Lt. for liquid manure and 186.783 Kg for dust manure.

2- Sales

Gubre Fabrikaları T.A.S. reached to a market share of %28,15 in the sector, by implementing 922.530 tons of numerous kinds of fertilizers within the first nine months of 2008.

The comparative table with the same period of last year and the consumption in the country is located below;

SEPTEMBER 2008 – Comparative Sales and Market Share Analysis			
Client Type	Whole Sales (Ton)		Increase/ Decrease %
	2008	2007	
Domestic Sales	922.488	904.516	1,98
Export	42	29.615	-99,86
Total Sales	922.530	934.131	-1,24
Country's Consumption	3.269.202	3.862.881	-15,37
Market Share %	28,22%	24,18%	16,70

The first six-month comparisons of our sales in respect of product groups are present in the audit report footnotes.

3- Improvements in Pesticides and Plant Nutrients Group

The production and sales of pesticides and plant nutrients began in our facilities located in Manisa on a small scale, while the modernization investments concerning the facility continue.

E. ADMINISTRATIVE ACTIVITIES

1- Reorganizational Work

We have established an agreement with a Professional consultancy company in order to implement the reorganizational works that are needed in parallel with the growth and development of our company, while the works are still being carried out.

2- Human Resources Indicators

The personnel condition of our Company as from 30th September 2008 is shown in the Table.

Gübre Fabrikaları T.A.Ş. Personnel Condition

EMPLOYMENT PLACE	30.09.2008	31.12.2007	Exchange %
General Directorate	85	73	14%
Yarimca Facility	258	312	-21%
Manisa Facility	5	4	20%
Regional Sales Management	51	46	10%
TOTAL	399	435	-9%

CONCLUSION

An endorsement of 1.088.368.207 YTL was reached by establishing sales of 922.530 tons from Gübre Fabrikaları T.A.Ş. and 773.455 tons from Razi Petrochemical CO in the first nine months of the year 2008. The total of the sold products' costs and the costs made for the demand for sales was implemented as 716.548.833 YTL and reached to an activity profit of 371.819.374 YTL. Our financial expenses are 8.937.030 YTL while 11.969.570 YTL tax assessed and a net profit of 350.912.774 YTL was reached. 201.742.328 YTL of this profit was allocated for us.

F- INSTITUTIONAL ADMINISTRATION PRINCIPLES COMPATIBILITY REPORT

1. DECLARATION OF INSTITUTIONAL ADMINISTRATION PRINCIPLES COMPATIBILITY:

Our company carried out its work relying on the principles located in the Institutional Administration Principles issued by Capital Markets Board in the activity period of 2008.

SECTION I – SHARE HOLDERS

2. Share Holders Relations Department

While our company does not have a shareholders relations department, we do have assigned personnel available concerning the partnership relations. The personnel, who are assigned for this duty, have undertaken the Company's responsibilities against the Capital Markets Board and Istanbul Stock Exchange and they carry out any type of work follow ups concerning partnership works in the capital increases, profit share payments, and exchanges of equities, as well as following up the works with the institution that undertakes the commissioning operations, and informing the partners in their written and oral applications.

3. Usage of Knowledge Acquisition Rights by the Shareholders

All of the applications for the incoming written and oral knowledge demands by our shareholders are responded in the period. Additionally, our company makes announcements about the subjects concerning the shareholders in the internet environment, and reaches the investors through the means of press announcements within the frame of Capital Markets Law and Turkish Trade Law provisions. While there is no clause concerning the assignment of a Special Auditor in our Main Contract, there is also no demand from the investors about this subject as well.

4. General Assembly Meeting Information

The General Assembly is gathered within the frame of Turkish Trade Law and Capital Markets Law provisions. Since our biggest partner, which is Turkish Agricultural Credit Cooperatives Central Union, has a participation rate of 85, 85%, there is no problem when the quorum required for our meetings are considered. Since the equities generated from our company are written on behalf of the holder, the General Assembly invitations for the investors are given through the means of press. However, the Activity report is prepared for the inspection of shareholders in the Company Headquarters 15 days before the General Assembly meeting. While the agenda is discussed in the General Assembly, the shareholders are asked whether they have anything to say concerning agenda's topic before presenting it for the voting. Moreover, the participants' questions about the company are answered by the Company authorities when the agenda subject is suggestions and requests. While the agenda topics are discussed, motions are given to the Council by the shareholders. These motions are taken into process provided that the demands in these motions are recorded on the reports after presenting it for the voting. The General Assembly Meeting reports are kept as open to the shareholders in the company headquarters.

5. Voting Rights and Minority Rights

Since our company does not have preference share, there is no privileged voting right as well.

6. Profit Distribution Policy and Profit Distribution Time

There is no privilege concerning the profit distribution in our company. The profit distribution of the company is established in the legal periods within the frame of Capital Markets Law and Turkish Trade Law provisions.

7. Assignment of the Shares

There is no provision restricting the assignment of shares in the company's main contract.

SECTION II – ENLIGHTENING THE PUBLIC AND TRANSPARENCY

8. Company's Enlightening Policy

Our company makes action about enlightening the investors within the frame of current regulations.

9. Special Cases Explanations

Within the year, 20 special case explanations were established in accordance with the Capital Markets provisions. The notifications were made within the time of their legal period. The equities generated by our company were not quoted in the foreign exchange.

10. Company's Website and Its Content

Our company has a website available. Our web site is: www.gubretas.com.tr. The information counted in the Capital Markets Board Institutional Administration Principles takes place in our website.

11. Explaining Natural Entity Ultimate Controlling Shareholder/Holders

The biggest partner of our company is Turkish Agricultural Credit Cooperatives Central Union with the rate of 80, 85%, which is in the senior union status of Agricultural Credit Cooperatives created by approximately 1.5 million farmer partners, and which is wide spread in Turkey.

12. Announcing the Public about Persons in the condition of an Inner Addressee

While no such list was created by our company, no announcements concerning this subject were made to the public as well.

SECTION III – STAKEHOLDERS

13. Informing the Stakeholders

It provides the guaranteeing of regulated or not-yet-regulated rights of the institutions and stakeholders interested in the activities of Gubre Fabrikaları T.A.S. as well as their target achievements through the means of regulations.

The Stakeholders consist of company partners/shareholders, employees, debates, customers, suppliers, unions, non-governmental organizations, the government and the saving owners that can consider cooperating with the company or make investments. Balanced approaches are taken as basis while these rights are evaluated as independent from each other in order to minimize the interest conflicts that can take place with the company or between themselves.

Mechanisms and models are developed for providing the participation of stakeholders to the company administration in a way, which shall not detain the company activities.

The Board of Directors members and the managers avoid savings that can cause damages for the stakeholders or that can decrease the assets, while they manage the job according to a consistent and balanced principle between the company interests and the interests of stakeholders.

14. Participation of Stakeholders to the Administration

For the purpose of producing more effective, efficient, and qualified products and services, we have idea exchanges with the stakeholders about our company as well as meetings, and their ideas are taken into account considering the making up of decisions and policies.

15. Human Resources Policy

While selecting our employees and assigning them to work, we do not discriminate them from the perspectives of ethnic origins, language, religion, gender, colour or a political thought. Our only criteria is to find people who can adopt the feeling of "us" with Gubre Fabrikaları T.A.S., who can take responsibility, have job ethics, idealist, neat and appropriate for team work, self-innovative and who have are capable of analytical thinking.

We do establish the assessment considering the criteria's of efficiency, compatibility with the Gubre Fabrikalari T.A.S. Principles and Norms, sharing the institutional culture and objective success. We apply the necessary activities for the meeting of the lacks while detecting the knowledge, experience and equipment lacks of our employees with Professional methods and techniques.

We encourage the vertical and horizontal progresses of our successful employees and reward them materially or mentally.

We find significance in making idea exchanges with the employees and union representatives in the decision to be taken for the employees.

We create the physical and social environment for our employs to implement their duties at maximum level through meeting any type of their necessities, either mentally or materially.

Our Human Resources policy in Gubre Fabrikaları T.A.S. is based on five basic principles:

- Equality
- Participative Administration and Transparency
- Improving the Working Conditions Continuously
- Payments based on Efficiency
- Respect for Human Rights

16. Information Concerning the Customers and Suppliers

Gubre Fabrikaları T.A.S. takes any type of measure that can provide the customer satisfaction in the marketing and sales of the products and services. Within this respect;

We rapidly meet the demands of the customer concerning the purchased product and service and inform the customers immediately about the delays.

The products and services abide by the quality standards and special care is given for the protection of the standard. For this purpose, a certain guarantee concerning the quality is provided. The products and services, which are below the standard, are compensated and recovered.

Within the scope of commercial confidentiality, special care is given for the confidentiality of the information about the customers and suppliers.

The company takes the necessary measures in order to settle good relations with the customers and suppliers far from unfair advantages and for the purpose of accommodating the agreement terms established between the parties.

17. Social Responsibility

We initiated the following in 2007:

- Scholarship (which was increased this year) for the Young Agriculturists
- Education Campaign: The agricultural engineers working in our Regional Sales Managements give information to our farmers about the agricultural production by reach any point where agriculture is active;

SECTION IV – BOARD OF DIRECTORS

18. Structure and Composition of Board of Directors, and the Independent Members

In our company; our Board of Directors are elected within the frame of Main Contract and Turkish Trade Law provisions in the General Assembly Meetings. They execute their works within the frame of Turkish Trade Law and Capital Markets Board regulations. The Board of Directors members have active tasks within the body of the company. In respect of the current condition, the Board of Directors are as the following.

Name	Position	Work Institute
Bedrettin YILDIRIM	Chairman	T.T.K.K.M.B. / General Director
Necdet DİRİK	Deputy Chairman	T.T.K.K.M.B. / Sup. Mar. D.Pres.
Hamdi GÖNULLU	Member	T.T.K.K.M.B. / Credits D.Pres.
Sahabettin SİRİN	Member	T.T.K.K.M.B. / Strategy Development and Organization Department President

Yusuf YESİL	Member	T.T.K.K.B.B. / Regional Director
Veli ÇELEBİ	Member	T.T.K.K.B.B. / Regional Director
Mehmet KOCA	Member	GUBRE FABRİKALARI T.A.S. / General Director

19. Qualifications of the Board of Directors Members

While there are no provisions that designate the qualifications of Board of Directors Members in our company's main contract, the elected Board of Directors members possess the qualities located in the concerning provisions of Turkish Trade Law and Capital Markets Board Institutional Administration Principles, Section VI.

20. Mission, Vision and Strategic Aims of the Company

Our vision as Gubre Fabrikaları T.A.S.,

Gubre Fabrikaları T.A.S., a Giant, pioneer in Turkey, which takes power from its past and roots, and as a World Brand

To be a company, which plays an active role in the improvement and development of Turkish agriculture through creating a synergy with Agricultural Credit Cooperatives and cooperation, by means of informing and creating awareness for the farmer, academic world and the concerning institutions, and which utilizes the modern technological opportunities in all the processes within the frame of a management understanding that takes quality awareness, active resource management, continuous improvement, efficiency and customer focus as principle,

To be the number one company of Turkey, which directs its sector with its infrastructure facilities and the branded name "Gubretas" as well as reaching the competition level in the global scale with its production technology that achieved international standards,

To be a company, which provided both physical and social opportunities for its employees with its approach of "Human Before All", as well as keeping environmental awareness, ecological balance and human health on foreground, and supporting projects with social content as well as participating them in person,

And to be a company, which gives weight to Research and Development works by following the developments of the world closely as well as providing the product variety that the farmer needs with the accredited labs and info-banks, and presenting different chances and alternatives to its customer in the agricultural field.

Our mission as Gubre Fabrikaları T.A.S.;

Extending the product, service and infrastructure quality through strengthening the institutional prestige and the brand,

By taking power from the past and roots we have; establishing the chemical fertilizer production and supply in the best way without Professional staff having Professional management understanding, and setting the sales and shipment network that shall provide the delivery of our products to the customers in a short time,

Catching a sustainable growth trend within the frame of "Superfine Quality, reasonable cost" understanding, as well as keeping the market superiority,

Giving weight to Advertisement and Human Relations works by establishing communication channels and bridges between Gubre Fabrikaları T.A.S. – Public and Farmers, establishing image developing activities in accordance with the institutional structure of Gubre Fabrikaları T.A.S. and extending these within the company and outside,

Reaching the product quality and standardization that can compete with the world within the frame of profitability, efficiency, and activity principles, carrying out continuous improvement activities for the active and efficient resource management, meeting the resource needs required for the production by itself, having manufacturing and infrastructure facilities in the country and abroad and detecting and assigning marketing strategies and policies in accordance with these,

To be a company that measures its success with customer satisfaction, and that creates fast and good solutions for the customer needs.

21. Risk Management and Internal Control Mechanism

While our company has an available Internal Control unit that carries out works dependent on our Company's General Directorate, it controls the company activities periodically and presents the inspection reports to the General Directorate. Additionally, our company also has a Risk Follow up and Financial Control unit available within the body of Finance Management.

22. The Authorizations and Responsibilities of Board of Directors Members and Directors

The authorizations and responsibilities of Board of director's members and directors are designated in the main contract of Company. Moreover, the responsibilities of the board of directors members are initially designated by Turkish Trade Law, and Capital Markets Board and the concerning provisions of regulations.

23. Activity Rules of Board of Directors

The Board of Directors meetings and decision quorum are established within the frame of main contract and Turkish Trade Law provisions. In order to carry out the works concerning the Board of Directors meeting and serve the members, a unit dependent on the General Director was established in our Company. The departments within the company notices the concerning unit after preparing their motions concerning the works requiring a decision about their subject and having the confirmation of General Directorate. By creating an agenda about these motions, an invitation is sent to the board of directors' chairmen for the meeting of board of directors. After the Board of Directors chairman signs the invitation script, s/he sends the meeting invitation letter to the members along with the agenda. The decisions taken in the meeting are transmitted to the concerning departments. Nine Board of Directors meetings were established in the year. There is no preponderate voting right for the board of directors members as well as the negative veto right. The members of board of directors principally participate in each meeting. The board of directors regularly gather at least once in six months, and without depending on this time when necessary conditions come up within the frame of the provisions located in main contract. In addition, the inspectorate members also participate to the Board of Directors meetings from time to time.

24. Prohibition for Jus Commercial and Competition with the Company

Although there are exceptional conditions for the board of directors with the 334th and 335th clauses of Turkish Trade Law, there has been no actual condition that is violating, and therefore creating a reason for an interest conflict.

25. Ethical Rules

Our Company's activities are carried out by the ethical rules, which is prepared by the Board of Directors and explained to our employees, and designated below.

- Deep respect for people, and the understanding of "human before all",
- Customer focused thinking and working,
- Responsibility for the society and environmental respect,
- Continuous development, rational and systematic working,
- Having a free atmosphere where the ideas are expressed comfortably,
- The understanding of equality, transparency, accountability and responsibility in management,
- Integrating the high ethical values with our corporate body,
- Servicing without discriminating religion, language, race and gender,
- Creating an Institution remembered with the word 'Trust' as well as an institutional culture

26. Number, Structure, and Independency of the Committees Created in the Board of Directors

The Board of Directors created Inspection and Corporate Management committees for the purpose of implementing the duties and responsibilities in a healthy way, in accordance with the condition the company is in and requirements. Each committee consists of two members and their activities are executed in accordance with the Capital Markets Board declarations.

27. Financial Rights Provided for the Board of Directors

The attendance fees and travel expenses of the Board of Directors within the year are determined by the General Assembly. In addition and except from these, no credits, debts or such have been paid to the board of directors members.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

FOOTNOTE 1- ORGANIZATION OF THE COMPANY AND ITS FIELD OF ACTIVITY

Gübre Fabrikalari T.A.Ş. (Gübretaş) was established in the year 1953, and the field of activity of the company is chemical fertilizer production and sales.

The company conducts a significant part of its business with Turkish Agricultural Credit Cooperatives Central Association. The legally registered headquarters of the company is in Istanbul and information with regard to the other places of production and offices is as follows.

Unit	Operational Status
Yarımca Facilities	Production / Port Operations / Warehousing
Manisa Facilities	Production of Agricultural Pesticides
İskenderun Facilities	Port / Warehousing (Leased)
İzmir Regional Directorate of Sales	Sales-Marketing / Liquid-Powder Fertilizer Production / Warehousing
Samsun Regional Directorate of Sales	Sales-Marketing / Warehousing
İskenderun Regional Directorate of Sales	Sales-Marketing / Warehousing
Tekirdağ Regional Directorate of Sales	Sales-Marketing / Warehousing
Ankara Regional Directorate of Sales	Sales - Marketing
Diyarbakır Regional Directorate of Sales	Sales - Marketing

On the basis of 26.10.2007 dated and 9484 numbered resolution of the Board of Directors of the Company, the land, factory and movable property registered in the name of Kimyagerler Ziraat İlaçları A.Ş. and partners, in the city of Manisa were capitalized by way of acquisition. The company is planning to carry out production of agricultural pharmaceuticals in these production facilities.

As of September 30th 2008, the company has 399 (December 31st 2007 435) employees.

25% of the shares of the company that is publicly held are traded at Istanbul Stock Exchange (ISE) and as such they are registered at the Capital Markets Board (CMB).

The shareholders with shares of 10% or more in the capital of the company are listed below.

Name	30 September 2008		31 December 2007	
	Share rate	Share amount	Share rate	Share amount
Agriculture Credit Coop. Central Assc. Of Turkey	80.85%	18,190,160	83.85%	18,865,626
Other	19.15%	4,308,413	16.15%	3,632,947
TOTAL	100.00%	22,498,573	100.00%	22,498,573

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Subsidiaries and Affiliates

On 24.05.2008, Gübretaş participated in Razi Petrochemical Co (Razi) that is involved in the production and sales of chemical fertilizer raw materials in Iran. The capital of Razi is 388,360,826 YTL and the shareholding in this company is 47.81%. Due to the fact that 5 out of 9 members of the Board of Directors of Razi belong to the Company, the Company controls over 50% of Razi and as such Razi has become a subsidiary.

On 30.06.2008, the Company participated in "Negmar Denizcilik Yatirim A.Ş that is involved in maritime transport. The capital of Negmar is 4,000,000 YTL and the shareholding in this company is 40%. Due to the fact that the proportion of shareholding is less than 50% and less than half of the members of the Board of Directors belong to the company, Negmar has become an affiliate.

FOOTNOTE 2- PRINCIPLES PERTAINING TO THE PRESENTATION OF THE FINANCIAL STATEMENTS

A. Principles Pertaining to Presentation

The Company maintains its legal records according to the accounting principles determined in the Turkish Code of Commerce and Tax Legislation. The financial statements presented in attachment have been prepared to reflect the actual situation as per Serial: XI, No: 29 numbered Communiqué and as such they include some adjustments and classifications including the changes in the purchasing power of New Turkish Liras. Capital Markets Board, in its 17.03.2005 dated decision stated that as of 01.01.2005, it will no longer be required for companies that are active in Turkey and preparing financial statements in accordance with accounting standards of CMB, to apply inflation accounting.

Capital Markets Board ("CMB") with its Serial: XI, No: 29 numbered and "Principles Pertaining to Financial Reporting in Capital Markets" titled Communiqué has determined principles, methods and procedures pertaining to the preparation of financial reports as well as their submitting to the related authorities. This communiqué has become effective with the first intermediate statements ending after date of January 1st 2008. On the basis of this communiqué, the enterprises implement International Accounting / Financial Reporting Standards ("ICS/IFRS") and they state that their financial statements have been prepared in accordance with ICS/IFRS in the footnotes to the concerned reports. Within this scope, the Turkish Accounting / Financial Reporting Standards ("TAS/TFRS") that are not against the said standards and published by Turkish Accounting Standards Institute ("TASI") are taken as the basis.

Therefore, the financial statements provided in attachment, have been prepared in accordance with Serial: XI, No: 29 numbered Communiqué of CMB and the financial tables and footnotes are presented in compliance with the format that is made mandatory on the basis of 14 April 2008 dated notice of CMB. Within this scope some classifications have been made in the financial statements of the previous period.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Although there are some seasonal shifts on the basis of years, in the sector for fertilizers, the months of February-March-April, September-October-November are the months that fertilizers are used heavily. The effects of seasonal sales are tried to be overcome by spreading them all through the year through early shipments.

B Comparative Information and Correcting of Financial Statements Dated to the Previous Period

The Financial Statements of the company are being prepared in comparison with the previous period.

The Balance sheet of the company has been prepared comparatively as of January 1st 2008 - September 30th 2008 and January 1st 2007 - 31 December 2007; and the Income statement has been prepared as of January 1st 2008 - September 30th 2008 / July 1st 2008 - September 30th 2008 and January 1st 2007 - September 30th 2007 / 1 July 2007 - 30 September 2007, while Equity Capital Changes and Cash Flow Table has been prepared as of January 1st - September 30th 2008 and January 1st - June 30th 2007.

Due to the reason that Razi is an affiliate, the financial statements of the company dated September 30th 2008 were prepared by taking the financial statements prepared as of September 20th 2008 on the basis of legislation in Iran into consideration.

C Conversion of financial statements of Subsidiaries operating in overseas countries

The financial statements of Razi that operates in Iran as a subsidiary, have been prepared in accordance with the applicable legislation in Iran and as such the information on these consolidated financial statements of the company were reflected after the necessary adjustments and classifications are made on the basis of applicable accounting policies were made. The assets and liabilities of Razi were converted at the foreign exchange rate that was valid as of the Balance Sheet date while the income and expense items were converted into New Turkish Liras by using an average rate of foreign exchange. The re-conversion of the net assets at the beginning of the period, and the rate differences encountered due to the utilization of an average rate, are being followed up through foreign currency conversion differences account classified in equity capital accounts group.

As Euro is the basis currency with regard to the money transfers initiated in Iran, in converting Riyal into YTL, first of all Riyal is converted into Euro and then into YTL. For this reason in converting the Financial Statements of Razi into YTL, EURO/Riyal and YTL/EURO rates were used.

D Principles of Consolidation

1-The consolidated financial tables include financial statements of the company that constitutes the main partnership and Razi that is the subsidiary, as prepared on the basis of the principles stated below. The financial statements of the companies that

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

are included within the scope of consolidation have been prepared in accordance with Financial Reporting Standards of CMB as of the date of the consolidated financial tables and by observing the accounting principles and applications. The operating results of subsidiaries were either included or excluded in compliance with concerned acquisition or disposal transaction as of the effective date of the subject matter transaction.

The subsidiaries express the companies of which the Company has the power and authority to control the operating policies to serve its interests a) either directly and/or indirectly and by controlling more than 50% of the voting rights related to the shares as a result of the shares owned, or b) by exercising its authority to actually effect the operating policies of the subsidiary although it is not authorized to use more than 50% of the voting rights.

The balance sheets and Income and Expense Statements belonging to Razi, have been consolidated on the basis of full consolidation and the registered value of the shares owned by Gübre Fabrikalari T.A.Ş. has been deducted from equity capital of Razi. The transactions and balances between the two companies have been mutually written off.

In spite of the fact that Gübre Fabrikaları T.A.Ş was participated in Razi at a rate of 47.81%, five of the nine board members of Razi belong to Gübretaş and thus Razi is under control of Gübretaş.

In compliance with the difference in calendar and legislation in Iran, the yearend financial statements of Razi were prepared as of 31.12.2007 instead of 19.03.2008. In the circumstances, the first six month's financial statements are prepared as of 20.09.2008 by Razi.

Due to this difference in calendars between Turkey and Iran, while the preparation of the consolidated financial statements, 6-monthly financial statements of Razi, which correspond to the period between 19.03.2008-20.09.2008, were taken into consideration as of 30.09.2008 when the 9-monthly financial statements of Gübretaş A.Ş. were prepared.

2- The financial assets that are ready for sale and that direct and indirect total share of Gübretaş A.Ş. is less than 20% or even if it is more than 20 % it doesn't have any significant influence or do not present any significance in terms of consolidated financial statements and that are not traded in regulated markets and fair values of which cannot be reliably determined are reflected to the consolidated financial statements with their cost values after provisions for loss of value are deducted.

Negmar in which the Company has 40% shareholding, has been shown in the consolidated financial statements with its cost valued by equity method.

The subsidiaries are included in the consolidation from the date that the control passes to the Company and as such they are excluded from the scope of the consolidation as of the date that control over the subsidiary ceases to exist.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

In the net assets of the subsidiaries as well as in their operating results, the shares of the minority shareholders are shown as consolidated equity of participations in the consolidated financial statements.

E-Netting– Set-off

Assets and liabilities and income and expenses are not set-off unless such is permitted under a standard and as such they are shown separately in the financial statements. However, if the presentation in the financial tables reflects the core of the transaction or the case, then the related income and expenses related with the transaction can be presented after they are set-off.

F- Functional and Reporting Currency Unit

The functional and reporting currency unit of the company has been accepted as New Turkish Lira (YTL).

On the basis of 17 march, 2005 dated and 11/367 numbered decision of CMB, due to the reason that the objective conditions that require the implementation of process of restating the costs in the financial statements are not materialized and that CMB foresees with regard to existing data that the signs of materialization of these conditions in future are substantially disappeared, the financial statements were subjected to restating pursuant to UMS 29 (Financial Reporting in High Inflation Economies) as of December 31st 2004 for the last time. Therefore, non monetary assets and liabilities that take place in the balance sheet dated December 31st 2006 and equity items including capital were calculated by means of that the entries until December 31st 2004 were indexed until December 31st 2004 and the entries after this date were transferred at their nominal values.

G Changes in Accounting Policies

1. Adjustments

	Rearranged according to XI-25 Communiqué	Rearranged according to XI-29 Communiqué
Total Assets as of 31 December 2007	398.523.325	398.582.278
Total Equity as of 31 December 2007	190.571.676	190.649.364
Total Net profits as of 30 June 2007	13.293.356	13.220.329
Total Net profits as of 31 December 2007	39.203.020	39.280.710

Except the ones mentioned below the company has implemented its accounting policies consistent with the previous year.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

2. Classifications

Within the scope of Communiqué XI, No: 29 of CMB, to be consistent with 30 September 2008 dated financial statements, some adjustments were made in the Balance Sheet as of 31 December 2007, in line with the Communiqué.

The classification differences of assets 45.914.903 YTL, Liabilities 14.689.047 YTL and Equity Capital 118.730.791 YTL in total in the balance sheet were realized. These classification differences do not have any effect on the Income Statement.

H Applied Valuation Principles / Accounting Policies

The significant accounting principles adopted in the preparation of the financial statements provided in attachment are as follows:

Revenue

Revenue is measured at sales values that are compliant with the actual numbers by taking into consideration the commercial discounts and discounts in the amount. If the value is in cash or cash equivalent then the revenue is also as cash or cash equivalent received or will be received. However, in cases where the receipt of cash or cash equivalents are postponed; the fair value of the sales proceed is determined by discounting of all the future collections at a reference interest rate. For the reference rate, either the rate quoted in the contract is used or the interest rate that is applicable for similar financial instruments. The difference between the nominal amount of the sales value and its fair value is accounted for as interest income.

Sale of Goods

This is reflected to the records if the enterprise transfers the important risks and income associated with the ownership of the goods to the buyer, and the amount of revenue can be reliably measured, and it is possible for the economic benefits pertaining to the transaction to be realized by the enterprise or for the undertaken costs to be reliably measured.

Revenue is measured at received or receivable values that are compliant with the actual numbers by taking into consideration the commercial discounts and discounts in the amount.

In case there is any uncertainty involved in the collection of the revenue amount, the amount for which there is no possibility of collection or that cannot be collected is posted as an expense to the financial statements.

Service Sales

In cases where a transaction pertaining to the provision of a service can be reliably predicted, the revenue with regard to the transaction is reflected to the financial statements by taking into consideration the level of completion as of the date of the balance sheet.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

In cases where the result of a transaction pertaining to the provision of a service cannot be reliably predicted, the revenue can only be reflected to the financial statements at the rate of recovery of the costs posted to the financial statements.

Interest and Dividends

Interest and dividends, in case that the amount of revenue can be reliably measured, and it is possible for the economic benefits pertaining to the transaction to be realized by the enterprise;

- **Interest;** The accounting for interest will be on the basis of effective interest method, the accrual of interest will be split into two periods being before and after acquisition and only after acquisition part will be reflected as revenue to the financial statements.

- **Dividends;** It is reflected to the financial statements when the right of shareholders to collect is realized.

Stocks

Stocks are valued at the lower of the cost or the net realizable value.

Net realizable value, is the amount that is forecasted by deducting the additional costs that may be realized until the actual sale, from the forecasted sale value.

The cost of stocks; includes all the purchasing costs, conversion costs and all the other costs incurred to bring the stocks to their present state and condition.

Borrowing costs are not allocated to the stocks.

In case the costs are higher than the amount that may be realized as a result of utilization or sale then the stock value is reduced to its net realizable value by making a provision for Inventory Value depreciation.

In terms of costing system, phase costing system is used. In stocks first in first out method is used for raw materials, finished products and commodities while for supplementary and spare materials monthly moving average costing method is applied (Footnote 13).

Assets Held for Purposes of Disposal and Operations Suspended

There are no Assets Held for Purposes of Disposal or Operations Suspended. (Footnote: 34)

Real Estate maintained for Investment Purposes

The real estate that is held for investment purposes excluding the property that is used in the production or supply of goods or services or the real estate that is maintained to be used for administrative purposes or to be sold within the normal flow

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

of work and this group of immovable property includes real estate that is held for purposes of obtaining lease income or to obtain an income from value appreciation or both.

At the beginning, the real estate obtained for investment purposes is measured at cost. As per the standard, the company can either choose to use the fair value valuation method or cost method as the accounting method, however, the method chosen must be applied to all the items of real estate obtained for investment purposes. Within the framework of this principle, the company had the fair value of its real estate obtained for investment purposes appraised as of 30.04.2007 through an authorized independent appraisal expert, and reflected values determined as such to the financial statements.

The real estate that was being used by its owner, was subjected to amortization until the day it is converted into real estate held for investment purposes reported at fair value, and from that day onwards amortization has not been calculated.

The gain or loss originating from the change in the fair value of the real estate held for investment purposes is included in either profit or loss in the period that it is realized.

In determining the fair value of the real estate held for investment purposes, the fair value of the machinery and equipment contained in the factory on lease are also included. For this reason, the subject matter assets are shown separately in the account for real estate held for investment purposes.

The real estate held for investment purposes is inspected for possible value losses and if in conclusion to this inspection, it is understood that the registered value of the real estate held for investment purposes is more than its recoverable value, then the registered value of the real estate is decreased to its recoverable value by making a provision. The recoverable value of the real estate held for investment purposes is the higher of either the fair value after the deduction of sales related expenses or the utilization value. (Footnote: 17)

Tangible Fixed Assets

These are physical items that are used in the production or supply of goods or services or to be lease to others or used for administrative purposes and they are predicted to be used longer than one period.

The cost of a tangible fixed asset item is reflected to the financial statements if the cost of the concerned item can be reliably measured, and it is possible for the economic benefits pertaining to the asset to be realized by the enterprise in the future. Otherwise it is recorded as an expense item.

The fixed asset item is measured at its cost when it is first accounted for. In the cost of the item the following are also included, after the price decreases and discounts are deducted from the purchase price; import taxes and non-refundable purchasing tax, any and all the costs that will render the item suitable for the purpose of

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

utilization as well as the forecasted costs pertaining to the dismantling of the asset, its transportation and the restoration of the area that it will be placed in.

The Company has chosen to apply Cost Method of accounting for its assets other than the buildings and land. Within this framework, the subject matter assets are reflected in the financial statements at values derived by deducting accumulated amortization and if any, the accumulated value depreciation provisions from their costs.

On the other hand for buildings and land, revaluation method has been adopted for accounting purposes. According to this method, the revalued amount is calculated by deducting accumulated amortization and the accumulated value depreciation provisions from the fair value of the asset as of the revaluation date.

The fair value of the land and buildings are determined as a result of the appraisal process conducted by experts that has professional qualifications. The fair value of the fixed assets is usually the market value of such determined in appraisals.

The amount of tangible fixed assets that are subject to amortization is distributed to the useful life of the asset in a systematic manner.

In general the amount of the asset that is subject to amortization is determined by deducting the residual value. In application, the residual value of assets is negligible and insignificant and as such it has not been taken into consideration in the calculation of the amount subject to amortization.

The Company uses straight-line depreciation method. The method chosen is being applied methodically from one period to the other unless there is a change in the pattern of consumption of the economic benefits expected in the future.

Expected useful life, residual value and the method of amortization are reviewed every year to determine the possible effects of any changes in forecasts, with an eye to the future.

The amortization is calculated on inflation adjusted values of fixed assets other than land with infinite life, by using normal amortization method and equally distributed amortization principle (KIST). The tangible fixed assets are amortized by taking into consideration the following foreseen economic useful lives. (Footnote: 18)

Buildings, underground and above ground arrangements	10-50 Years
Machinery, equipment and devices	10 Years
Vehicles	5 Years
Furnishings and Fixtures	3-10 Years
Special Costs	5 Years

In determining whether there is any value depreciation in any one of the tangible fixed assets, the provisions of the Standard on Value depreciation in Assets are applied and In case the book value of an asset is higher than its recoverable cost

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

then a provision for Value depreciation is made.

However, in the current period there is no provision for value depreciation calculated by using the above said method.

The historical costs of the tangible fixed assets have been adjusted according to the inflation until 31.12.2004.

The profit or loss realized due to the sale of a Tangible Fixed Asset is included in the relevant income and expense accounts in the financial statements.

The amounts spent for the repair, maintenance and care of tangible fixed assets are posted as expenses and the performance improving expenses on the other hand are capitalized. (Footnote: 18).

Intangible Fixed Assets

Intangible Fixed Asset; must be accounted for if the foreseen future economic benefits that are associated with the asset must be probable in terms of their realization and the cost of the asset must be reliably measured.

The intangible fixed asset item is measured at its cost when it is first accounted for. The cost of a separately acquired intangible fixed asset is determined with the inclusion of the following after the price decreases and discounts are deducted from the purchase price; import taxes and non-refundable purchasing tax, any and all the costs that can be directly associated with the asset and will render the item suitable for the purpose of utilization.

There is no intangible fixed asset that is created in the company (such as R&D).

The Company has chosen to apply Cost Method for accounting policy. Within this framework, the intangible fixed asset, after its first accounting, is followed-up at values derived by deducting accumulated amortization and the accumulated value depreciation provisions from their costs.

In accounting of an intangible fixed asset, its useful life is taken into consideration. An intangible fixed asset with a limited useful life is subjected to amortization while one with infinite useful life is not.

The amount of intangible fixed asset that has limited useful life and is subject to amortization is distributed to the useful life of the asset in a systematic manner. The amortization is started when the asset is ready for utilization in other words when it is in the status and condition that is desired by management for it to be operational. In case that the foregoing cannot be determined reliably then straight-line amortization method is used.

The historical costs of the intangible fixed assets have been adjusted according to the inflation until 31.12.2004. In the current period the intangible fixed assets are amortized on the basis of normal depreciation method over their costs, according to

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

their economic useful lives. The amount stated in the balance sheet is made up of special costs and it is amortized over a 5-year period. (Footnote: 19).

Goodwill

Goodwill represents the difference between the purchasing cost of the assets acquired and their reasonable value that can be clearly distinguished. (Footnote: 20)

Value Depreciation in Assets

In accordance with this standard, a provision for value depreciation must be made for the part that exceeds the recoverable part of the book value of the asset. The recoverable amount is higher of either the fair value or the utilization value of an asset or a unit creating cash after deducting the cost of acquisition. On the other hand utilization value is the present value of the cash flows that are expected to be obtained from an asset or a unit creating cash. Within this framework, the cash flows in the future must be discounted by using the discount rate that would yield the time value of money under the prevailing market conditions.

Borrowing Costs

The cost of borrowing is reflected to the financial statements, on the basis of fundamental method in the period that they are incurred regardless of the quality and method of borrowing used.

However, if there are any borrowing costs that can be directly associated with the purchase, construction or production of an asset then an alternative method is used and the borrowing costs are capitalized as a part of the cost of the specific asset. These types of costs are included in the cost of the specific asset if they can be reliably measured and it is possible that the enterprise can take advantage of its future economic benefits. The borrowing costs other than these are accounted for as expenses in the period that they are realized. The borrowing costs that can be capitalized in relation to the funds that are borrowed to acquire a specific asset are determined by deducting the income obtained from investing these funds temporarily from the total borrowing costs incurred for these assets in the period.

As there are no specific products that would require the capitalization of the financing expenses of the company, the financing expenses in the current period have been directly posted to the Income Statement.

Financial Instruments:

Financial instruments include the financial assets and debts.

Financial assets and financial debts; The financial assets and financial debts that are shown in the balance sheet at fair value are classified as financial assets held for trading purposes, Investments to be held until maturity, credits and receivables, and financial assets ready for sale.

Financial Assets Held For Trading Purposes: On principle, these are the assets that

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

are acquired to be sold or reacquired in the near future. (Such as securities for sale, bonds, debentures, shares)

Investments to be held until maturity: These are the financial instruments that the company has the intention and means to hold until maturity, involving payments that are either fixed or determinable and a fixed term.

Credits and receivables: These are the financial instruments that are created by the enterprise when it either directly lends funds or sells goods or services to the Company.

Financial assets ready for sale: These are the financial assets that are defined as being ready for sale or credits and receivables, investments to be held until maturity or financial assets of which the fair value difference is reflected to either the profit or loss and derivative financial instruments.

Accounting and Valuation Principles of Financial Instruments

Recording of Financial Instruments: The Company takes a financial instrument into its records only when it is a party to the provisions of a contract. Cost of the financial instrument at the first purchase is determined upon the price acquired and paid for the fair value of the related asset or the liability during the stage that the transaction is realized. The additional costs that are directly related to the acquisition or disposal of a financial asset or liability are included in the first valuation of the financial asset or liability.

The amortized cost of the financial asset or liability through effective interest method: This is the amount left over of the financial asset or liability after deducting the principal payments from its value measured during its first posting as well as the deduction or the addition of the accumulated amortization share that is calculated on the difference between the said initial value and the value at the maturity by using effective interest method and after any and all reductions pertaining to the value depreciation or doubtful collection are made (either directly or by using a provision account).

Effective Interest Method: This is the method with which the amortized costs of the relevant financial asset or liability are calculated (or a financial asset or liability group) and the related interest income or expense is distributed to the respective period. The effective interest rate is the rate that discounts the future forecasted cash payments and collections to be made on the financial asset or the liability through its useful life or if applicable for a shorter period of time, to the net book value of the concerned financial asset or liability.

The income pertaining to the financial assets other than the ones, of which the fair value difference is reflected to the profit or expense, is calculated by using effective interest method.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

The initial and Later Measurements of Financial Assets and Liabilities

Financial assets and liabilities are measured at fair value when they are initially accounted for. The fair value of a consideration given or taken for a financial instrument is determined by taking into consideration the transaction price or the other prices available in the market.

The fair values of the financial assets traded at the stock exchanges are determined by using the stock exchange values or the market values. Within this framework, the shares and other financial instruments are valued at the prices published by ISE as per 288-12335 numbered and 18.05.2005-dated letter of CMB. For the financial instruments that there is no available market value, the book value has been considered as the fair value.

Following Measurements of Financial Assets:

The financial assets other than the ones for which the fair value difference is reflected to the profit or loss following the initial purchase and is posted at the fair value in the books (the financial assets that are held for purposes of trading and the financial assets that are ready for sale), are valued as stated below.

Operating credits and receivables: These are assessed on their amortized cost by using effective interest method.

Investments to be held until maturity: These are assessed on their amortized cost by using effective interest method.

The investments that are not registered in an active market and financial instruments that are based on equity capital and cannot be reliably measured in terms of their fair value as well as the payments made to the derivative products based on investments that are not registered in an active market and financial instruments that are based on equity capital and cannot be reliably measured in terms of their fair value, are measured at their costs.

Following measurements of financial liabilities:

The financial assets other than the ones for which the fair value difference is reflected to the profit or loss following the initial posting are measured at their amortized costs that are measured by using effective interest method.

Accounting for gains and losses

The gain or loss that is realized in relation to a financial asset, for which the fair value difference is reflected to either the profit or loss, is accounted for either as a profit or loss item.

Until the concerned financial asset is removed from the balance sheet, the gain or loss that is realized in relation to a financial asset that is ready for sale is directly accounted for in the equity capital, other than the value depreciation losses and rate differential gains or losses.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

The gain or loss that is realized on financial assets or liabilities that are reported on their amortized costs, when such asset or liability is removed from the balance sheet or when its value is depreciated as well as the gain or loss realized due to amortization are accounted for either in profit or loss.

The Company makes a provision for value depreciation by taking into consideration whether there is any evidence that the financial asset or the financial asset group has been subjected to any value depreciation as of the date of each Balance Sheet.

a. Cash and Cash Equivalents

With regard to the presentation of cash flow table, cash and cash equivalents include the cash in hand; cash in banks, cheques and time deposits with original maturity of less than three months.

Cash and cash equivalents are reported together with the costs incurred for obtaining them as well as any accrued interest.

Foreign currency cash and cash equivalents are evaluated at the yearend exchange rate.

b. Commercial and Other Receivables

The commercial receivables are posted at their invoiced values and they are reflected in the accounts at their net value discounted at the effective rate and after the deduction of the provision for doubtful receivables. Provision for doubtful receivables is made by taking into consideration the amount of bad debt, and guarantees received, as well as the previous experiences and the prevailing economic conditions. The bad debt that is determined to be non-collectible is posted as a loss in the period such determination is made.

The following principles have been taken into consideration in determining the discounted net value.

	30 September 2008		31 December 2007		
	%	USD	%	USD	EUR
Dibs	17,15-18,10	--	15,00-17,28	--	--
Libor	--	3,93-4,83	--	4,22-4,82	3,67-4,75

c. Commercial and Other Payables

With regard to the commercial and other payables, the rates representing the market value of the amount that may be realized in the future with regard to purchases of goods or services regardless of whether these are invoiced or not, are taken as the basis.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

	30 September 2008		31 December 2007		
	%	USD	%	USD	EUR
Dibs	17,15-18,10	--	15,00-17,28	--	--
Libor	--	3,93-4,83	--	4,22-4,82	3,67-4,75

d. Credits

The bank credits are recorded on the date they are received, after the transaction costs are deducted from the credit amount. The bank credits are later on reported on discounted cost value derived by using effective interest method. The difference between the amount that is left over after the deduction of the transactional costs and the discounted cost value is reflected as the financing cost to the income statement during the term of the credit. The financing cost originating from credits is reflected to the income statement when realized.

In the current period credits in YTL and foreign currency were used. (Footnote: 8)

Protection Against Financial Risk

The company can carry out option transactions for protection against changes in prices, foreign exchange rates and interest rates belonging to the financial instruments.

a. Collection Risk

The collection risk of the company may primarily arise from its commercial receivables. Commercial receivables are evaluated by the company in the light of previous experiences and prevailing economic conditions, and commercial receivables are reported at net values in the balance sheet after a provision is made for doubtful receivables.

b. Price Risk

The company, due to its subject of operation, is exposed to the fluctuations in the values of foreign currencies against Turkish Lira. The import and export transactions of the company are handled in foreign currency. A part of the interest rates pertaining to the credit utilized, change in parallel to the movements in the markets. For this reason the company is also exposed to the movements in interest rates both in domestic and international markets.

c. Liquidity Risk

Liquidity risk involves any difficulties that an enterprise may be faced in meeting its obligations arising from financial debts. The company, in general, creates funds by converting its short-term financial instruments into cash: for example, by collecting its receivables or disposing of its securities. The proceeds obtained from these instruments are posted in the books at fair value.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

d. Effects of Transactions in Foreign Currency and Rate Changes

The foreign currency based transactions that are realized within the period have been converted at the foreign exchange rates that are applicable on the date of the transaction. The monetary assets and liabilities based on foreign currency are converted at the foreign exchange bid rates applicable at the end of the period concerned. The gain or loss realized on the exchange rate due to the conversion of foreign currency monetary assets and liabilities has been reflected to the income statement.

The results of the subsidiaries that prepare their financial statements in currency units other than New Turkish Liras have been converted into New Turkish Liras at the average rate for the concerned period. The assets and liabilities of these subsidiaries have been converted into New Turkish Liras at the year-end rate, and the rate differential due to the conversion of net assets into New Turkish Liras at the beginning of the period, as well as the differences realized in the average and year end rates were included in Foreign Currency Conversion Differences account under Equity Capital.

Transactions related to Financial Leasing and Operating Leases

The display of the Lease Contract in the Financial Statements in case the Company is the Lessee

The company classifies leasing transactions in which the risks and benefits arising from owning an asset are completely transferred as financial leases and the leases in which the risks and benefits arising from owning an asset are not completely transferred as operating leases.

Financial leasing operation is accounted for as either an asset or a liability at the lower of either the fair value of the lease contract or the present value of minimum lease payments.

However, in the current period, the company has no financial leasing transactions.

In an operating lease on the other hand, the lease payments are accounted as expenses during the term of the lease by applying the straight-line method.

In the current period the company has leased vehicles by way of operating leases (Footnote: 23).

The display of the Lease Contract in the Financial Statements in case the Company is the Lessor

The company that leases its assets under operating leases, reports the assets that are subject to these operating leases according to their type in the balance sheet.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

The lease income originating from an operating lease is accounted for as an income during the term of the lease by using straight-line method.

The costs incurred in the realization of the lease income are posted as expenses including the amortization.

The facilities of the company located at Iskenderun Sariseki, have been leased for a period of 25 years commencing from 30.04.2007 and later on the term of the lease has been extended to 30 years by way of a supplementary contract executed. The lease income obtained from these facilities, is accounted for periodically (Footnote: 17, 41).

Earnings Per Share

Earnings per share are calculated by dividing the amount pertaining to the ordinary shareholders from the net profit or loss of the period into the weighted average number of outstanding ordinary shares for the period.

In application, bonus shares as well as ordinary shares can be issued without requesting any additional payments from shareholders. In this case the number of ordinary shares increases without a corresponding increase in resources. The distribution of bonus shares as such are taken into account as shares issued in calculating the earnings per share and before a capital increase, the number of existing ordinary shares is taken into account after an adjustment for a proportionate change that may be realized in the number of existing ordinary shares. (Footnote: 36)

Events taking Place after the balance sheet date

Between the balance sheet date and the date that the balance sheet is authorized for publishing, events that may be realized either in favour of or against the enterprise will be required to be expressed.

The company, in case there is evidence that the subject matter events were present as of the date of the balance sheet, adjusts the amounts reported in the balance sheet in accordance with the new situation. If there are conditions indicating that the concerned events have taken place after the balance sheet date then the company suffices to explain the related points in the footnotes. No adjustments are made for the events that do not require any adjustments following the balance sheet date. (Footnote: 40)

Provisions, Conditional Liabilities and Conditional assets

Provisions are reflected to the financial statements in cases where there is an existing liability stemming from a past event (legal or implied) or the possibility that resources including economic benefits would be used by the enterprise for the accomplishment of the liability and that the amount of the liability can be reliably determined.

The provisions are reviewed and adjusted in a manner that will reflect the best estimate at the time of the balance sheet. In case the possibility of expanding

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

resources with economic benefits is abated, the provision made is cancelled. In case the discounting procedure is used, the book value of the related provision is increased in each period to reflect the passage of time. The subject matter increase is accounted as a borrowing cost.

Conditional Liabilities and Conditional assets are assets and liabilities that arise from a previous event that cannot be completely controlled by the enterprise and their existence is confirmed with the realization or non-realization of one or more ambiguous events that may take place in the future and as such they are not reported in the financial statements. In cases where the existence of a conditional asset or liability becomes probable however, the amount of the resources with economic benefits that are involved in the case cannot be reliably estimated; the subject matter Conditional Liability or Conditional asset is shown in the footnotes.

The conditional assets and liabilities are subjected to continuous reviews to ensure that they are reported correctly in the financial statements. When it becomes almost certain that the economic benefit would be realized by the enterprise, the conditional assets and its associated income is reflected to the financial statements of the period in which the change takes place. In relation to an item that has previously been considered as a conditional liability, if the probability that the economic benefits would be expanded by the enterprise, arises, then a provision in proportion to the subject matter probability of realization will be made to the financial statements of the period in which the change takes place.

Accounting Policies, Changes in Accounting Forecasts and Errors

The company can change its accounting policies only if it is required by a standard or if the subject matter change would ensure that the effects of the events and transactions are reflected better on the financial situation of the company as well as its performance, and cash flow rendering a more appropriate and reliable presentation of such in the financial statements.

When the application of the subject matter change has an effect on the future periods, the related policy change will be reflected to the financial statements in the period that it is initiated.

When the change in the accounting policy effects the existing period or the previous periods, then it is implemented retroactively as if it has always been in application.

Some financial statement items include estimated amounts due to the uncertainties in the activities of the enterprise. If there are any changes in the conditions on which the estimates are based or when new information is obtained or an additional development arises, the estimates are reviewed. If the effect of the change in the accounting estimate isolated to only one period then in the present period in which the change is made, or if it can be attributed to the future periods then both in the present period and the future periods, the change is reflected to the financial statements in a manner that will be taken into consideration in determining the net period profit or loss.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Errors consist of mathematical errors, wrong application of the accounting policies, incorrect interpretation of the information related to the financial statements of the company or their escaping notice. When the company becomes aware of a potential error, the amount is corrected in the financial statements retrospectively.

Important changes executed in accounting policies and the important accounting errors discovered are adjusted retrospectively and the financial statements of the previous periods are rearranged. If the effect of the change in the accounting estimate isolated to only one period then in the present period in which the change is made, or if it can be attributed to the future periods then both in the present period and the future periods, the effect of the change is adjusted.

Related Parties

In the financial statements the shareholders of the company, the companies that are owned by them, their managers and the other groups that are known to be related as well as the management staff are identified as the related parties. (Footnote: 37)

In the presence of any one of the criteria stated below the party will be deemed as related to the company:

- a. If the subject matter party, either directly or indirectly and through one or more intermediaries;
 - Controls the enterprise, controlled by the enterprise or be under common control as the enterprise (including main partnerships, subsidiaries and subsidiaries in the same business field);
 - Having a shareholding that ensures significant influence on the company; or Having joint control over the company.
- b. If the party is an affiliate;
- c. If the party is a joint venture in which the company is a partner;
- d. If the party is a member of the key management personnel in the Company or in its main partnership ;
- e. If the party is a close family member of the person indicated in paragraphs (a) or (d);
- f. If the party is an enterprise that is controlled, jointly controlled or under significant influence of any one of the person indicated in paragraphs (d) or (e) or if such person has important voting rights in the enterprise; or
- g. If the party has plans providing benefits to the employees of the enterprise or another enterprise related to the one concerned, following their dismissal or resignation from the company.

The transaction carried out with a related party would be treated as a transfer regardless of whether the resources, services or obligations among the parties are provided in return for a consideration.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Reporting of Financial Information According to the Departments

The company operates in the field of manufacturing, supply, marketing and sales of chemical fertilizers. Entire assets of the company and its means of manufacturing are located in Turkey. The bulk of the sales of the company is made to Agricultural Credit Cooperatives Central Association of Turkey.

State Incentives and Aids

The company includes all the state sourced incentives including the non-monetary incentives that are followed-up on the basis of a reasonable value in the financial statements when there is reasonable assurance that the conditions necessary for their receipt can be accomplished by the company.

Even if the state incentives are obtained in cash or as deductions from an obligation to the state, they will still be reflected in the same manner in the financial statements.

The investment incentives are valued at their fair value if there is sufficient assurance that the incentive will be received and that the conditions necessary for receiving it will be accomplished by the company. When an incentive is associated with an expense item, it will be systematically posted as income in the following periods, in a manner that will cover the expenses that it is intended to compensate. If the incentive is associated with an asset item, then its present value will be maintained under capital account (like a deferred income item) and it will be associated with the income statement, in equal instalments over the useful economic life of the asset to which the investment incentive is related to.

Taxes Calculated

The income tax included in the financial statements includes the current year tax and the change in the deferred taxes. The company in line with the "Income Tax Standard" calculates the current and deferred taxes on the results achieved in each period.

Tax Provision; in the financial statements prepared, a provision is made for corporate tax obligation of the company on the basis of the results achieved for the period as of the year-end. Corporate Tax obligation is calculated after the result for the period is adjusted on the basis of the expenses that are not legally accepted as well as the deductions.

The company is subject to the corporate tax on the basis of the legislation applicable in Turkey. With regard to the estimated tax obligations of the company pertaining to the current period activity results a provision is being made in the financial statements.

Information on Corporate Tax Calculations: The 5422 numbered Corporate tax law that was applicable in the first provisional tax period of the year 2007, has been abrogated by 5520 numbered new corporate tax law that became effective with its publishing in 21.06.2006 dated and 26205 numbered Official gazette. According to the 5520

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

numbered new corporate tax law the rate of corporate tax as well as the provisional tax have been determined as 20% as of 01.01.2006. Furthermore a withholding tax at the rate of 15% shall be applicable on the dividends distributed to persons and entities other than the full tax payer institutions residing in Turkey and limited tax payers earning income through a work place or a permanent representation in Turkey. The addition of the profit to the capital is not deemed as payment of dividends.

By the corporate taxpayers, a provisional tax at the rate of 20% shall be calculated in quarterly periods to be deducted from the corporate tax and the subject matter provisional tax shall be declared until the 14th of the next month and paid at the latest by the end of the 17th of the month in line with the arrangements in the income tax law. If the taxes paid in the year are in excess of the corporate tax calculated on the tax return, it will either be returned or set off against other taxes payable.

According to the corporate tax law, the losses from previous years as included in the corporate tax return of the institution can be deducted from the income earned by company in the future periods subject to the condition that it is not carried forward for more than 5 years.

The following are the exceptions that can be applied to the company as per 5520 numbered law; exception for income earned by affiliates, emission premium exception, exception on gains realized by the sale of immovable property or affiliates maintained in the assets of the company for two full years (75% of the gain is subject to the exception), and R&D Deduction. The investment tax credit application was stopped as per 5479 numbered 30 March 2006 dated law.

Inflation Application: With the changes made in the tax procedural law, income tax law and corporate tax law by way of 5024 numbered law that became effective with its publishing in 30 December 2003 dated 25332 numbered Official Gazette, it has become mandatory for income and corporate tax payers to adjust their financial statements according to the inflation starting from the year 2004. To be able to carry out the inflation adjustment on the basis of this provision, it is required that the, cumulative inflation rate in the last 36 months is higher than 100% and the annual inflation is higher than 10%. The company, due to the fact that the necessary conditions have not been realized, did not adjust its 30 June 2008 dated financial statements as per inflation accounting related provisions of Tax Procedural Law and the current period tax base has been calculated on the basis of existing values.

Deferred Taxes and Deferred Tax Liability. As a result of different evaluation of some income and expense items in accounting and tax calculations, some timing differences arise and on the basis of these timing differences the liability concerned are calculated. The deferred tax liability is calculated in consideration of all realized taxable timing differences and the a deferred tax asset is only posted when the subject matter asset realized can be amortized and a profit that can be taxed is expected to be realized in the future.

Deferred Tax is calculated on the basis of the rates applicable in the period that the assets are formed or liabilities are performed and as such these are posted to the income statement as an income or expense item.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

The company is posting deferred tax assets and liabilities on the basis of the timing differences arising from the financial statements that are prepared in accordance with XI/29 numbered Communiqué of CMB and the tables prepared as setting the basis for tax obligations. In general the subject matter differences result from some income and expense amounts included in the tax based statements to take place in different periods in the financial statements that are prepared in accordance with XI/29 numbered Communiqué of CMB and as such it is explained below.

Timing differences originate from the differences arising between income and expense items posted for accounting and tax purposes in the past years. The timing differences are calculated on the basis of tangible fixed assets (except land), intangible fixed assets, revaluation of stocks and prepaid expenses, rediscounting of receivables, provisions for severance pay, debt discounts, losses in previous years and the investment credits to be taken advantage of.

Subject to the condition that both of them are subject to the tax legislation of the same country, if there is a legal right for setting off current tax liabilities against current tax receivables then the deferred tax assets can be set off against deferred tax liabilities. (Footnote: 35).

A deferred tax liability has been calculated on the revaluation fund that is formed as a result of valuing the tangible fixed assets and the real estate held for investment purposes, on the basis of reasonable values.

Benefits Provided to Employees / Severance Pay / Incentive Premiums / Vacation Allowances:

Provision for Severance Pay, this states the discounted value of the total provision for possible obligations of the company that may arise in the future due to the retirement of its personnel on the basis of Turkish labour Law. (Footnote: 24)

According to 4857 numbered Labour Law, the company is obliged to pay a severance benefit to the employees that complete a full year of service but leaving the company, or to the retiring personnel or personnel who have completed 25 years of service (for women 20 years) and have earned their retirement rights (58 years of age for women and 60 years of age for men), the employees that are called for military duty or for employees that pass away.

The severance benefit to be paid is calculated within the framework of the applicable Turkish Labour Legislation as well as the provisions of Collective Labour Agreements of the company. There is no legal obligation to set up a fund for severance pay liability and as such no specific fund serving this purpose has been classified in the financial statements.

The provision for severance pay is calculated on the basis of the present value of the probable obligation of the company in case of the retirement of its employees.

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, “YTL”.)

In the light of the explanations made in serial XI/29 numbered Communiqué, actuarial assumptions have been used in the calculation of the total severance pay obligation of the company:

The basic assumption is based on increasing the ceiling provision for each year of service by the inflation rate. As such the discount rate applied reflects an actual rate free of any expected inflationary effects.

According to the existing laws in Turkey as well as the provisions of collective labor agreements, the severance benefit is paid when the employee retires or is dismissed from the company. The updated UMS 19 Employee Benefits Standard (“UMS 19”) defines these payments as identified benefit plans.

Seniority Incentive Premium; as per the applicable collective labour agreement, the employees within the scope of the agreement are paid a seniority incentive premium when they complete certain years of service in the company. The liability calculated for the subject matter incentive premium is posted to the financial statements. (Footnote: 26)

Vacation Allowances; The company makes a provision for the wages corresponding to the unused portion of vacation allowances of its employees in the previous years. (Footnote: 26)

Cash Flow Table

During the arrangement of the cash flow table, the cash flows pertaining to the period have been reported in a manner that will include the costs of main activities, investments and financing.

The cash flows originating from main activities reflect the flow of cash originating from fertilizer selling activities of the company.

The cash flows pertaining to the investment activities reflect the flows of cash used in and obtained from the investment activities of the company (fixed investments and financial investments).

The cash flows pertaining to the financing activities, reflect the resources used in the financing activities of the company as well as the repayment of these resources.

Liquid assets are the short term investments made up of cash, demand deposits and other short-term investments with original maturities of 3 months or less, eligible to be immediately converted into cash without being subject to the risk of steep value changes.

Capital and Dividends

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

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Accounting on the date of the Transaction and Delivery

Any and all purchases and sales of financial assets are accounted for on the transaction date, in other words on the date that the company undertakes to realize the purchase or sale of the financial asset. The ordinary purchases and sales are the ones for which the delivery time of the asset is arranged either under legislation or in the arrangements pertaining to the markets.

Recording the Financial Assets and Liabilities and their removal from Records

The company reflects the financial assets or liabilities in its financial statements only if it is a party to the related financial instrument contract. The company removes the record of a financial asset either partially or as a whole when it loses its control on the rights arising from the contract to which the subject matter financial asset is subject. The company removes a financial liability from its records only if its obligation defined in the contract is no more valid, or terminated or subject to a time limitation.

FOOTNOTE 3- BUSINESS ENTERPRISE MERGERS

There has not been any business enterprise merger as of the date of the balance sheet. (31 December 2007 - None.)

FOOTNOTE 4- BUSINESS PARTNERSHIPS

None (31 December 2007 - None.)

FOOTNOTE 5- REPORTING BY DEPARTMENTS

The company operates in Turkey, whereas Razi, which is a subsidiary, operates in Iran. The Company undertakes chemical fertilizer production and sales throughout Turkey. Razi Company on the other hand, performs the production and sales of fertilizer raw material. (31 December 2007 - None.)

FOOTNOTE 6- CASH AND CASH EQUIVALENTS

	30 September 2008	31 December 2007
Cash	62.362	33.701
Checks received	640.053	11.630.000
Banks – Demand deposits	11.070.317	659.839
Banks – Time deposits (< 3 months)	35.071.521	103.973.004
Checks given and payment instructions	-	-18.639
Other liquid assets	40	40
Cash and Cash equivalents	46.844.293	116.277.945
Affect of effective interest rate (-)	-68.893	-417.505
Balance of cash/cash equivalents in the cash flow statement	46.775.400	115.860.440

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

The maturities of time deposits as of 30 June 2008 and 31 December 2007 are shorter than three months; their values assessed according to effective interest method are as follows.

Time Deposits: YTL

Interest rate (%)	Maturity	30 September 2008	31 December 2007
14,00 - 18,50	January 08	-	32.504.153
14,75 - 19,15	September 08	32.037.910	-
Total		32.037.910	32.504.153

Time Deposits: Foreign Currency

Interest rate (%)	Maturity	Foreign currency	30 September 2008		31 December 2007	
			Foreign currency amount	In YTL terms	Foreign currency amount	In YTL terms
4,50 - 5,86	January 08	USD	-	-	61.362.455	71.468.851
2,00 - 3,90	September 08	USD	2.185.658	2.691.857		
3,70	September 08	EUR	190.096	341.755		
Total	USD		2.185.658	2.691.857	61.362.455	71.468.851
Total	EUR		190.096	341.755	-	-
Total	YTL		-	3.033.612	-	71.468.851

The Company has 353 YTL blocked liquid assets as of 30 June 2008 (31 December 2007 - None).

FOOTNOTE 7 – FINANCIAL INVESTMENTS

A. Short-term Financial Investments

Financial Assets Held For Trading Purposes

a) Stock Shares

The Company has a total of 274.450 YTL worth of stock shares with the purpose of purchase and sale as of 30th of June 2008. Aforementioned financial tables are being evaluated at the best purchase price declared at the stock exchange.

B. Long-term Financial Investments

Financial Assets

Partnerships within the Scope of Consolidation

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Title Of the Subsidiary	Subject of Activity	Country of Origin	Share (%)	Capital of the Subsidiary
Razi Petrochemical co.	Chemical Fertilizer and Fertilizer Raw Material	Iran	47.81	414.575.438
Total				414.575.438

The participation amount of the Company in Razi Petrochemical Co., which takes place in its Assets, has been subjected to elimination during the consolidation.

Partnerships out of the Scope of Consolidation

Title of the Associate	Subject of Activity	30 September 2008		31 December 2007	
		Share (%)	Capital of the Associate	Share (%)	Capital of the Associate
İmece Pref Yapı Tar. Mak. Tem. Gv. Hiz.San.Tic.A.Ş	Steel Construction Prfb. House, Konty. Kule Viç parç. SanYap.	15,00	2.013.888	15,00	2.013.887
Tarnet Tar. Kr. Bil. Hiz. San Tic.A.Ş	Internet Service Provider etc.	15,44	176.689	15,44	176.689
Total			2.190.577		2.190.576

(*Gonen Gıda San. ve Tic. A.S., an affiliate of the Company that was in liquidation in previous terms, has been removed from records as the liquidation process has been completed.

FOOTNOTE 8- FINANCIAL LIABILITIES

	30 September 2008	31 December 2007
Short-term Bank credits	173.751.161	19.380.168
Other Financial Debts	12.797.928	-
Short-term Financial Debts Total	186.549.089	19.380.168
Long-term bank credits	78.073.508	2.920.243
Other Financial Debts (1)	191.941.404	-
Long-term Financial Debts Total	270.014.912	2.920.243

The short-term and long-term financial liabilities have been valued according to efficient interest method, and the results have been stated below.

A. Short-term Financial Debts

a. Bank Credits

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Interest Rate (%)	Maturity	Type of Currency	30 September 2008		31 December 2007	
			Amount of Currency	In YTL Terms	Amount of Currency	In YTL Terms
15,52 - 18,29	April.-September.-October 08	YTL	-	-	-	7.526.198
5,97 - 6,03	September-November 08	USD	-	-	10.177.703	11.853.970
6,15	November 08	USD	5.014.950	6.176.413	-	-
16,10 - 23,51	October-November-December 08	YTL	-	140.620.644	-	-
18,00 - 20,23	March-September 09	YTL	-	26.954.104	-	-
Total YTL			-	167.574.748	-	7.526.198
Total USD			5.014.950	6.176.413	10.177.703	11.853.970
				173.751.161		19.380.168

b. Other Financial Debts

Foreign Currency	30 September 2008		31 December 2007	
	Foreign Currency Amount	In YTL Terms	Foreign Currency Amount	In YTL Terms
EUR	7.118.661	12.797.928	-	-
Total		12.797.928		-

B. Long-term Financial Debts

a. Bank Credits

Interest Rate (%)	Maturity	Foreign Currency	30 September 2008		31 December 2007	
			Foreign Currency Amount	In YTL Terms	Foreign Currency Amount	In YTL Terms
5,36	October 08	EUR	-	-	1.707.545	2.920.243
6,28	October 08	EUR	1.737.394	3.123.486	-	-
8,94	November 08	EUR	41.689.855	74.950.022	-	-
Total EUR			43.427.249	78.073.508	1.707.545	2.920.243

b. Other Financial Debts

Maturity	Foreign Currency	30 September 2008		31 December 2007	
		Foreign Currency Amount	In YTL Terms	Foreign Currency Amount	In YTL Terms
(1) 5 years	EUR	82.513.652	148.343.043	-	-
(1) 2 years	Milyon IRR	342.231	43.598.361	-	-
Total			191.941.404		-

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

(1) Other financial debt amounts that take place within the short and Long-term financial debts, show the debt amount taken from NPC, which was in the position of owner of the Razi Petrochemical Co. prior to the privatization.

FOOTNOTE 9- OTHER FINANCIAL LIABILITIES

Other financial liabilities as of 30 September 2008 are 3.730 YTL. (31 December 2007: None)

FOOTNOTE 10- TRADE RECEIVABLES AND PAYABLES

A. Trade Receivables

Short-term Trade Receivables

	30 September 2008	31 December 2007
Trade receivables	453.638.254	62.574.967
Notes receivable	6.121.318	1.005.477
Receivables rediscount	-2.889.856	-2.247.461
Other trade receivables	1.807.044	543.662
Doubtful trade receivables	305.455	792.179
Provisions for Doubtful trade receivables	-305.455	-792.179
Short-term trade receivables	458.676.760	61.876.645

164.635.021 YTL of the trade receivable item shows the receivables of Razi Petrochemical Co. prior to the privatization from the concerned parties.

The details of the transactions related to concerned parties are given in Footnote 37.

The below table contains an analysis of the trade receivables by taking as the basis the period up to the due date as of the balance sheet dates:

The analysis provisions for overdue and bad debts are as follows:

Overdue following the maturity	30 September 2008	31 December 2007
Between 0 – 3 months	0	213.608
Between 6 – 9 months	1.035	27.765
More than 9 months	304.420	550.806
Total	305.455	792.179

Provisions have been allocated for non-collectable receivables. Allowances for bad debts are as follows:

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

	30 September 2008	31 December 2007
Opening balance	792.179	625.325
Expenses for the period	1.035	228.980
Collections during the period	-487.759	-62.126
Closing balance	305.455	792.179

Guarantees related to outstanding receivables:

	30 September 2008	31 December 2007
Letters of Guarantee	105.396.030	69.530.795
Collateral checks/notes	773.490	758.574
Total Sum	106.169.520	70.289.369

B. Trade Payables

	30 September 2008	31 December 2007
Suppliers	353.080.989	164.067.507
Debt Rediscount (-)	-1.381.422	-1.916.063
Other Trade Payables	2.794.982	1.634.154
Short-term Trade Payables	354.494.549	163.785.598

The details of the transactions related to concerned parties are given in Footnote 37.

	30 September 2008	31 December 2007
Suppliers	281.808.244	-
Long-term Trade Payables	281.808.244	-

The consortium that includes The Company, participated in the tender the Iranian Privatization Administration held in the year 2008 and purchased the shares of the Razi Petrochemical Co. and its holdings of Gubretas company shares amounts to 47.81%. Twenty percent of the sales price was paid in advance and the balance shall be paid in six monthly equal installments.

A sum of 31.312.038 YTL of the total debt is shown in short-term supplier's account, whereas the balance amounting to 281.808.244 YTL was shown in long-term trade payables.

	(Iranian Rials Million)	YTL
Year 2008	242.878	31.312.038
Years from 2009 to 2013	2.185.902	281.808.244
Total	2.428.780	313.120.282

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

FOOTNOTE 11- OTHER RECEIVABLES AND PAYABLES

A. Other Receivables

a. Other Short-term Receivables

	30 September 2008	31 December 2007
Deposits and collateral given	1.208.337	0
Receivables from personnel	3.144.821	337.208
Other various receivables	35.216.816	7.920
Other short-term receivables	39.569.974	345.128

b. Other long-term Receivables

	30 September 2008	31 December 2007
Deposits and collateral given	14.423	8.456
Other long-term receivables	14.423	8.456

B. Other Payables

Other Short-Term Debts

	30 September 2008	31 December 2007
Deposits and collateral taken	29.369.096	149.198
Payable to partners	25.430	23.314
Payable to personnel	6.476.494	39.048
Taxes, Funds and other deductions payable	11.594.190	1.312.169
Other debts and liabilities	3.776.237	36.065
Other short-term Payables	51.241.447	1.559.794

FOOTNOTE 12- RECEIVABLES AND PAYABLES FROM FINANCE SECTOR ACTIVITIES

None. (31 December 2007: None.)

FOOTNOTE 13- INVENTORIES

	30 September 2008	31 December 2007
Raw materials and materials	102.644.758	22.353.750
Finished goods	36.366.609	2.906.614
Commodities	157.949.885	49.453.896
Other stocks	4.079.395	18.969
Provisions for decrease in value of stocks (-)	-12.780	-12.780
Total	301.027.867	74.720.449

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Transactions against stock value decrease:

	30 September 2008	31 December 2007
Opening balance	12.780	-
Provisions allocated during the period	-	12.780
Closing balance	12.780	12.780

FOOTNOTE 14- LIVE ASSETS

None. (31 December 2007 - None.)

FOOTNOTE 15- ASSETS RELATED TO CONTINUING CONSTRUCTION CONTRACTS

There are no continuing construction contract receivables and progress payments. (31 December 2007 - None.)

FOOTNOTE 16- INVESTMENTS APPRECIATING BY EQUITY METHOD

Title of the Associate	30 September 2008		31 December 2007	
	Share (%)	Capital of the Associate	Share (%)	Capital of the Associate
Negmar Denizcilik Yatırım A.Ş				
Capital Subscription	40,00	1.600.000		0
(Maritime Transportation)				
Nominal Sharing Amount		-1.200.000		0
Düz. As per Equity Method		400.000		0
Sharing Amount as per Equity Method.		17.823		0
		382.177		0

Negmar Denizcilik Yatırım A.Ş, that the Company is participated in at 40% shareholding and at an amount of 382.177 YTL, was evaluated by equity method.

FOOTNOTE 17- REAL ESTATE FOR INVESTMENT PURPOSES

The information regarding real estate for investment purposes are as follows.

a) The facilities belonging to the Company located at Iskenderun, Sariseki, have been leased for a period of 30 years as of 30 April 2007, in accordance with the contract executed with Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Sirketi. Hence, the tangible assets leased out have been reclassified by taking this differentiation into consideration, and are shown in real estate for investment purposes. The lease period was extended to 30 years with the supplementary contract executed later on.

b) The real estate for investment purposes have been shown at a fair price according to a current market value assessment performed by a real estate appraisal company, which has been authorized by the Capital Markets Board. The facility, machinery,

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

equipment and furniture and fixtures, which have been leased out together with the real estate in accordance with the contract, have also been classified in this account.

c) The depreciation application has been continued until the date the real estate for investment purposes attained this characteristic, depreciation allocation was discontinued as of the date of 30 April 2007.

The information related to the book values and fair values of the real estate for investment purposes belonging to the Company are as follows.

	Land	Land improvements	Buildings	Equipment, machinery and devices	Vehicles	Fixtures	Total
Cost value							
Real estates for investment purposes	1.170.146	40.333.288	9.768.726	31.544.664	23.986	439.696	83.280.506
Increase in fair value	37.466.854						37.466.854
30.09. 2008	38.637.000	40.333.288	9.768.726	31.544.664	23.986	439.696	120.747.360
Accrued Depreciation							
Real estates for investment purposes	0	(39.682.864)	(9.173.559)	(31.176.513)	(23.617)	(180.416)	(80.236.969)
30.09.2008	0	(39.682.864)	(9.173.559)	(31.176.513)	(23.617)	(180.416)	(80.236.969)
30.09.2008 Net Value	38.637.000	650.424	595.167	368.151	369	259.280	40.510.391

The Company had lease income amounting to 911,867 YTL excluding VAT from its real estate for investment purposes in the period ending on the date of 30 September 2008. (31 December 2007: 831,233 YTL)

FOOTNOTE 18- TANGIBLE FIXED ASSETS

Those from the fixed tangible assets, which are classified as land and buildings, have been subjected to valuation according to the fair value principle by taking into consideration the price determined by a real estate appraisal company authorized by the Capital Markets Board and by adopting the alternative method.

The basic method is continued to be used as the valuation method for the other tangible assets outside of the land and buildings.

The depreciation cost of the Company is 29,777,614 YTL, and amortization cost is 3,458 YTL as of 30 September 2008.

From the total of 29,781,072 YTL depreciation and amortization costs; 28,624,397 YTL have been included in General Production Costs, 884,146 YTL in Sales and Marketing Costs, 272,529 YTL in General Management costs. (31 December 2007: from 1,837,677 YTL depreciation costs; 851,915 YTL has been included in Costs of

GÜBRE FABRİKALARI T.A.Ş

EXPLANATORY FOOTNOTES PERTAINING TO 30 SEPTEMBER 2008 DATED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated the amounts are stated in New Turkish Liras, "YTL".)

Goods Sold, 678,235 YTL in Sales and Marketing costs, 239,881 YTL in General Management costs. 67,646 YTL on the other hand has stayed in inventory.)

Financial Lease

There are no fixed tangible assets that the Company acquired by way of financial leasing. (31 December 2007: None.)

Pledges and Mortgages on Assets

There are no mortgages or pledges on the fixed tangible assets of the Company as of the dates of 30 September 2008 and 31 December 2007.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

	Land	Land Improvements	Buildings	Equipment, Machinery & Devices	Vehicles	Fixtures	Ongoing Investments	Total
Cost Value								
Opening balance	66.144.783	9.511.132	70.639.289	858.737.221	5.111.662	7.414.108	14.458.131	1.032.016.326
Purchases	1.146.000	2.750	1.543.363	46.597	84.219	452.323	78.671.356	81.946.608
Sales / Cancellations	0	0	12.230	518.230	-143.627	-91.982	0	294.851
Transfers from investments made	0	65.865	0	181.631	0	0	-247.496	0
Closing balance on 30.09.2008	67.290.783	9.579.747	72.194.882	859.483.679	5.052.254	7.774.449	92.881.991	1.114.257.785
Accrued depreciation								
Opening balance	0	-8.700.858	-36.135.379	-257.104.845	-3.772.588	-3.695.123	0	-309.408.793
Expenses for the period	0	-108.911	-1.907.238	-27.088.089	-216.789	-456.587	0	-29.777.614
Sales / Cancellations / Corrections	0	0	5.605	73.645	143.626	57.578	0	280.454
Closing balance on 30.09.2008	0	-8.809.769	-38.037.012	-284.119.289	-3.845.751	-4.094.132	0	-338.905.953
Net Value on 30.09.2008	67.290.783	769.978	34.157.870	575.364.390	1.206.503	3.680.317	92.881.991	775.351.832

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

FOOTNOTE 19- INTANGIBLE FIXED ASSETS

	30 September 2008	31 December 2007
Special Cost price		
Opening balance on 01.01.2008	23.050	23.050
Purchases	-	-
Closing balance on 30.09.2008	23.050	23.050
Accrued depreciation		
Opening balance on 01.01.2008	-15.679	-11.069
Amortization expenses for current period	-3.458	-4.610
Closing balance on 30.09.2008	-19.137	-15.679
Net book value	3.913	7.371

FOOTNOTE 20- GOODWILL

In the consolidation transaction carried out with Razi Company, a subsidiary of the Company, the investment amount of main partner in the subsidiary partnership and the equity of the subsidiary equivalent to the amount of the main partner's share have been eliminated. The balance remaining from such transaction totaling 224,501,054 YTL is shown as goodwill in the balance sheet. (31 December 2007: None.)

FOOTNOTE 21- GOVERNMENT INCENTIVE AND AIDS

Investments, made in the scope of 26.12.2005 dated and 82775 numbered extension and incentive certificate of the company that is partake of renewal are being finished and transactions of incentive closing are still continuing.

(31 December 2007: Investments, made in the scope of 26.12.2005 dated and 82775 numbered extension and incentive certificate of the company that is partake of renewal are being finished and transactions of incentive closing are still continuing.)

FOOTNOTE 22- PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES

A. Provisions for Debts

a. Provisions for Short-term Debt

	30 September 2008	31 December 2007
Provisions for possible expenses and losses	97.629	9.780
Provisions for law suits	1.018.380	1.020.077
Provisions for forward expenses	1.953.100	0
Payments made to Contractors & employees	28.503.764	0
Total	31.572.873	1.029.857

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

Provisions for Probable Expenses and Losses

There is an amount of 97,629 YTL provision allocated for probable expenses and losses by the Company.

Provisions for Law Suits and Indemnity:

The total risk of law suits brought against the Company and which are continuing as of the date of 30 September 2008, amounts to 1,018,380 YTL, provisions have been set aside for this in the previous periods as well as the current period.

a) The fine of 1,409,115 YTL the Competition Authority passed within the scope of the investigation conducted about fertilizer manufacturers was paid to the Competition Authority on the date of 04 August 2006 with reservation, and was recorded as expense. A court case was initiated by the Company for the revocation of the fine on the date of 13 June 2006, at the 13th Court of State Council, however this was rejected. The Company will appeal to the decision within the given time and request that this decision be examined at the State Council Case Department.

b) Disputes with personnel and other law suits: A total of 1,018,380 YTL has been calculated as provisions against law suits such as termination indemnities, payments in lieu of notice, as well as accidents at work, return to work and other reasons that have been brought against the Company on various dates by personnel who have left the company. A portion of the calculated provisions in the amount of 1,020,077 YTL was in previous years; the remaining 1,698 YTL portion was cancelled in the current period.

Provisions for Forward Expenses

The company has allocated an amount of 1,953,100 YTL for forward contracts done with the financial institutes against currency exchange risk as of 30 September 2008 and reflected this amount to the income statement. (31 December 2007: 12,600 YTL)

Payments to the Contractors and Employees

The amount that Razi Company has allocated as of 30 September 2008 for debts and expenses is 28,503,764 YTL and a great portion of this amount shows the provisions allocated for short term payments to be done to the employees and transactions accrued but lacking the document.

b. Provisions for Long-term Debt

There is no provisions for long-term debt. (31 December 2007; None.)

B. Guarantees Given and Taken:

a. Guarantees Taken

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

	30 September 2008	31 December 2007
Collateral checks	565.661	550.745
Collateral notes	207.829	207.829
Letters of Guarantee	105.131.030	69.530.795
Mortgage liens obtained	140.890	140.890
Total	106.045.410	70.430.259

b. Guarantees Given

	30 September 2008	31 December 2007
Letters of Guarantees given	6.193.303	13.201.371
Total	6.193.303	13.201.371

FOOTNOTE 23- LIABILITIES

Forward and Option Contracts

The Company does not have any forward or option contracts as of the 30th of September, 2008.

The Company has 37 foreign currency purchase contracts executed with financial institutions against the currency exchange rate risk as of the date of 30 September 2008. The maturity date of the contracts is September 2008, and the total contract value is 72,000,000 USD.

(31 December 2007: The Company has executed 2 foreign currency purchase contracts with financial institutions against the currency exchange rate risk as of the date of 31.12.2007. The maturity date of the contracts is 03.01.2008, and the total contract value is 4,000,000 USD.)

Operational Leasing

The Company has existing operational leasing contracts amounting to a total of 385,973 YTL. The future payment terms and amounts belonging to these transactions, which completely belong to vehicle leasing are 2008: 43,630 YTL, 2009: 174,095 YTL, 2010: 140,205 YTL, 2011: 28,043 YTL.

FOOTNOTE 24- PROVISION FOR TERMINATION INDEMNITIES

	30 September 2008	31 December 2007
Provisions for Termination indemnity (Gubretas)	5.101.868	6.509.374
Provisions for Termination indemnity (Razi)	63.466.049	-
Total	68.567.917	6.509.374

The total termination indemnity liability has been calculated with an annual 5 % inflation and 11 % discount rate, and by using the 5,71 % real discount rate as of the 30th of June, 2008. As the termination indemnity cap of the Company's provision for termination indemnities is adjusted on

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

a semi-annual basis, it is calculated as 2,173YTL, which is valid from the date of 1 July 2008 onwards (31 December 2007: 2.030 YTL).

	30 September 2008	31 December 2007
Discount rate	% 5,71	% 5,71

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

	Total
1 January 2008	6.509.374
Provisions for Razi Co.	60.639.125
Paid during the year (-)	-4.108.092
Increase during the year (+)	5.527.510
30 September 2008	68.567.917

FOOTNOTE 25- PENSION PLANS

There is no pension plan implementation. (31 December 2007; None.)

FOOTNOTE 26- OTHER ASSETS AND OTHER LIABILITIES

A. Other Assets

Other Current Assets

	30 September 2008	31 December 2007
Advances given for orders	26.792.275	10.633.726
Prepaid expenses for future months	429.787	251.800
Income accrual	123.015	16
Deferred VAT	14.870.456	6
Prepaid taxes and funds	243.445	8.031
Work Advances	2.086.086	548.248
Personnel advances	303.585	268.074
Other various current assets	0	-
Other current assets	44.848.649	11.709.901

Other Fixed Assets

	30 September 2008	31 December 2007
Advances given for orders	4.835	-
Other various fixed assets	5.434.779	-
Other Fixed Assets	5.439.614	0

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

B. Other Liabilities

Other Short-term Liabilities

	30 September 2008	31 December 2007
Advances received	2.884.176	1.146.657
Provisions for Costs	8.389	79.679
Income belonging to future months	-	260
Provisions for permits and termination incentives	1.028.951	1.382.086
Accrued expenses	16.845.185	1.389.728
Stock taking and inventory overages	-	7.118
Other short-term liabilities	20.766.701	4.005.528

Provision for Termination Bonus Incentive

The total liability for termination bonus incentive calculated as of the date of 30 September 2008 is 670,039 YTL. (31 December 2007 - 772,653 YTL)

Provision for holiday pays for accrued holidays

Provisions for holidays taken in the current year are cancelled from the provision for holiday pays reserved in the amount of 609.434 YTL as of the end of 2007, for the accrued holiday pays of the Company personnel as a result of the holidays they have not taken from previous years, as such the new amount of liability is 358,912 YTL. (31 December 2007 - 609,434 YTL)

FOOTNOTE 27- EQUITY CAPITAL

A. Paid-in Capital

The equity structure as of 30 September 2008 and 31 December 2007 is as follows:

Name	30 September 2008		31 December 2007	
	Share ratio	Share amount	Share ratio	Share amount
Agr. Credit Coop. Central Assc. Of Turkey	80,85%	18.190.160	83,85%	18.865.626
Other	19,15%	4.308.413	16,15%	3.632.947
TOTAL	100,00%	22.498.573	100,00%	22.498.573

B. Capital Rectification Differences

The remaining balance after the amount used in loss deduction differences of capital rectification of the Company that occurred previously is 18,566,650 YTL. In the balance sheet arranged according to communiqué number SPK XI-25, the indexing difference amount is 18,602,298 YTL. From this amount, 35,648 YTL portion belongs to restricted reserves coming from profits, and has been classified in the financial statement of the previous year's profit

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

and loss as per the communiqué XI-29, and the capital rectification difference was 18,566,650 YTL.

C. Appreciation Fund

The total of appreciation fund is 89,807,364 YTL, from which an 89,743,765 YTL portion belongs to Fixed asset appreciation fund and 63,599 YTL portion on the other hand belongs to financial assets appreciation fund. (31 December 2007: 89,807,364 YTL)

i- Appreciation Fund for Fixed Assets

The results of the details of valuation by current market values of items shown as tangible fixed assets and real estate for investment purposes in the balance sheet of Re-appreciation Fund amounting to 89,743,765 YTL are as follows.

- A net portion of 35,593,511 YTL of the Re-appreciation Fund belongs to real estate for investment purposes, and a net 54,150,254YTL portion belongs to tangible fixed assets.

The deferred tax, calculated over the fund amount obtained as a result of the valuation with current market prices has been finalized from the fund amount.

	Fund total for reappraisal	Deferred tax adjustment	Net fund total
Real Estates for investment purposes	37.466.853	1.873.342	35.593.511
Fixed Assets	57.000.271	2.850.017	54.150.254
	94.467.124	4.723.359	89.743.765

ii- Financial Asset Valuation Appreciation Fund

With regards to the financial assets that take place in the balance sheet, the financial asset valuation appreciation fund calculated in the previous years' amounts to 63,599 YTL (31 December 2007 : 63,599 YTL)

D. Foreign Currency Exchange Differentials

During the consolidation transaction with Razi Petrochemical Co., which is in a subsidiary position of the Company, a total of 20,730,000 YTL foreign currency exchange differential occurred due to the foreign exchange transactions performed at the balance sheet date.

E. Restricted Retained Earnings

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

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

In accordance with the Communiqué number 25, Sequence XI, which was abrogated, when the amount was being found that results at the first financial statement balancing process corrected for inflation and which is followed under the previous years' loss, within the framework of arrangements of Capital Markets Board related to profit distribution, such figure was followed in the previous years' losses by taking it into consideration as a deduction item or if available, when the retained earnings of previous years' figure was being established for the period's profit and previous years' retained earnings, were offset from extraordinary retained earnings, legal retained earnings, capital reserves arising from arrangement of equity items according to inflation accounting, in that order. However it was stated by announcement made in relation to the Communiqué number 29, Sequence XI that the restricted reserves allocated from profits in the matters relating to equity items section, it was pointed out that such had to be shown with the amount that is found in the legal records, and that use of different accounting valuations may not amend this. In accordance with the arrangement in question, the legal reserves in the amount of 662,105 YTL, offset from previous years' losses in the past years, this time have been added to the reserves account, and the same amount has been counter-balanced in the previous year's profit and loss account.

The retained earnings that were reclassified consist of the below items as of the date of 30 September 2008.

	30 September 2008	31 December 2007
Legal reserves	5.645.297	2.703.818
Cap. Sup. Subs. Share/Security Sale Gains	684.960	684.960
Total	6.330.257	3.388.778

F. Previous Years' Profit and Losses

In the balance sheet dated 31 December 2007 arranged according to Communiqué number XI/25 of Capital Markets Board, the previous year's profit is 10,116,437 YTL. Within the framework of Communiqué number XI/29, the previous year's profits decreased to 9,454,331 YTL by 662,105 YTL, as a result of the classification made related to legal reserves. In the same manner, in accordance with the classification made as per the Communiqué number XI/29, together with the indexing difference of extraordinary reserves and restricted reserves retained from earnings, the total of previous year's profit and loss reflected in the balance sheet was 17,107,289 YTL on the date of 31 December 2007, and 41,875,473 YTL on the date of 30 September 2008. Following the adjustments made within such framework, the details of the previous year's profit and loss account is as follows.

	30 September 2008	31 December 2007
Previous years' profits	10.797.699	9.454.331
Extraordinary reserves	31.042.126	7.617.310
Ind. Diff. Of res. Restr. Frm profits	35.648	35.648
Total	41.875.473	17.107.289

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

G. Minority Interests

In the consolidation transaction undertaken with the Razi Co., a subsidiary of the Company, the net assets of the subsidiary and the part of the profits and losses per other shares that are outside of the main partnership have been shown separately as minority interests as 334,023,519 YTL amount calculated within equity.

The 149,170,446 YTL portion of the profit and losses, which goes to the minority interests that arise as a result of consolidation was shown separately in the income statement.

FOOTNOTE 28 – SALES AND COST OF GOODS SOLD

A. Sales Income

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
Gübre Fabrikaları T.A.Ş.	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Domestic sales	700.292.425	275.510.933	390.653.901	131.529.998
Overseas sales	50.451	0	10.552.348	(0)
Other sales	1.639.206	1.289.323	422.551	80.018
Sales returns (-)	(50.543)	(5.709)	(158.124)	(10.826)
Sales discounts (-)	(4.733.962)	(2.388.967)	(2.472.691)	(1.083.548)
Other discounts from sales (-)	(1.002.441)	(5.207)	(2.376.818)	(1.574.487)
Net sales	696.195.136	274.400.373	396.621.167	128.941.155
Razi Petrochemical Co.	392.173.071	187.949.598	-	-
Total Net Sales	1.088.368.207	462.349.971	396.621.167	128.941.155

The details of the transactions related to concerned parties are given in Footnote 37.

		01.01.2008	01.07.2008	01.01.2007	01.07.2007
		30.09.2008	30.09.2008	30.09.2007	30.09.2007
TYPE	Unit	Sales amount	Sales Amount	Sales Amount	Sales Amount
TSP Triple super phosphate	Tons	9.593	4.550	45.641	5.555
NKP Composite and fertilizer	Tons	363.571	159.625	329.043	136.671
Urea	Tons	156.577	27.007	139.569	11.922
Ammonium Nitrate	Tons	131.667	12.815	124.065	5.865
DAP	Tons	52.193	37.128	108.092	88.674
Ammonium Sulfate	Tons	68.093	6.553	70.197	6.121

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

CAN	Tons	136.034	2.836	111.299	1.845
Potassium Sulfate	Tons	3.189	585	4.489	527
Other	Tons	1.613	153	1.736	51
Total		922.530	251.252	934.131	257.231
Liquid fertilizer	Lt.	1.667.505	98.307	313.102	41.626
Powder fertilizer	Kg	3.953.480	133.475	209.814	24.236
Razi (Fertilizer – Fertilizer raw mat.)	Unit	Sales Amount	Sales Amount	Sales Amount	Sales Amount
Sulphur	Tons	157.725	53.700	0	0
Ammoniac	Tons	314.639	165.798	0	0
Sulfuric acid	Tons	110.218	38.641	0	0
Urea	Tons	190.833	95.212	0	0
Dap	Tons	40	0	0	0
TOTAL		773.455	353.351	0	0

B. Cost of Sales (-)

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Cost of goods produced	323.080.176	141.693.099	120.823.946	45.349.673
Change in the goods inventory	-26.888.568	10.410.729	-9.872.220	-4.078.463
- Goods at the beginning of the period	9.680.397	-270.826	8.160.287	0
- Goods at the end of the period	-36.568.965	10.681.555	-18.032.507	-4.078.463
Cost of goods sold	296.191.608	152.103.828	110.951.726	41.271.210
- Merchandise inventories at the beginning of the period	49.453.896	0	40.385.055	0
- Purchases	478.221.975	130.974.310	276.948.993	102.572.412
- Merchandise inventories at the end of the period	-157.949.885	-8.430.235	-80.605.813	-28.201.383
Cost of merchandise sold	369.725.986	122.544.075	236.728.235	74.371.029
Cost of other sales	1.744.715	0	137.248	0
Cost of services sold	0	0	104.193	1.470
Total cost of sales	667.662.309	274.647.903	347.921.402	115.643.709
		280.647.853		115.643.710

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

Production Amounts	Unit	01.01.2008	01.07.2008	01.01.2007	01.07.2007
		30.09.2008	30.09.2008	30.09.2007	30.09.2007
TYPE	Unit	Prod. Amount.	Prod. Amount.	Prod. Amount.	Prod. Amount.
TSP Triple super phosphate	Tons	93.300	31.550	96.815	27.420
NKP Composite and fertilizer	Tons	325.858	122.953	275.991	114.360
Total	Tons	419.158	154.503	372.806	141.780
Liquid fertilizer	Lt.	375.345	31.120	254.873	21.809
Powder Fertilizer	Kg.	1.152.235	163.000	186.783	19.885
Razi (Fertilizer – Fertilizer raw mat.)					
	Unit	Prod. Amount.	Prod. Amount.	Prod. Amount.	Prod. Amount.
Sulphur	Tons	243.900	120.650	-	-
Ammoniac	Tons	407.640	202.380	-	-
Sulfuric acid	Tons	124.460	52.060	-	-
Urea	Tons	171.380	70.400	-	-
Total	Tons	947.380	445.490	-	-

FOOTNOTE 29- RESEARCH AND DEVELOPMENT / MARKETING & SALES AND DISTRIBUTION / GENERAL ADMINISTRATION EXPENSES (-)

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Marketing, Sales and Distribution exp. (-)	36.458.723	12.949.196	21.144.580	6.776.186
- Personnel expenses	1.700.015	578.614	1.287.013	484.455
- Outsourced utilities and services exp.	32.027.707	11.417.266	18.031.616	5.774.440
- Depreciation	884.146	632.743	401.999	198.945
- Taxes, duties and levies	237.381	11.583	183.098	21.106
- Various expenses	1.609.474	308.990	1.240.854	297.240
General Administrative Expenses (-)	17.592.857	4.760.461	7.849.518	2.335.786
- Personnel expenses	10.842.231	3.122.709	5.829.181	2.636.373
- Outsourced utilities and services exp.	3.098.116	1.432.004	777.413	196.046
- Depreciation	272.529	-153.938	325.490	45.383
- Taxes, duties and levies	1.480.661	31.571	91.015	16.903
- Various expenses	1.899.320	328.115	826.419	-558.919
Operational Expenses Total	54.051.580	17.709.657	28.994.098	9.111.972

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

FOOTNOTE 30- EXPENSES ACCORDING TO THEIR CHARACTERISTICS (-)

A. Depreciation and Amortization Expenses

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Production cost	28.624.398	13.622.016	675.309	349.784
General administrative expenses	272.529	-153.938	325.490	45.383
Sales and marketing expenses	884.146	632.743	401.999	198.945
Total	29.781.073	14.100.821	1.402.798	594.112

B. Personnel Expenses

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Production costs	14.785.829	5.521.211	9.924.973	5.209.478
- Salaries and fees	13.350.790	3.466.764	6.404.376	1.554.870
- Extended benefits to workers	1.435.039	2.054.447	3.520.596	3.654.607
Sales and marketing expenses	1.700.015	578.614	1.287.013	484.455
- Salaries and fees	1.284.697	240.272	754.341	47.685
- Extended benefits to workers	415.318	338.342	532.672	436.770
General administrative expenses	10.842.231	3.122.709	5.829.181	2.636.373
- Salaries and fees	9.235.600	3.346.405	2.302.162	250.945
- Extended benefits to workers	1.606.631	-223.696	3.527.019	2.385.428
Total	27.328.075	9.222.534	17.041.167	8.330.306

C. Outsourced Utilities and Services

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Production costs	61.801.726	27.089.982	10.712.292	4.289.643
Energy, fuel and water expenses	4.380.764	1.550.688	3.524.771	1.059.295
Freight expenses	1.583.276	737.064	1.241.455	542.675
Maintenance and repair expenses	1.881.814	801.678	1.251.961	776.588
Loading, unloading and freight	5.917.424	1.757.590	4.400.948	1.804.701
Subcontractor expenses	47.023.268	21.756.997	0	0
Other	1.015.180	485.965	293.157	106.384
Sales and marketing expenses	32.027.707	11.417.266	18.031.616	5.774.440
Energy, fuel and water expenses	89.651	22.562	27.693	9.359
Freight expenses	22.780.626	7.476.964	17.713.602	5.645.820
Maintenance and repair expenses	1.122.575	760.698	54.543	6.879
Sales commissions	5.653.398	982.106	0	0
Other	2.381.457	2.174.936	235.778	112.382

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

General administrative expenses	3.098.116	1.432.004	777.413	196.046
Energy, fuel and water expenses	54.543	28.556	28.825	11.297
Freight expenses	3.245	950	5.881	1.821
Maintenance and repair expenses	1.019.267	467.192	17.323	3.353
Banking services	0	0	0	0
Other	2.021.061	935.306	725.384	179.575
Total	96.927.549	39.939.252	29.521.321	10.260.129

FOOTNOTE 31- INCOME / EXPENSES FROM OTHER OPERATIONS

A. Income from Other Operations

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Provisions for closed subjects	452.992	0	507.444	431.479
Penal income	370.241	36.143	274.067	50.020
Warehouse and inventory surplus	351.307	44.858	226.658	76.748
Scrap sales income	217.189	84.933	162.354	58.964
Dispatch and extra bonus income	1.110.782	244.839	518.370	109.926
Indemnity income	34.112	7.250	0	0
Profits from fixed asset sales	10.508	10.000	16.365	7.043
Real estate lease income	912.542	299.518	979.501	715.158
Other ordinary income and profits	6.251	0	37.984	3.820
Previous period's income and profits	7.512	7.252	222.403	3.657
Insurance claim sums	84.094	3.288	40.053	36.831
Other operating profit	4.291.272	3.079.660	0	0
Other extraordinary income and profits	717.501	176.038	655.667	183.939
Total	8.566.303	3.993.779	3.640.866	1.677.585

B. Expenses from Other Operations (-)

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Expenses for provisions	1.035	0	28.463	-9
Expenses and losses of previous period	3.184	0	6.962	0
Losses from fixed asset sales	0	0	3.440	3.440
Deficits from stock taking	233.375	87.495	475.766	201.527
Contingent losses	-1.697	-94.487	442.880	332.002
Demurrage expenses	170.876	111.394	33.953	19.562
Indemnities and penalties paid	399.682	112.816	553.251	56.961
Expenses legally rejectable	2.174.956	2.115.767	175.562	1.979
Other extraordinary expenses and losses	419.836	386.591	25.380	6.190
Total	3.401.247	2.719.576	1.745.657	621.652

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

FOOTNOTE 32- FINANCIAL INCOMES

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Dividend income from subsidiaries	15.000	0	15.000	15.000
Interest income	15.173.794	5.460.281	4.929.204	2.301.718
Foreign exchange profits	29.564.644	19.944.848	10.870.964	10.530.195
Real estate sales profits	55.210	512	13.478	11.915
Securities sales profits	3.628.883	-2.071.952	3.788.144	577.859
Financial income	48.437.531	23.333.689	19.616.790	13.436.687

Total financing income arisen within the period is 48,437,531 YTL. (30 September 2007: 13,436,687 YTL)

FOOTNOTE 33- FINANCIAL EXPENSES (-)

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Borrowing expense (-)	27.941.360	11.674.896	4.861.338	4.275.080
- Foreign exchange differentials	1.347.499	-1.746.490	0	0
- Credit interest	26.593.861	13.421.386	0	0
Foreign exchange losses (-)	9.633.598	1.973.783	5.336.054	2.130.642
Rediscount interest expenses (-)	4.805.918	50.689	2.976.740	807.855
Real estate sales expenses	45.298	19.985	0	0
Financial Expenses (-)	42.426.174	13.719.353	13.174.132	7.213.577

Total financing expense arisen within the period is 57,356,738 YTL. (30 September 2007: 13,174,132 YTL)

FOOTNOTE 34 – THE FIXED ASSETS AND DISCONTINUED OPERATIONS HELD FOR THE PURPOSE OF SALES

There are no fixed assets or discontinued operations held for the purpose of sales as of 30 September 2008. (31 December 2007; None.)

FOOTNOTE 35- TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED ASSETS AND LIABILITIES)

A. Tax Liability for the Profit of the Period

The Corporate Tax ratio for the year 2008 is 20%. (2007: 20 %) This ratio is applied to tax assessment found after the non-deductible expenses as per the law are added, and the exceptions (such as subsidiary earnings) and deductions (such as investment deductions) are deducted.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

According to Corporate Tax Law number 5520, the corporate tax and pre-paid corporate tax is applied as 20 %. (Year 2007: 20 %)

The provisions for tax that are found in the income statement belonging to the period ending on the date of 30 September 2008 are as follows.

	30 September 2008	31 December 2007
Provisions for Corporate taxes	16.428.566	9.691.502
Prepaid taxes, etc. for the period's profits	-9.718.602	-5.672.509
Total	6.709.964	4.018.993

B. Deferred Tax Assets and Liabilities

The items that constitute the basis for deferred tax and corporate tax are specified below:

Reflected to the Income Statement	30 September 2008		31 December 2007	
	Provisional differences	Deferred tax, assets and Liab.	Provisional differences	Deferred tax, assets and Liab.
Deferred taxes				
a- Provisions for termination indemnity	5.101.868	1.020.374	6.509.374	1.301.875
b- Prov. for exp. Coll. Leave & term. Inc. Bon.	4.112.358	822.471	2.414.765	482.953
c- Receivables rediscount (est. fin. Exp)	2.878.690	575.738	2.218.244	443.649
d- Provisions for Val. Dec. in stocks	12.780	2.556	12.780	2.556
e- Difference bet. Stocks & XI/29	468.422	93.685	358.975	71.795
f- Difference bet. Fixed Assets Loss Val & XI/29	13.839.914	2.767.983	13.785.150	2.757.030
g- other	42.964	8.593	7.385	1.477
Deferred tax assets	26.456.996	5.291.400	25.306.673	5.061.335
a- Debt Redisc. (est. fin. Exp)	1.381.422	276.284	1.916.063	383.213
b- Expenses related to future months	-	-	101.115	20.223
c- Other	13.510	2.703	53.619	10.724
Deferred Tax liabilities	1.394.932	278.987	2.070.797	414.160
Net deferred tax assets	25.062.064	5.012.413	23.235.876	4.647.175
Razi Co. deferred tax assets		25.938.547		-
Total deferred tax assets		30.950.960		4.647.175

Deferred taxes reflected to equity	30 September 2008		31 December 2007	
	Provisional differences	Deferred tax liability	Provisional differences	Deferred tax liability
Current market value valuation difference	94.467.125	4.723.359	94.467.125	4.723.359

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

The deferred tax of 30,950,960 YTL that takes place in the balance sheet shows the net amount of tax calculated over the provisional timing differences.

The 4,723,359 YTL that takes place in the deferred tax liability account on the other hand shows the deferred tax amount that is calculated from reappraisal fund, which is formed as a result of the real estate for investment purposes and fixed assets being valued according to the principle of fair price. The subject matter amount has been shown in the reappraise value appreciation fund in the liabilities of the balance sheet, after being clarified.

Information related to deferred tax transaction table:

Reflected to Income statement	30 September 2008	31 December 2007
Deferred tax assets/liabilities transactions		
1 January, opening balance	4.647.175	4.755.960
Transferred from Razi Co.	21.844.789	-
Deferred tax (income)/ expense	4.458.996	-108.785
Balance sheet outstanding of 30 September 2008	30.950.960	4.647.175
Reflected to equity (reappraisal fund)	30 September 2008	31 December 2007
Deferred tax liabilities transactions		
1 January, opening balance	4.723.359	-
Deferred tax amount deducted from equity	-	4.723.359
Balance sheet outstanding of 30 September 2008	4.723.359	4.723.359

The amount that is found in the income statement in conclusion:

	01.01.2008	01.07.2008	01.01.2007	01.07.2007
	30.09.2008	30.09.2008	30.09.2007	30.09.2007
Provisions for current year corporate tax (-)	-16.428.566	-6.709.964	-5.444.474	-2.424.098
Deferred tax exp. (-) / inc. (+)	4.458.996	5.969.685	-186.470	151.842
Total tax expense / income	-11.969.570	-740.279	-5.630.944	-2.272.256

FOOTNOTE 36- EARNINGS PER SHARE

The weighted average of the shares and profit per share calculations of the Company as of 30 September 2008 and 30 September 2007 are as follows.

	01.01.2008	01.01.2007
	30.09.2008	30.09.2007
Net profit for the period	201.742.328	22.412.590
Number of weighted average shares	22.498.573	22.498.573
Profit/loss per share (YTL)	8,967	0,996

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

The main earnings per share as of the dates of 30 September 2008 and 30 September 2007 have been calculated by dividing them to the number of weighted average number of ordinary shares issued.

In accordance with the Capital Markets Board decision number 7/242 dated 25 February 2005; in case of a situation where the whole of the total of the profit distribution amount calculated pursuant to the regulations of the Capital Markets Board related to minimum profit distribution amount to be distributed shall be met from the net profits for distribution, all of this amount shall be distributed, otherwise, all of the net amount found for distribution in legal records will be distributed. In case there is a loss in the period according to the financial statements prepared according to Capital Markets Board, or any of the legal records for that matter, no profit distribution shall be made.

With the decision number B.02.1.SP.K.0.13 dated 12 February 2008 of Capital Markets Board, and entering into force as of 1 January 2008, it has been decided that incorporated partnerships whose shares are listed in the stock exchange will realize the distribution of the 20% minimum profit distribution ratio to the partners as cash or as stock dividends by adding the dividends to capital, or else as cash in a certain ratio and stock dividends in certain ratio, provided such distribution is in accordance with the resolution taken in the general meeting of the shareholders. Pursuant to the decision taken, in case the 1st dividend amount is less than 5 % of the paid/issued capital, it is possible to leave such an amount within the partnership without it being distributed.

The profit distribution for the year 2007 has been calculated according to these principles, and the 1st dividend that will be distributed at a minimum of 20% ratio has been determined as 7,481,053 YTL. However, the 11,249,286.50 YTL portion of the profits was decided to be distributed to the partners, whereas the 321,761.36 YTL portion of it was decided to be distributed to managers and employees, in accordance with the resolution of the general meeting of the shareholders dated 31 March 2008.

The decision taken conforms to the principle decisions of Capital Markets Board explained above.

FOOTNOTE 37- DISCLOSURES OF RELATED PARTIES

A. Transactions Realized with Related Parties Within the Period

a. Trade Receivables and Payables

30 September 2008	Receivables	Payables
- Agr. Credit Coop. Central Assc. Of Turkey	226.817.439	-
- Tarnet A.Ş.	-	2.762
31 December 2007	Receivables	Payables
- Agr. Credit Coop. Central Assc. Of Turkey	34.941.445	-
- Tarnet A.Ş.	-	31.511

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

b. Sales - Purchases

1 January – 30 September 2008	Goods	Services
Sales		
- Agr. Credit Coop. Central Assc. Of Turkey	514.386.780	-
Purchases		
- Tarnet A.Ş.	121.638	-
1 January – 30 September 2007	Goods	Services
Sales		
- Agr. Credit Coop. Central Assc. Of Turkey	273.187.240	-
Purchases		
- Tarnet A.Ş.	82.825	-

B. Benefits Provided to Top Management

The total of the benefits such as salaries, bonuses, and other similar benefits the Company has provided to its top managers in the year ending on 30 September 2008 is 678,581 YTL (30 September 2007: 503,144 YTL).

FOOTNOTE 38- THE CHARACTERISTICS and THE LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

A. Targets, Purposes and Policies of Financial Risk Management

The Company manages its financial instruments, through a separate risk management unit especially established for this purpose. All the developments in the market are monitored instantly. Risk Management manages the financial instruments by evaluating the national and international markets, and taking into consideration cash inflows and outflows in its daily ordinary meetings. The Company prepares daily cash report, and the said information is taken into consideration by the Risk Management Team and the cash management strategies are thus formed. As such, all the financial actions of the Company are managed centrally. The Company undertakes cash plans through forward looking cash flow reports.

The financial instruments that the Company uses are cash, cash equivalents, liquidity funds, purchase and sale of stock shares, credits and forward transactions. The true purpose of using these instruments is to create financing for the operations of the Company. The Company also has financial instruments such as trade receivables and trade payables, which directly arise from the operations of the Company.

The risks arising from instruments used are foreign exchange risk, interest rate risk, and liquidity risk. The Company management manages these risks in the following stated manner. The Company also follows the market risk that may arise due to the use of financial instruments.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

B. Capital Management

The Company, while trying to sustain the continuity of its operations on one hand in capital management, also targets to increase its profits by using liabilities and capital balance in the optimum manner possible. The capital structure of the Company consists of liabilities, cash and cash equivalents, issued capital explained in Footnote 27, capital reserves, and equity items including retained earnings.

The capital costs as well as risks related to each capital class of the Company are evaluated by the top management of the Company. The top management evaluates capital cost as well as risks related to capital class during such examinations, and submits to the Board of Directors those that are dependent on Board of Directors' resolution.

The General strategy of the Company does not show any change from the previous period.

C. Market Risk and Foreign Currency Risk

The Company is exposed to fluctuations in foreign exchange rates and interest rates and related financial risks due to its operations. In order to keep the risks in relation to foreign exchange rates and interest rates under control, the Company uses financial instruments including the below stated ones:

An important part of the production inputs of the Company is in foreign currency terms, and virtually all of the sales are made in prices, which are determined in YTL terms.

Although the sales prices are in YTL terms, as the sector is mainly dependent on inputs that are imported, any changes that may happen in the foreign exchange rates directly affect the product sales prices. This is why material changes in the foreign exchange rate are instantly reflected to the sales prices. On the other hand, some of the deposits are kept in foreign currency accounts. Moreover, the foreign exchange risks of the Company are tried to be minimized with the use of financial instruments such as forwards and options. No changes have occurred in the market risks the Company is exposed to or in the manner the Company handles the risks it faces, or in the measuring methods of such risks in the current year when compared to previous years.

The foreign currency positions of the Company for the dates of 30 September 2008 and 31 December 2007 are submitted below.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

Detailed, on the basis of Foreign Currency

30 September 2008	USD	In YTL Terms	EURO	In YTL Terms	Millions Iranian Rial	In YTL Terms	TOTAL (YTL)
Cash and Banks	2.284.188	2.813.206	270.315	485.972			3.299.178
Receivables	-	-	3.864	6.947			6.947
Total Assets	2.284.188	2.813.206	274.179	492.919	0	0	3.306.125
Financial Liabilities	5.000.000	6.158.000					6.158.000
Trade Payables	239.714.678	295.232.597	222.960	400.837	242.878	31.312.038	326.945.472
Other Trade Payables	20.330	25.038					25.038
Short-Term Liabilities	244.735.008	301.415.635	222.960	400.837	242.878	31.312.038	333.128.510
Financial Liabilities			41.691.250	74.952.529	0	0	74.952.529
Trade Payables					2.185.902	281.808.244	281.808.244
Long-Term Liabilities	0	0	41.691.250	74.952.529	2.185.902	281.808.244	356.760.773
Total Liabilities	244.735.008	301.415.635	41.914.210	75.353.366	2.428.780	313.120.282	689.889.283
Net Foreign Currency Position in Balance Sheet	-242.450.820	-298.602.429	-41.640.031	-74.860.447	-2.428.780	-313.120.282	-686.583.158
Net Derivative Ind. Position out of Balance Sheet	72.000.000	88.675.200	0	0	0	0	88.675.200
Net Foreign Currency Asset/Liability Position	-170.450.820	-209.927.229	-41.640.031	-74.860.447	-2.428.780	-313.120.282	-597.907.957
31 December 2007	USD	In YTL Terms	EURO	In YTL Terms	Millions Iranian Rial	In YTL Terms	TOTAL
Cash and Banks	61.457.057	71.579.033	21.067	36.028			71.615.061
Assets	61.457.057	71.579.033	21.067	36.028	0	0	71.615.061
Credits	10.177.703	11.853.970	1.707.545	2.920.243			14.774.213
Trade Payables	128.886.323	150.113.900	-	-			150.113.900
Other Trade Payables	13.606	15.847	4.718	8.068			23.915
Liabilities	139.077.632	161.983.717	1.712.263	2.928.311	0	0	164.912.028
Net Foreign Currency Position	-77.620.575	-90.404.684	-1.691.196	-2.892.283	0	0	-93.296.967

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

Total value of instruments for the purpose of asset / liability, export / import, net assets / equity and Hedge on the basis of foreign currency.

	30.09.2008	31.12.2007
Total Trade Foreign Currency Assets	6.947	0
Total Financial Foreign Currency Assets	3.299.178	71.615.061
Total Trade Foreign Currency Liabilities	608.778.754	150.137.815
Total Financial Foreign Currency Liabilities	81.110.529	14.774.213
Total export amount	50.274	11.814.968
Total Import amount	601.284.601	375.553.678
Total Assets	1.970.566.949	398.582.278
Total Equities	694.114.164	190.649.364
Total Value of the Instruments for Hedge Purpose	88.675.200	0

D. Interest Rate Risk Management and Interest Rate Sensitivity

The sensitivity analysis below has been calculated by changing the existing interest rates of the deposits and credits at the reporting date. The Company management has performed sensitivity analysis by taking into consideration a 5% increase/decrease in the interest rates.

It has been predicted that the gross income of the Company would increase by 42,738YTL (31 December 2007: 4,355YTL) as of the date of 30 September2008, for its deposits and credit liabilities when a 5% decrease in the interest rate is taken into consideration. An equivalent expense would be in question in case a 5% increase in the interest rates would occur.

E. Liquidity Risk Management

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

The precautionary liquidity risk management expresses the ability to keep sufficient amount of cash, availability of sufficient amounts of credit transactions and fund sources and the power to close the market positions.

The Company prefers to use suppliers' credits rather than bank credits in general.

F. Credit Risk Management

The majority of trade receivables have been secured with cheques, bank letter of guarantees taken, and/or credit limits. Continuous credit valuations are undertaken over the trade receivable balances of the customers.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

The Company does not have any material credit risk that arises from any of its customers.

G. Borrowing Ratio

The net borrowing/total Capital ratio for the dates of 30 September 2008 and 31 December 2007 are as follows:

	30 September 2008	31 December 2007
Total liabilities	1.276.452.785	207.932.914
Liquid assets (-)	-46.844.293	-116.277.945
Net liabilities	1.229.608.492	91.654.969
Total Equity	694.114.164	190.649.364
Net Liabilities / Total capital ratio	177%	48%

H. The Critical Decisions the Company Takes When Implementing the Accounting Policies

Borrowing Costs

In case this business method is taken as the basis in entering borrowing costs into the accounts; such will be applied to the whole of the borrowing costs directly related with acquisition, construction or production of all of the specialty assets of the operation within the framework of "Consistency Concept".

The Company does not have any tangible fixed asset and specialty asset acquisition that contains borrowing costs as of the date of 30 September 2008. As such, the borrowing costs have been taken into consideration as expenses.

FOOTNOTE 39- FINANCIAL INSTRUMENTS (VALUE DISCLOSURES IN LINE WITH FAIR VALUE and EXPLANATIONS WITHIN THE FRAMEWORK OF PROTECTION FROM FINANCIAL RISK PRINCIPLE OF ACCOUNTING)

The Company has determined the estimated current market values of financial instruments by using the existing market information and methods for conforming valuation methods. But, valuation of market information and estimating current market values requires interpretation and reasoning. The estimates submitted here as a result, may not be an indicator of the amounts that may be obtained by the Company in a current market transaction. The below methods and assumptions were used in the estimation of the values of the financial instruments, whose current market values may be estimated:

Monetary Assets

The balances in foreign currency terms are converted to New Turkish Liras by using the effective foreign exchange rates at the end of the period. These balances are anticipated to approximate the recorded values.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

Certain financial assets, to which cash and cash equivalents are also included, are carried over at their cost values, and as these are of a short-term nature, the recorded values are anticipated to be approximately equal to fair values.

It is predicted that the recorded values of Trade receivables reflect the fair value together with the related provision for bad debts.

Monetary Liabilities

Since they are over a short-term, it is assumed that the recorded values of the financial liabilities and other monetary liabilities converge with their fair prices.

NOTE 40- EVENTS AFTER THE BALANCE SHEET DATE

30 September 2008

a. - 25,159,164.89 YTL is from equity capital inflation correction differences - 36,657,302.46 YTL from exceptional retained earnings

- -684,959.75 YTL from real estate sales to be added to the capital, will be increased by 277.8017405 % to 85,000,000 YTL,

All of the 6,250,142,710 shares at a nominal value of 1 YKR issued on behalf of increased capital of 62,501,427.10 YTL to be allocated to present shareholders in the rate of their shares at no charge to the bearer, (at 277.8017405 % rate per 1Ykr nominal share)

The management to be authorized on subjects of getting necessary allowances and carrying out transactions.

b. The Company has renewed the dealership contract as 5 yearly with Agricultural Credit Cooperatives Central Union, which was signed as annually in the previous periods. According to the contract signed on 28.10.2008, Agricultural Credit Cooperatives will continue to provide their chemical fertilizer requirement from the Company for 5 years.

31 December 2007

a. The termination indemnity cap has been raised to 2,088YTL as of the date of 01 January 2008.

b. The Company, with the consortium it established in its own leadership for Razi Petrochemical Co., within the scope of privatization done in Iran in February 2008, has submitted an offer of **6,350,000,000,000** Iranian Rials for 100 % of the company. As was disclosed with the private situation disclosure made on the 25th of February 2008, the tender was awarded to the consortium under the leadership of Gubretas, as the highest offer holder, and the approval process was commenced. The share of Gubretas in the consortium is 50 %. Of the total shares of 2,800,000,000, 122,603,662 shares amounting to 4.38% will belong to workers at Razi Petrochemical Co., and the remaining shares were allocated to the consortium. A total of 1,338,698,169 number of shares equivalent to 47.81% of the total company shares will belong to Gubretas. Five of the 9 Board Members shall be determined by Gubretas. The approval of the sale that was realized for a total price of 6,350,000,000,000 Iranian Rials (686,486,486 USD) was announced on 24 February 2008.

GÜBRE FABRİKALARI T.A.Ş

30 EYLÜL 2008 TARİHLİ KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI DİPNOTLAR

(Tutar aksi belirtilmedikçe Yeni Türk Lirası "YTL" olarak ifade edilmiştir).

From the sales price an amount of 3,035,976,147,324 Iranian Rials is the liability of Gubretas, and 20% of the sales price shall be paid in 30 business days, whereas the remainder shall be paid in semi-annual installments over a 5-year term. Following the payment of the advance, the transfer process shall be commenced.

FOOTNOTE 41- OTHER MATTERS THAT MATERIALLY EFFECT THE FINANCIAL STATEMENTS or else THAT NEED TO BE EXPLAINED FOR CLARITY

A- Financial Statement Explanations:

30 September 2008

The total insurance sum of assets was 399,732YTL, as of 30 September 2008.

31 December 2007

a. The total insurance sum of assets was 164,451,880 YTL, as of 31 December 2007.

a. The facilities found at Iskenderun Sarıseki have been leased to Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi for a period of 25 years as of 30 April 2007. The annual lease amount is 1,000,000 USD, a further 5 % share is also taken from the annual sales revenue of the operator. In addition, the fertilizer handling activities that were performed by the Company in these facilities previously are currently continued to be undertaken by the lessee in the name of the Company.

B- Classifications and Characteristics Performed on the Previous Period Financial Tables

When comparative information was seen as required for the presentation of Current Period's Financial Statements, these were re-classified. The contents and amounts of the classifications were stated in Footnote 2.

C- Important Accounting Policies

The important accounting policies of the Company regarding financial instruments are explained in Footnote 2 – Financial Instruments.

GUBRE FABRİKALARI T.A.S**BOARD OF DIRECTORS ACTIVITY REPORT WHI WAS PREPARED
BASED ON THE NOTIFICATION WITH SERIAL: XI NO: 29****I INTRODUCTION****A. PERIOD OF THE REPORT**

01.01.2008 - 30.09.2008

B. TITLE OF THE PARTNERSHIP

Gubre Fabrikaları Turk Anonim Sirketi

C. BOARD OF DIRECTORS MEMBERS

Commissioned Persons in the Period;

Chairman	: Bedrettin YILDIRIM	(beginning from the date of 11.08.2005)
Deputy Chairman	: Necdet DİRİK	(beginning from the date of 25.10.2005)
Member	: Hamdi GÖNÜLLÜ	(beginning from the date of 31.03.2005)
Member	: Sahabettin SİRİN	(beginning from the date of 30.03.2008)
Member	: Yusuf YESİL	(beginning from the date of 30.03.2007)
Member	: Veli ÇELEBİ	(beginning from the date of 26.09.2008)
Member	: Mehmet KOCA	(beginning from the date of 31.03.2006)

Departed Persons in the Period;

Member	: İrfan Guvendi	(from the date of 30.03.2000 until 31.03.2008)
Member	: Bekir AKBEY	(from the date of 31.03.2006 until 30.03.2008)
Member	: Abdullah KUTLU	(from the date of 31.03.2008 until 26.09.2008)

D. INSPECTORATE

Selahattin AYDOĞAN	(beginning from the date of 31.03.2005)
Fazlı SUMER	(beginning from the date of 30.03.2007)

The members of Board of Directors and Inspectorate have the authorizations designated in Turkish Trade Law and Company's main contract.

E. SENIOR MANAGEMENT

Director General Bachelor	Mehmet KOCA Istanbul Technical University/ Sakarya Faculty of Engineering Industrial Engineering Department
Deputy Director General Bachelor	Ferat GUMUSBAS Ankara Engineering and Architecture Academy Chemical Engineering Department
Deputy Director General Bachelor	Ferhat SENEL Istanbul University/School of Business Administration
Deputy Director General Bachelor / B.A. Bachelor / B.A. Post Graduate / M.A.	Tahir OKUTAN Ataturk University / Faculty of Agriculture Anadolu University / School of Economics Dumlupinar University / Institute of Social Sciences

F. Capital Structure

The registered capital of our company is 85.000.000 YTL, while the pain-in capital of our company is 22.498.573 YTL.

The partnership structure of our company is indicated below.

Tablo 1
Gübre Fabrikaları T.A.Ş. Capital Structure

Our Partners	Shares Amount	Share (%)
T.T.K.K.M.B	18.190.160	80,85%
Other	4.308.413	19,15%
Total	22.498.573	100,00%

With the board of directors decision dated on 25.09.2008; It was decided that out capital, which was increased to 22.498.572,90 YTL within the registered equity ceiling of 85.000.000 YTL be increased to 83.500.000 YTL by increasing the rate to 271%, while the applications within this context were made to SPK. The Process continues.

G. INFORMATION CONCERNING OUR FACILITIES

Our company has a real estate portfolio of a total 353.019 m² area, the 118.842 m² of which is a closed area while it is consisting of facility, warehouse, and administrative buildings as well as areas that are suitable for development.

The chemical fertilizer capacity of Gübre Fabrikaları T.A.S. is 685.000 ton/year while it has 13% share in the sector. The distribution of the capacity concerning the facilities and production types are shown in the Table.

Gübre Fabrikaları T.A.Ş. Fertilizer Production Capacity (Ton)

FACILITIES	2008
YARIMCA	
TSP	185.000
Compound Fertilizer	200.000
Compound Fertilizer	300.000
TOTAL	685.000
İZMİR	
Liquid manure	20.000
TOTAL	20.000
GRAND TOTAL	705.000

H. CHEMICAL FERTILIZER SECTOR AND THE PLACE OF GÜBRE FABRİKALARI T.A.S. WITHIN THE SECTOR

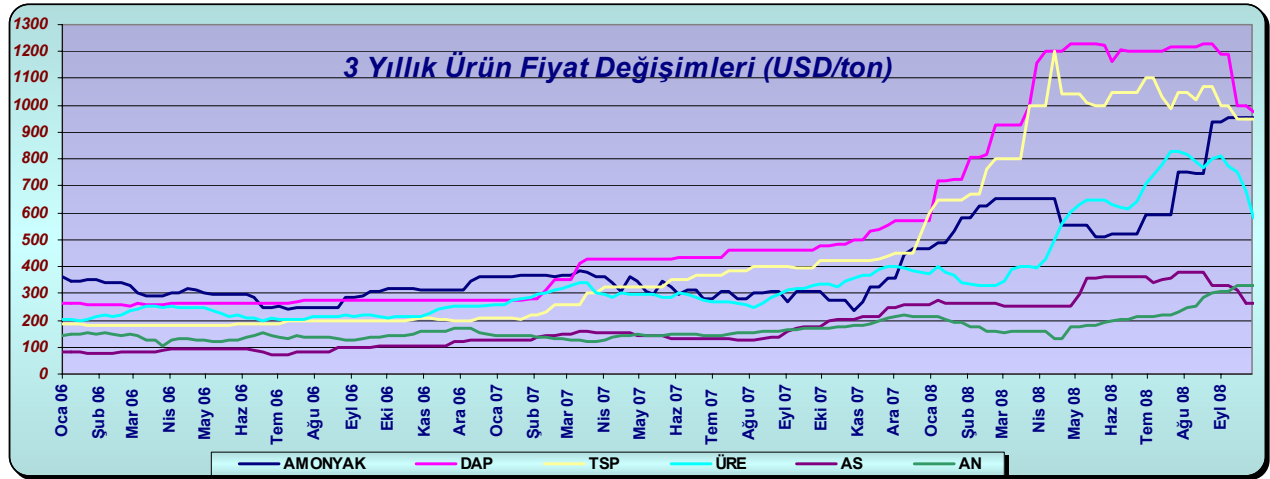
Fertilizer Sector in Turkey

Our country does not have the resources utilized in the production of chemical fertilizers. Approximately 95% of the inputs in the production are provided from the foreign market and there is a serious dependency on abroad.

The fertilizer usage per hectare in our country is too low compared with the countries that are advanced in agriculture while it has an increase potential about 40%.

The fact that the production does not fulfil the country's consumption creates a continuous gap between production and consumption. Therefore, this pushes the companies within the sector to import resources, intermediary products and product-goods continuously.

As it can be understood from the graphic attached, there has been serious increases in the resource and fertilizer prices on the international market during the last years. This increase trend continued rapidly in 2008, however, due to the crisis, which the world is experiencing, there has been a decrease after October such as in the whole goods prices.



1

Therefore, foreign market conditions and foreign exchange rates make up significance in the sector.

This condition inclines the sector companies to make investments in the countries that have resources considering the future of the sector and the market.

Within the scope of the works in this frame, our company implemented the purchase operation of the company, RAZI PETROCHEMICAL CO. /IRAN.

¹ Price Changes within the 3 Years (USD/ton)--ammonium

II. 2008 YEAR 01.01 - 30.09.2008 INTERIM PERIOD ACTIVITIES

A. THE PURCHASE OF RAZI PETROCHEMICAL CO

In Turkey, Gubre Fabrikaları T.A.S, which is among the main actors in the fertilizer sector, had implemented works for the purpose of making investments in the countries having resources beginning from the year 2006. Within this frame, and within the direction of the privatization policies of Iran Privatization Administration, Razi Petrochemical Co, which is among the pioneer fertilizer manufacturers, had been taken in the scope of privatization while this was inspected by our company from financial, technical and legal perspectives which as a result caused our decision to participate in the tender.

A consortium was created with the domestic and foreign companies for the participation to the privatization tender of Razi Petrochemical Co, which was opened by Iran Privatization Administration, and a bid of 6.350.000.000.000 Iranian Riyals (462,625.674 Euro) was made.

In the tender, which Gubretas participated as a consortium leader with a share of 50%, 2.677.396.338 shares out of 2.800.000.000 were purchased for total price of 6.071.952.294.647,00 Iranian Riyal, while the remaining shares were reserved for the company workers.

The initial payment of 1.214.390.481.879 riyal, which makes up 20% of the sales price, was deposited to the account of Iran Privatization Administration on the dates of 14th February 2008 and 12th April 2008, while the remaining amount shall be paid as by 6-month instalments within 5 years. The sales contract of shares was signed between Iranian Privatization Administration and our consortium on the date of 24.05.2008 and the share transferring operation of Razi Petrochemical Co was implemented. 5 of the Board of Directors Members of the Company, which consist of 9 people, were elected from the candidates who were nominated by our company.

Founded on an approximate area of 850.000 m² and having a port in Mahsahr city, which is located in the South of Iran, while producing Ammonium, Carbamide, DAP, Sulphuric Acid, and Phosphoric Acid Since 1968, Razi Petrochemical Co. Company is the biggest fertilizer complex in Iran.

Within the Facilities of Razi Petrochemical Co;

1 Dehydration Unit	3 Ammonium Units
1 Gas Liquid Decomposition Unit	2 Carbamide Units
3 Gas Cleaning Units	3 Sulphuric Acid Units
3 Sulphur Acquisition Units	2 DAP Units
1 Sulphur Granulation Unit	1 Phosphoric Acid Unit

Are present, and the founded capacity is calculated as 4.373.000 tons annually. In the inspections after the consolidation, it was decided that one of the Sulphuric Acid units be closed-out due to the fact that there is low demand in the markets and such high capacity is not required, while the utilized technology is also old, and also that one of the Carbamide Units be used within the future periods by not having it included in the capacity due to the fact that it is old and worn-out. Under these circumstances, the total available capacity is determined as 3.770.000 tons.

B.FOUNDATION OF NEGMAR DENİZCİLİK YATIRIM A.S.

We have been one of the founders of Negmar Denizcilik Yatırım A. S., which was founded with a capital of 4.000.000 YTL in order to implement activities in the Seafaring sector. The transportation costs are aimed to get lower levels compared to the market conditions through having Gubretas transportation services is done by Negmar. A ship of 3000 DWT was purchased in our participation as well as having it registered in the Turkey's International Ship Registry that caused the start of activities.

C. ISKENDERUN SARISEKI FACILITIES

As we have announced the public earlier about Iskenderun Sariseki Facilities' lease out by our company to Denizciler Birliği Deniz Nakliyat and Ticaret A.S. for a period of 25 years while the assignment operations were implemented on the date of 30.04.2007.

With the supplemental agreement established between our company and Denizciler Birliği Deniz Nakliyat ve Ticaret A.S.; the 350.000 TEU/Year capacity container port investment, which was located in the previous agreement and planned to be made after the fifth year of the agreement, was revised and it was planned that

the port capacity be increased to 1.300.000 TEU/year totally in two stages in accordance with the circumstances. By backdating the investment time, the investment shall begin following the receiver of confirmations. Our company shall be given a 5% share from the net sales revenue to be obtained from container handling activities for the portion of 3.500.000 TEU, while 3, 5% of it shall be given for the part that the renting period was increased to 30 years relying on the condition that Container Port investment shall be implemented, and it shall be assigned back to our company free of charge within the end of the period.

D. ACTIVITIES CONCERNING GOODS AND SERVICE PRODUCTION AND SALES

1- Production

Our production implemented within the first nine months of 2008 is 419.158 tons with an increase of 12% compared with the same period of last year and our KKO increased to 82%. (2007 year's production within the first nine months is 372.806, and the KKO is 73%)

The production throughout Turkey became 2.335.887 tons with an increase rate of 5.6% compared with the same period of last year's first nine months (2007 year's first nine months, 2.211.336 tons).

Our liquid and dust manure production line was transported from Iskenderun to our facilities in Izmir, and the capacities were increased with the implemented revisions.

In this group, 374.645 Lt Liquid and 1.468.985 Kg dust manure production was implemented within the first nine months of 2008. Our production in 2007 was 254.873 Lt. for liquid manure and 186.783 Kg for dust manure.

2- Sales

Gubre Fabrikaları T.A.S. reached to a market share of %28,15 in the sector, by implementing 922.530 tons of numerous kinds of fertilizers within the first nine months of 2008.

The comparative table with the same period of last year and the consumption in the country is located below;

SEPTEMBER 2008 – Comparative Sales and Market Share Analysis			
Client Type	Whole Sales (Ton)		Increase/ Decrease %
	2008	2007	
Domestic Sales	922.488	904.516	1,98
Export	42	29.615	-99,86
Total Sales	922.530	934.131	-1,24
Country's Consumption	3.269.202	3.862.881	-15,37
Market Share %	28,22%	24,18%	16,70

The first six-month comparisons of our sales in respect of product groups are present in the audit report footnotes.

3- Improvements in Pesticides and Plant Nutrients Group

The production and sales of pesticides and plant nutrients began in our facilities located in Manisa on a small scale, while the modernization investments concerning the facility continue.

E. ADMINISTRATIVE ACTIVITIES

1- Reorganizational Work

We have established an agreement with a Professional consultancy company in order to implement the reorganizational works that are needed in parallel with the growth and development of our company, while the works are still being carried out.

2- Human Resources Indicators

The personnel condition of our Company as from 30th September 2008 is shown in the Table.

Gübre Fabrikaları T.A.Ş. Personnel Condition

EMPLOYMENT PLACE	30.09.2008	31.12.2007	Exchange %
General Directorate	85	73	14%
Yarimca Facility	258	312	-21%
Manisa Facility	5	4	20%
Regional Sales Management	51	46	10%
TOTAL	399	435	-9%

CONCLUSION

An endorsement of 1.088.368.207 YTL was reached by establishing sales of 922.530 tons from Gübre Fabrikaları T.A.Ş. and 773.455 tons from Razi Petrochemical CO in the first nine months of the year 2008. The total of the sold products' costs and the costs made for the demand for sales was implemented as 716.548.833 YTL and reached to an activity profit of 371.819.374 YTL. Our financial expenses are 8.937.030 YTL while 11.969.570 YTL tax assessed and a net profit of 350.912.774 YTL was reached. 201.742.328 YTL of this profit was allocated for us.

F- INSTITUTIONAL ADMINISTRATION PRINCIPLES COMPATIBILITY REPORT

1. DECLARATION OF INSTITUTIONAL ADMINISTRATION PRINCIPLES COMPATIBILITY:

Our company carried out its work relying on the principles located in the Institutional Administration Principles issued by Capital Markets Board in the activity period of 2008.

SECTION I – SHARE HOLDERS

2. Share Holders Relations Department

While our company does not have a shareholders relations department, we do have assigned personnel available concerning the partnership relations. The personnel, who are assigned for this duty, have undertaken the Company's responsibilities against the Capital Markets Board and Istanbul Stock Exchange and they carry out any type of work follow ups concerning partnership works in the capital increases, profit share payments, and exchanges of equities, as well as following up the works with the institution that undertakes the commissioning operations, and informing the partners in their written and oral applications.

3. Usage of Knowledge Acquisition Rights by the Shareholders

All of the applications for the incoming written and oral knowledge demands by our shareholders are responded in the period. Additionally, our company makes announcements about the subjects concerning the shareholders in the internet environment, and reaches the investors through the means of press announcements within the frame of Capital Markets Law and Turkish Trade Law provisions. While there is no clause concerning the assignment of a Special Auditor in our Main Contract, there is also no demand from the investors about this subject as well.

4. General Assembly Meeting Information

The General Assembly is gathered within the frame of Turkish Trade Law and Capital Markets Law provisions. Since our biggest partner, which is Turkish Agricultural Credit Cooperatives Central Union, has a participation rate of 85, 85%, there is no problem when the quorum required for our meetings are considered. Since the equities generated from our company are written on behalf of the holder, the General Assembly invitations for the investors are given through the means of press. However, the Activity report is prepared for the inspection of shareholders in the Company Headquarters 15 days before the General Assembly meeting. While the agenda is discussed in the General Assembly, the shareholders are asked whether they have anything to say concerning agenda's topic before presenting it for the voting. Moreover, the participants' questions about the company are answered by the Company authorities when the agenda subject is suggestions and requests. While the agenda topics are discussed, motions are given to the Council by the shareholders. These motions are taken into process provided that the demands in these motions are recorded on the reports after presenting it for the voting. The General Assembly Meeting reports are kept as open to the shareholders in the company headquarters.

5. Voting Rights and Minority Rights

Since our company does not have preference share, there is no privileged voting right as well.

6. Profit Distribution Policy and Profit Distribution Time

There is no privilege concerning the profit distribution in our company. The profit distribution of the company is established in the legal periods within the frame of Capital Markets Law and Turkish Trade Law provisions.

7. Assignment of the Shares

There is no provision restricting the assignment of shares in the company's main contract.

SECTION II – ENLIGHTENING THE PUBLIC AND TRANSPARENCY

8. Company's Enlightening Policy

Our company makes action about enlightening the investors within the frame of current regulations.

9. Special Cases Explanations

Within the year, 20 special case explanations were established in accordance with the Capital Markets provisions. The notifications were made within the time of their legal period. The equities generated by our company were not quoted in the foreign exchange.

10. Company's Website and Its Content

Our company has a website available. Our web site is: www.gubretas.com.tr. The information counted in the Capital Markets Board Institutional Administration Principles takes place in our website.

11. Explaining Natural Entity Ultimate Controlling Shareholder/Holders

The biggest partner of our company is Turkish Agricultural Credit Cooperatives Central Union with the rate of 80, 85%, which is in the senior union status of Agricultural Credit Cooperatives created by approximately 1.5 million farmer partners, and which is wide spread in Turkey.

12. Announcing the Public about Persons in the condition of an Inner Addressee

While no such list was created by our company, no announcements concerning this subject were made to the public as well.

SECTION III – STAKEHOLDERS

13. Informing the Stakeholders

It provides the guaranteeing of regulated or not-yet-regulated rights of the institutions and stakeholders interested in the activities of Gubre Fabrikaları T.A.S. as well as their target achievements through the means of regulations.

The Stakeholders consist of company partners/shareholders, employees, debates, customers, suppliers, unions, non-governmental organizations, the government and the saving owners that can consider cooperating with the company or make investments. Balanced approaches are taken as basis while these rights are evaluated as independent from each other in order to minimize the interest conflicts that can take place with the company or between themselves.

Mechanisms and models are developed for providing the participation of stakeholders to the company administration in a way, which shall not detain the company activities.

The Board of Directors members and the managers avoid savings that can cause damages for the stakeholders or that can decrease the assets, while they manage the job according to a consistent and balanced principle between the company interests and the interests of stakeholders.

14. Participation of Stakeholders to the Administration

For the purpose of producing more effective, efficient, and qualified products and services, we have idea exchanges with the stakeholders about our company as well as meetings, and their ideas are taken into account considering the making up of decisions and policies.

15. Human Resources Policy

While selecting our employees and assigning them to work, we do not discriminate them from the perspectives of ethnic origins, language, religion, gender, colour or a political thought. Our only criteria is to find people who can adopt the feeling of "us" with Gubre Fabrikaları T.A.S., who can take responsibility, have job ethics, idealist, neat and appropriate for team work, self-innovative and who have are capable of analytical thinking.

We do establish the assessment considering the criteria's of efficiency, compatibility with the Gubre Fabrikalari T.A.S. Principles and Norms, sharing the institutional culture and objective success. We apply the necessary activities for the meeting of the lacks while detecting the knowledge, experience and equipment lacks of our employees with Professional methods and techniques.

We encourage the vertical and horizontal progresses of our successful employees and reward them materially or mentally.

We find significance in making idea exchanges with the employees and union representatives in the decision to be taken for the employees.

We create the physical and social environment for our employs to implement their duties at maximum level through meeting any type of their necessities, either mentally or materially.

Our Human Resources policy in Gubre Fabrikaları T.A.S. is based on five basic principles:

- Equality
- Participative Administration and Transparency
- Improving the Working Conditions Continuously
- Payments based on Efficiency
- Respect for Human Rights

16. Information Concerning the Customers and Suppliers

Gubre Fabrikaları T.A.S. takes any type of measure that can provide the customer satisfaction in the marketing and sales of the products and services. Within this respect;

We rapidly meet the demands of the customer concerning the purchased product and service and inform the customers immediately about the delays.

The products and services abide by the quality standards and special care is given for the protection of the standard. For this purpose, a certain guarantee concerning the quality is provided. The products and services, which are below the standard, are compensated and recovered.

Within the scope of commercial confidentiality, special care is given for the confidentiality of the information about the customers and suppliers.

The company takes the necessary measures in order to settle good relations with the customers and suppliers far from unfair advantages and for the purpose of accommodating the agreement terms established between the parties.

17. Social Responsibility

We initiated the following in 2007:

- Scholarship (which was increased this year) for the Young Agriculturists
- Education Campaign: The agricultural engineers working in our Regional Sales Managements give information to our farmers about the agricultural production by reach any point where agriculture is active;

SECTION IV – BOARD OF DIRECTORS

18. Structure and Composition of Board of Directors, and the Independent Members

In our company; our Board of Directors are elected within the frame of Main Contract and Turkish Trade Law provisions in the General Assembly Meetings. They execute their works within the frame of Turkish Trade Law and Capital Markets Board regulations. The Board of Directors members have active tasks within the body of the company. In respect of the current condition, the Board of Directors are as the following.

Name	Position	Work Institute
Bedrettin YILDIRIM	Chairman	T.T.K.K.M.B. / General Director
Necdet DİRİK	Deputy Chairman	T.T.K.K.M.B. / Sup. Mar. D.Pres.
Hamdi GÖNULLU	Member	T.T.K.K.M.B. / Credits D.Pres.
Sahabettin SİRİN	Member	T.T.K.K.M.B. / Strategy Development and Organization Department President

Yusuf YESİL	Member	T.T.K.K.B.B. / Regional Director
Veli ÇELEBİ	Member	T.T.K.K.B.B. / Regional Director
Mehmet KOCA	Member	GUBRE FABRİKALARI T.A.S. / General Director

19. Qualifications of the Board of Directors Members

While there are no provisions that designate the qualifications of Board of Directors Members in our company's main contract, the elected Board of Directors members possess the qualities located in the concerning provisions of Turkish Trade Law and Capital Markets Board Institutional Administration Principles, Section VI.

20. Mission, Vision and Strategic Aims of the Company

Our vision as Gubre Fabrikaları T.A.S.,

Gubre Fabrikaları T.A.S., a Giant, pioneer in Turkey, which takes power from its past and roots, and as a World Brand

To be a company, which plays an active role in the improvement and development of Turkish agriculture through creating a synergy with Agricultural Credit Cooperatives and cooperation, by means of informing and creating awareness for the farmer, academic world and the concerning institutions, and which utilizes the modern technological opportunities in all the processes within the frame of a management understanding that takes quality awareness, active resource management, continuous improvement, efficiency and customer focus as principle,

To be the number one company of Turkey, which directs its sector with its infrastructure facilities and the branded name "Gubretas" as well as reaching the competition level in the global scale with its production technology that achieved international standards,

To be a company, which provided both physical and social opportunities for its employees with its approach of "Human Before All", as well as keeping environmental awareness, ecological balance and human health on foreground, and supporting projects with social content as well as participating them in person,

And to be a company, which gives weight to Research and Development works by following the developments of the world closely as well as providing the product variety that the farmer needs with the accredited labs and info-banks, and presenting different chances and alternatives to its customer in the agricultural field.

Our mission as Gubre Fabrikaları T.A.S.;

Extending the product, service and infrastructure quality through strengthening the institutional prestige and the brand,

By taking power from the past and roots we have; establishing the chemical fertilizer production and supply in the best way without Professional staff having Professional management understanding, and setting the sales and shipment network that shall provide the delivery of our products to the customers in a short time,

Catching a sustainable growth trend within the frame of "Superfine Quality, reasonable cost" understanding, as well as keeping the market superiority,

Giving weight to Advertisement and Human Relations works by establishing communication channels and bridges between Gubre Fabrikaları T.A.S. – Public and Farmers, establishing image developing activities in accordance with the institutional structure of Gubre Fabrikaları T.A.S. and extending these within the company and outside,

Reaching the product quality and standardization that can compete with the world within the frame of profitability, efficiency, and activity principles, carrying out continuous improvement activities for the active and efficient resource management, meeting the resource needs required for the production by itself, having manufacturing and infrastructure facilities in the country and abroad and detecting and assigning marketing strategies and policies in accordance with these,

To be a company that measures its success with customer satisfaction, and that creates fast and good solutions for the customer needs.

21. Risk Management and Internal Control Mechanism

While our company has an available Internal Control unit that carries out works dependent on our Company's General Directorate, it controls the company activities periodically and presents the inspection reports to the General Directorate. Additionally, our company also has a Risk Follow up and Financial Control unit available within the body of Finance Management.

22. The Authorizations and Responsibilities of Board of Directors Members and Directors

The authorizations and responsibilities of Board of director's members and directors are designated in the main contract of Company. Moreover, the responsibilities of the board of directors members are initially designated by Turkish Trade Law, and Capital Markets Board and the concerning provisions of regulations.

23. Activity Rules of Board of Directors

The Board of Directors meetings and decision quorum are established within the frame of main contract and Turkish Trade Law provisions. In order to carry out the works concerning the Board of Directors meeting and serve the members, a unit dependent on the General Director was established in our Company. The departments within the company notices the concerning unit after preparing their motions concerning the works requiring a decision about their subject and having the confirmation of General Directorate. By creating an agenda about these motions, an invitation is sent to the board of directors' chairmen for the meeting of board of directors. After the Board of Directors chairman signs the invitation script, s/he sends the meeting invitation letter to the members along with the agenda. The decisions taken in the meeting are transmitted to the concerning departments. Nine Board of Directors meetings were established in the year. There is no preponderate voting right for the board of directors members as well as the negative veto right. The members of board of directors principally participate in each meeting. The board of directors regularly gather at least once in six months, and without depending on this time when necessary conditions come up within the frame of the provisions located in main contract. In addition, the inspectorate members also participate to the Board of Directors meetings from time to time.

24. Prohibition for Jus Commercial and Competition with the Company

Although there are exceptional conditions for the board of directors with the 334th and 335th clauses of Turkish Trade Law, there has been no actual condition that is violating, and therefore creating a reason for an interest conflict.

25. Ethical Rules

Our Company's activities are carried out by the ethical rules, which is prepared by the Board of Directors and explained to our employees, and designated below.

- Deep respect for people, and the understanding of "human before all",
- Customer focused thinking and working,
- Responsibility for the society and environmental respect,
- Continuous development, rational and systematic working,
- Having a free atmosphere where the ideas are expressed comfortably,
- The understanding of equality, transparency, accountability and responsibility in management,
- Integrating the high ethical values with our corporate body,
- Servicing without discriminating religion, language, race and gender,
- Creating an Institution remembered with the word 'Trust' as well as an institutional culture

26. Number, Structure, and Independency of the Committees Created in the Board of Directors

The Board of Directors created Inspection and Corporate Management committees for the purpose of implementing the duties and responsibilities in a healthy way, in accordance with the condition the company is in and requirements. Each committee consists of two members and their activities are executed in accordance with the Capital Markets Board declarations.

27. Financial Rights Provided for the Board of Directors

The attendance fees and travel expenses of the Board of Directors within the year are determined by the General Assembly. In addition and except from these, no credits, debts or such have been paid to the board of directors members.