Akkök Sanayi Yatırım ve Geliştirme A.Ş.

2007 Annual Report

AKKÖK

Contents

Akkök Group of Companies has achieved its target in 2007, by 101%, with a combined turnover of US$ 1,637 million in the fields in which it operates. Domestic sales revenue has been accrued at 102% with US$ 991 million and exports at 99% with US$ 646 million.


EUROPE

egy

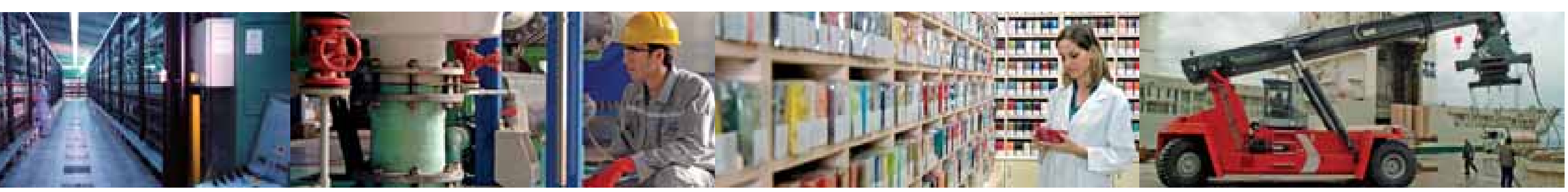
The strategic road map implemented with remarkable commitment and rigor since 2005, sets forth the future course of Akkök Group. The Group is evaluating the options to enter new sectors that are integrative to existing business by utilizing all opportunities that arise without compromising its growth perspective.

Strategic planning for steady growth...

Investing

in people and knowledge
to achieve targets…

reconstr



uction

The right knowledge and human resources matched with the right job are the most precious assets an organization can possess. In this regard, Akkök Group is well-aware of the importance of information and people to reach its targets. Aktek, set up as a subsidiary of the Group in the previous year, closely follows developments in information technology and provides fast, high-quality services primarily for the companies of the Group.

Real profitability

to create value for our stakeholders…

A workplace enabling high productivity

The greatest share in the strategic plans of Akkök Group Companies has always been assigned to investments to increase efficiency. Investments for R&D and information technology from an innovative perspective have been the most crucial underlying factor for sustaining the highly successful performance of the Group Companies from the past to the present.

AKKÖK GROUP OF COMPANIES

chemicals

- AKSA AKRİLİK KİMYA SAN. A.Ş.
- AKSA EGYPT ACRYLIC FIBER INDUSTRY S.A.E.
- AK-KİM KİMYA SAN. VE TİC. A.Ş.
- AKMELTEM POLİÜRETAN SAN. VE TİC. A.Ş.

energy

- AKENERJİ ELEKTRİK ÜRETİM A.Ş.

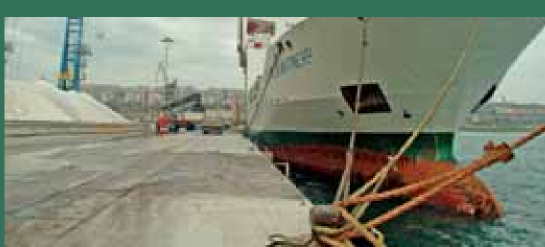
textiles

- AK-AL TEKSTİL SANAYİİ A.Ş.
- AKSU İPLİK DOKUMA VE BOYA APRE FAB. T.A.Ş.
- AK-TOPS TEKSTİL SAN. A.Ş.

real estate

- AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- AK TURİZM VE DIŞ TİC. A.Ş.
- AKİŞ GAYRİMENKUL YATIRIMI A.Ş.

other services



- AK-PA TEKSTİL İHRACAT PAZARLAMA A.Ş.
- AKMERKEZ LOKANTACILIK GIDA SAN. VE TİC. A.Ş. (PAPERMOON)
- DİNKAL SİGORTA ACENTELİĞİ A.Ş.
- AKPORT TEKİRDAĞ LİMAN İŞLETMESİ A.Ş.
- AKTEK BİLGİ İLETİŞİM TEKNOLOJİ SAN. VE TİC. A.Ş.

social responsibility

- AKSA TECHNICAL AND INDUSTRIAL VOCATIONAL HIGH SCHOOL
- RAİF DİNÇKÖK PRIMARY SCHOOL
- GÜZİN DİNÇKÖK PRIMARY SCHOOL
- İSTANBUL TECHNICAL UNIVERSITY MASLAK RESIDENCE HALLS
- İSOV CAREER TRAINING CENTER AND SOCIAL FACILITIES-DİNÇKÖK VOCATIONAL HIGH SCHOOL

KEY FINANCIAL AND OPERATIONAL FIGURES

Net Sales (Combined)

1,637 (US$ millions)

Net Sales (Consolidated)

1,231 (US$ millions)

EBITDA (Combined)

108 (US$ millions)

Gross Profit (Consolidated)

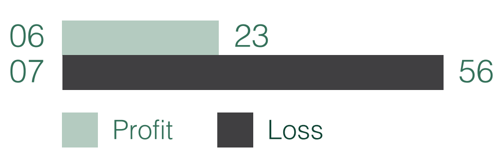
85 (IFRS, US$ millions)

Net Profit (Combined)

55 (US$ millions)

Net Profit/(Loss) (Consolidated)

56 (IFRS, US$ millions)



TIMELINE AND MILESTONES

1950/

1952
- Aksu established as the Group's first industrial investment in Bakırköy, Istanbul.
- Ariş established in Bakırköy, Istanbul.

1955
- Dinarsu established in Eyüp, Istanbul.

1960/

1968
- Aksa established in Yalova.

1970/

1971
- Aksa starts production.

1974
- Ak-Al Yalova Plant established and inaugurated.

1975
- Dinarsu Çerkezköy Facilities founded.

1976
- Dinkal, a Group company involved in the production and marketing of yarns, starts operating; designated as Ariş Sanayi ve Ticaret T.A.Ş.
- Akmeltem starts production.
- Ak-Pa established.

1977
- Aksa exports for the first time.
- Ak-Kim established and begins producing sulfur dioxide.

1978
- Aksu launches its Çerkezköy Factory.

1980/

1982
- Ak-Al Bozüyük Plant established.

1985
- Akmerkez Etiler Ordinary Partnership set up.

1986
- Aksa listed on the Istanbul Stock Exchange (ISE) in March.
- Ak-Al listed on the ISE in September.
- Ak-Tops established.

1989
- Akenerji established.
- Aktem founded.

2000/

2000
- Akrom Romania Plant starts production.
- Akenerji shares listed on the ISE in June.

2001
- Akenerji launches Çorlu Power Plant (10.4 MW), Orhangazi Power Plant (5.08 MW), Denizli Power Plant (15.6 MW), Uşak Power Plant (16 MW) and Yalova Ak-Al Power Plant (10.4 MW). Additionally, two new units with an installed capacity of 10.4 MW go on stream at the Gürsu Power Plant.

2002
- Ak-Kim starts exporting technology.
- Akenerji launches a new 5.2 MW unit at Gürsu Power Plant.

2003
- Aksa Egypt founded in Alexandria, Egypt.
- Akenerji launches Izmir-Batıçim Power Plant with an installed capacity of 45 MW.
- Turkish Cogeneration Association votes Akenerji the "Most Successful Cogeneration Facility".
- Ak-Kim's Monochloroacetic Acid Facility founded.
- Aksa establishes Fitco B.V. to pave the way for prospective investments.
- Aksu becomes the first Turkish firm to attend the Premiere Vision Fair.

2004
- Akenerji Elektrik Enerjisi İthalat İhracat Toptan Ticaret A.Ş. established.
- Ak-Kim delivers a chlor-alkali plant to JBC, a US-Jordanian joint venture; a turnkey project constructed near the Dead Sea.

2005
- Akmerkez listed on the ISE in April.
- Aksa Egypt starts production.
- Dinarsu sold to Merinos Carpet Group.
- Akenerji launches Izmir Kemalpaşa Power Plant with an installed capacity of 127 MW.
- Akenerji receives the licence for Çınarcık Dam and Uluabat Power Tunnel HEPP project with 100 MW installed capacity.

1990/

1990
- Dinkal reorganized as an insurance, consulting and brokerage firm.

1991
- Aksu moves all production to Çerkezköy.
- Akenerji Yalova Power Plant starts operating with an installed capacity of 21 MW.

1992
- Ak-Kim Chlor-Alkali Facility starts production.
- Akenerji Yalova Power Plant's cogeneration unit launched with an installed capacity of 17 MW.

1993
- Aksu listed on the ISE in November.
- Ak-Al Alaplı Factory established and starts production.
- Akmerkez inaugurated on December 18.
- Akenerji Çerkezköy Power Plant's first cogeneration unit launched with an installed capacity of 21.5 MW.

1995
- Akmerkez selected "Best Shopping Center in Europe" in Vienna.
- Akenerji Çerkezköy Power Plant's second cogeneration unit launched with an installed capacity of 43.5 MW.

1996
- Akenerji launches Alaplı Power Plant with an installed capacity of 6.3 MW.
- Akenerji launches third cogeneration unit in Çerkezköy Power Plant with an installed capacity of 33 MW, boosting plant's total installed capacity to 98 MW.
- Akmerkez Lokantacılık launches Papermoon Akmerkez.
- Akmerkez selected "Best Shopping Center in the World" in Las Vegas.

1997
- Akenerji launches Bozüyük Power Plant with a total installed capacity of 132 MW.

1998
- Akport launches Tekirdağ-Trieste Ro-Ro line.
- Ak-Kim establishes a hydrogen peroxide facility, first of its kind in Turkey.

1999
- Akrom Akal Textile Romania SRL is established.

Founder Raif Dinçkök (1912-1994)

2006
- Akenerji acquires Akkur Enerji.
- Papermoon Ankara inaugurated in September.
- Akiş founded to expand and manage the Group's real estate investments.
- Akenerji acquires Akkur Enerji A.Ş. that holds licenses of Burç (28 MW), Feke I (30 MW) and Feke II (70 MW) hydroelectricity plants.

2007

- Aktek founded.
- Protocol for the construction of Yalova Raif Dinçkök Cultural Center signed.
- Akiş starts construction at Akkoza.
- The book, *Photographs from the Yıldız Palace Albums Souvenir of Istanbul* published with contribution of Akkök.
- Aksa was selected "Turkey's Most Responsible Company" by Capital Magazine.
- Akenerji acquires Mem Enerji Elektrik Üretim Sanayi which holds the licences for Himmetli (24 MW), Gölkaya (30 MW), Saimbeyli (3 MW) and Bulam (9 MW) hydroelectricity plants.

Ömer Dinçkök
Chairman

Ali R. Dinçkök
Deputy Chairman

Akkök Group is a large family with a deep-rooted heritage.

Energy and real estate are priority areas for achieving rapid growth. Within the framework of the strategic plan, investments to be finalized until 2010 have been designated and our endeavors toward new partnerships are ongoing. As for the period after 2010, we envisage further acceleration of our Group's profitable growth thanks to its sharp competitive edge and financial capabilities.

While the world has seen a series of adverse financial developments in 2007, the year has also brought indications of uncertainty about Turkey's economic future.

Consistent, high growth trends in the global economy have been enjoyed since 2002 but have now been interrupted due to uncertainty stemming from the turbulence in the US housing market. The loss of value of equities based on subprime mortgage related assets brought the US economy, then the European markets to the edge of a serious liquidity crisis. Efforts to stave off the crisis led by interest rate cuts by the US and European central banks are still ongoing. In the meantime, the surge in commodity prices, particularly with respect to gold and oil, has had an adverse effect on inflation, ushering in a process of slowing growth rates.

The ongoing climate of unrest and conflict defined mainly by the confrontation between the developed West and Iran, has triggered adverse dynamics in the global economy. During this turmoil, China, India, Russia and other countries in the Far East have maintained the high growth performance they achieved over the years and have continued developing. However, growth estimates have been halved in comparison with the previous year for the US, Eurozone and the UK economies.

As in many emerging economies, the mortgage lending system has not yet been fully established in Turkey, therefore the low rate of home loans against bank assets has safeguarded our country from most of the current global crisis. **The Turkish economy has continued growing despite two electoral periods in quick succession.** Since 2001, uninterrupted high growth has been maintained again in 2007 albeit at a slower pace. According to official figures, the growth rate in 2007 was 4.5%.

In the words of the former FED Chairman Alan Greenspan, "Economy is managing expectations". Therefore, we believe our government should pay attention to preserving the positive and entrepreneurial environment in every step it takes.

Interest rates that rose partially in response to uncertainty prior to the elections and partially from the global liquidity crunch, gained stability in a couple of months. As a result of the volatility of interest rates and the increase in the budget deficit ratio to the GNP, annual inflation at 8.4% was considerably above the targets set at the beginning of the year. Despite the ongoing adversities with regard to inflation during 2007, the Turkish economy has managed to improve its capability to integrate with the globe, demonstrating high performance for exports and continued growth in both foreign trade volume and an increase in imports.

In recent years, one of the most serious challenges to our economy has been the current accounts deficit. The net direct foreign investment achieved a lucrative US$ 20 billion, easing financing for the current deficit for 2007, however, this should not be deemed sufficient to allay medium to long-term warnings. **In this regard, it seems impossible to avoid repercussions from the contraction in risk appetite, following the financial difficulties faced by developed economies in 2007, for economies such as Turkey which are in need of foreign capital influx to finance the current account deficit.**

Facing globalization, we are undergoing a rapid, intensive process where world trade becomes subject to a single market. The new terms of competition brought upon by this process, present challenges for all institutions and companies around the world. **One should bear in mind that global competition has no rules, whereas existing rules serve the interests of developed economies. Under the circumstances, flexibility and speed must become a priority.**

We are in the midst of a period when we all need to reconsider and re-evaluate the way we do business in order to adapt to changing competition both externally and internally. The EU accession process has intensified this re-evaluation despite a slight slowdown in 2007.

The course taken by Akkök Group Companies during this process is drawn by the strategic road map that was included in our business agenda since 2005 and that we have implemented with rigor and commitment. We aim to steer toward new areas to enhance existing business by utilizing all opportunities that arise, without conceding from our growth perspective. **Energy and real estate are the priority areas for achieving rapid growth for our Group.** Within the framework of the strategic plan, investments to be finalized by 2010 have been chosen and work toward finding new partnerships is ongoing. After 2010, we envisage that the Group will further accelerate its profitability thanks to a sharp competitive edge and strong financial capabilities.

The principal condition for sustaining competitiveness permanently in the global market is to institute a work environment enabling high productivity. From this standpoint, R&D, information technology and corporate governance are vital issues that need addressing at this time. Investments toward increasing efficiency have made up the greatest share of Akkök Group Companies' strategic plans. **R&D and information technology investments from an innovative perspective have been important factors for sustaining the successful performance of the Group from the past to present. In this regard, it is pleasing to see the contribution our R&D unit has made in the chemicals sector and how it has reflected positively on our operations.**

The corporate governance approach is a road map for the contemporary business. Akkök Group of Companies is firmly committed to utilizing this approach that ensures fairness and transparency. We are aware that this is one of our strongest assets to sustain compatibility in both domestic and global markets.

Akkök Group is a large family with a deep-rooted heritage; by the end of 2007, we had 55 years of experience behind us. We would like to take this opportunity to acknowledge and thank our distinguished employees and executives for their dedication and hard work that has significantly contributed to the Group's success. We extend our sincere appreciation to everyone that has supported and given us their confidence and trust.

Ömer Dinçkök
Chairman

Ali R. Dinçkök
Deputy Chairman

MESSAGE FROM THE CEO

Investment breakthrough by Akkök

For the next five years, an investment of US$ 1.2 billion has been planned for Akkök Group Companies; in other words, we plan to invest twice as much as in the last five years.

Executive Board:
From left to right: **Raif A. Dinçkök** (Member), **Mehmet Ali Berkman** (CEO), **Ayça Dinçkök** (Member)

The changes in the global economy in the last quarter of 2007, coupled with conditions created during the general elections in Turkey, have led to the deterioration of fundamental economic indicators. The implications of these developments were the US$ 40 billion increase in US dollars reserves of the Central Bank and the emergence of unfavorable clouds cast upon foreign direct capital and portfolio investments which play a key role in financing the current account defecit that had reached approximately US$120 billion in the last five years. The resulting outlook threatens the high growth-low inflation correlation that the Turkish economy has undergone during this time. Meanwhile, rising energy and food prices have been the fundamental drivers behind the increase in inflation.

Positive aspects

The positive aspects of 2007 can be considered as the higher than expected increase in the non-tax revenue, less than estimated interest expenditures and the privatization revenue reaching US$ 7 billion. Additionally, the banking sector has maintained its robust position while the rate of public lending to GNP has declined to 39%, thereby fulfilling the Maastricht Criteria. Among positive developments, it should be said that in spite of it all, the manufacturing industry has maintained stability, generating 30% of the national income while Turkey increased its share of exports to world markets.

Undergoing a difficult time

It would be overly optimistic to assume that a high growth-low inflation pattern is sustainable in light of the current global trends and negative events affecting the economy. Apparently in 2007, non-interest expenditures increased and the rate of the budget deficit to national income rose from 0.8% the previous year to 2.1% by the end of this year. Furthermore, the increase in productivity has eased off and unit prices based on the US dollar have risen significantly in recent times. When the global economic climate is undergoing a significant downturn and the foreign loan burden is expanding appreciably in all sectors except banking, it will become more and more difficult to service debt due and to provide new medium and long-term financing opportunities.

Slowdown in growth

As for other indicators in 2007, the growth rate was 4.5%, the consumer price index was 8.4% despite forecasted 4% estimate, unemployment stood at 10.1% and primary surplus was realized at 3.4%, way off the 6.5% target. The ISE 100 index rose by 42%.

According to the new index, national income is approximately TRY 856.4 billion and the annual per capita income is TRY 12,132.

Our Group's financial position

Within the context of the above mentioned developments, operating in five sectors, our Group has achieved its 2007 target by 101% with a combined turnover of US$ 1,637 million. Domestic sales revenue has been accrued at 102% with US$ 991 million, exports at 99% with US$ 646 million.

Sharp increases in the price of oil and commodities in 2007 increased the cost of main inputs, which have led to a reduction in gross profit margins for textiles and chemicals by 4% and 7%, respectively.

Meanwhile, appreciation of the Turkish lira by 21% against the US dollar in the course of the year has had a negative impact on Group Companies' domestic sales in foreign currency terms. Moreover, the overvaluation of the Turkish lira has created a loss of TRY 54 million from foreign currency exchange.

From the perspective of combined Group profitability, due to the underperformance of Aksa and Ak-Kim in comparison with the estimates, only 55.8% of the targeted net profit has been achieved. In 2007, the total combined net profit of Akkök Group reached US$ 55 million; its EBITDA stood at US$ 108 million.

Significant steps toward becoming a global energy player

Net sales of Akenerji have been realized 24% above the budgeted amount as envisaged in the previous year and totaled US$ 348 million. The realistic sales prices determined by Electricity Market Balancing and Settlement Regulation have contributed significantly to this achievement. Akenerji concluded the year with US$ 12.6 million profit. Meanwhile, construction work at Uluabat and Akocak hydroelectric plants have continued. These two plants will come on line in 2009 and will boost the capacity of Akenerji by 180 MW. Furthermore, our license application to set up a 172 MW wind power plant in Çanakkale has received a positive response from Energy Markets Regulatory Authority (EMRA). Work and surveys have been initiated to provide additional capacity for existing natural gas plants and investments in coal plants. Talks have been launched toward striking a partnership with CEZ, one of the largest companies in the Czech Republic with a 12,300 MW production capacity that includes two nuclear plants and 62% of the country's distribution capacity.

Carbon fiber production launched

Aksa has achieved 91% of its budget with net sales of US$ 643 million, utilizing 90% of its capacity. However, the sharp spikes in oil prices have had a negative impact on the main input, ACN. Since ACN and rising energy costs account for 73% of the total costs, according to the Tax Procedure Law, the Company has concluded the year with a US$ 6.2 million loss. However, according to CMB regulations, the Company has earned a profit of US$ 3.5 million.

Companies of the Akkök Group **invested** a total of US$ 612 million between 2003 and 2007.

Having decided to invest in hi-tech carbon fiber production, Aksa has started test production by resolving to invest US$ 86 million for this project during 2007. Aksa will start preliminary production of 34 tons/year from May 2008; after finalizing the investment in 2009 will shift to mass production of 1,500 ton/year. Aksa has also decided to invest with a view to reducing energy costs. While sustaining its 60% share in the domestic market, Aksa has increased the share of value-added products led by "outdoor" range in its exports. Despite challenges in the global economy, we predict that Aksa will resume its contribution to the profitability of the Group as a result of the measures being taken and the new investments planned.

Ak-Kim exceeds turnover target

Ak-Kim has outperformed its estimated budget of US$ 120.2 million for the year by 6% and achieved net sales of US$ 127.1 million. However, as a consequence of the appreciation of the Turkish lira, the Company which had to compete with imported products, faced declining profit margins and consequently, estimates for EBITDA at US$ 14.6 million and net profit at US$ 17.5 million have been realized at US$ 8.9 million and US$ 2.2 million, respectively. After completing the turnkey chlor-alkali plants in Jordan and Saudi Arabia, the Company placed a bid to build a hydrogen peroxide plant with a total investment of US$ 60 million in Saudi Arabia. For the new project, where investment is expected to start in 2008, Ak-Kim plans to have a 10% stake and is the most likely candidate to undertake this project due to its record of success.

Progress in Akasya and Akkoza

Construction for the Akasya Project in Acıbadem (Istanbul) whose project was finalized by Akiş last year will start in the second half of 2008, following attainment of the development permits. However, construction work for the Akkoza Project in Esenyurt (Istanbul) is already underway. The Akasya Project will be one of the most significant projects on the Anatolian side of Istanbul with 1,600 residential units and a shopping center comprising 80,000 m^2 of rentable space; it will be completed in approximately three years. In the Akkoza Project, the shopping center with 69,000 m^2 of rentable space will be constructed in three years and 5,500 residential units to be built in five phases, will be completed in 2012.

Sole railway-linked port on the European side

With the completion of the Tekirdağ-Muratlı rail connection in 2008, Akport will emerge as the sole port on the European side benefiting from a railway link.

Akport Tekirdağ Port will be endowed with -14 m draft and berth length totaling 2.100 m with two 350 m berths. Akport will achieve a significant increase in its turnover following this investment.

US$ 25 million renovation project

Akmerkez, the pride of our Group and the pioneer of shopping centers in Turkey, while maintaining its lead in the field, has decided to launch a renovation project valued at US$ 25 million. The renovation work will begin around the middle of 2008 and will be completed within 12 months without any halt in activity at the shopping center.

Investing primarily in people…

Our reconstruction efforts initiated with the implementation of Human Resources in 2006 has continued by streamlining our relationships with subsidiaries and affiliates. The reconstruction project that was completed in 2007 involved a multifaceted approach and envisaged the following targets:

- Switching to a holding structure, thereby creating a platform to share accumulated administrative, financial and operational knowledge with the Group Companies,
- Streamlining the complicated partnership and affiliation structure, furnishing companies with an efficient structure enabling a sector-based focus,
- Improving market performance of publicly listed companies and facilitating assessment of financial and operational outcomes and
- Taking steps to provide financing opportunities for the new investments of Group Companies.

Akkök: Signatory to the Global Compact

Aiming to heighten its corporate governance approach to conform to universal norms, the Akkök Group of Companies has signed the Global Compact under the auspices of the United Nations in 2007. The Compact, signed by almost 5,000 companies worldwide on a voluntary basis, consists of ten principles relating to the main areas of human rights, labor, the environment and anti-corruption. Our Group has thus committed itself to integrate the principles of the Global Compact to its business activities; managing its business procedures with respect for human and employee rights, in a clean and protected environment.

Construction of Raif Dinçkök Cultural Center in Yalova underway

Our Group also continues to make significant strides toward fulfilling its social responsibilities with cultural donations. In accordance with our 2006 plans, an official protocol for the construction of the Raif Dinçkök Cultural center was signed at the Yalova Yürüyen Köşk on November 30, 2006 . This cultural center, which is designed to host a variety of cultural activities and built on an area of 10,278 m^2, will be completed by the end of 2008.

Our subsidiary company, Dinkal, mainly runs the insurance work of our Group. The General Manager Ateş Kunt retired in 2007 and was succeeded by his deputy, Ercan Erbek. We have also witnessed a transfer of duty at the helm of Akenerji, with Ahmet Ümit Danışman appointed General Manager to succeed Ömer Karaduman from the start of 2008. I would like to thank our colleagues who are leaving for their services and wish them every success in the future. I would like to express my confidence in their successors who take over from them to carry the Akkök flag further.

US$ 1.2 billion investment

Companies of Akkök Group invested a total of US$ 612 million between 2003 and 2007. For the next five years, investments totaling US$ 1.2 billion is envisaged for the Group Companies. In short, for the next five years, we will invest twice as much as in the last five years.

On behalf of the Executive Board, I would like to take this opportunity to thank our employees, business partners, shareholders and our distinguished clients who have been largely responsible for our success.

Yours sincerely,

Mehmet Ali Berkman
Chief Executive Officer

GENERAL MANAGERS

From left to right: **Selim Gabay** (Akmeltem), **Necdet Çolpan** (Ak-Pa), **Celalettin Özel** (Ak-Tops), **Zeynep Akdilli Oral** (Akmerkez), **Ateş Kunt** (Dinkal), **Refik Önür** (Ak-Kim), **Mustafa Yılmaz** (Aksa)

From left to right in the back row: **Köksal Akoğlu** (Akiş), **Cengiz Taş** (Ak-Al), **Murat Kılıç** (Aksu), **Fuat Özbekli** (Akport), **Hakan Korkmaz** (Aktek), **Aslan Badi** (Advisor to Akkök Board of Directors), **Önder Karaduman** (Akenerji)

chemicals

Innovative, efficient and environmentally compatible production chemicals...

11.3%
market share

Serving industries in over 50 countries across five continents, Aksa increased its global market share of 8.25% in 2003 to 11.3% by the end of 2007.

Efficient, environment friendly, innovative…

2007 was a year when tightening global raw material supplies, increasing oil prices and trends of rapid growth in the ABS sector have all become more pronounced. High demand for raw materials resulting from these factors has pushed prices to the highest levels in the sector's history and has brought about significant contraction in worldwide acrylic fiber production.

In spite of these circumstances, Aksa, as the world's largest acrylic fiber producer operating from a single plant, has maintained its market share in 2007. Serving industries in over 50 countries across five continents Aksa increased its global market share of 8.25% in 2003 to 11.3% by the end of 2007.

Aksa owes this achievement to its strategic competition approach reviewed continually in light of external environment and competitor analysis and its capability to sustain its competitiveness through its flexible attitude in the face of global change. At this point in the globalization process, it is now possible to speak of a "single market". Under the challenging competitive conditions of this immense market, the Company derives its competitive edge and efficiency from its commitment to create singular and special products at low costs. This commitment has made Aksa an efficient company with a wide range of products.

Having defined its mission as "being the producer of choice in the global acrylic based textiles and technical fiber sector known for its efficient, environmentally friendly, innovative and customer-oriented approach", Aksa realizes this mission with a customer-oriented, flexible, agile and innovative organization structure.

Aksa: Strategy leader in corporate social responsibility

In 2007, the business magazine Capital, AccountAbility and its Turkish partner SU CSR coordinated efforts to conduct a survey assessing the companies in terms of their social responsibilities from the three major aspects of strategy, management and stakeholder participation. As a result of this survey, Aksa was named the leading institution under the "strategy" section that evaluates the extent to which companies include social, economic and environmental responsibilities into their operating strategies. According to the results of this survey, Aksa distinguished itself among its competitors as the company best able to define its field of activity and future perspective most accurately.

Well aware that the initial step on the path to becoming a global company is to introduce "strategic management" to the whole organization, Aksa has moved achieving excellence toward the forefront. Closely monitoring the economic, political and social dynamics of the textile and fiber sectors in Turkey

Plant:	Denizçalı Village/Yalova
Production Capacity:	308,000 tons/year
Global Market Share:	11.3%
Staple Products:	All kinds of raw white and dyed, bright, semi-dull, full-dull and quarter-dull fibers from-0.9 dtex to-17.0 dtex
Special Products:	Raw white or dyed high-oriented fiber, vigoureux tops, trilobal fiber, chenille fiber, high-resistance fiber, outdoor fiber, water-repellent fiber, artificial suede (flock tow), microfiber, low-residue fiber, trilobal, rectangular and circular cross-section fiber and continuous filament
Number of Employees:	590
Exports in 2007 (FOB):	US$ 267.8 million
Turnover in 2007:	US$ 665.2 million

and the world, the Company acts by determining its perspective and stance first. Therefore, opportunities within grasp are perceived in a timely fashion and the potential for a crisis is detected in advance by the early warning system. Having readied itself for risks and a would-be crisis, Aksa has already drawn its strategy map and projects for the period between 2007-2012.

Management of intellectual capital

Aksa owes its efficiency and low cost structure that enhances its competitive edge to the Six-Sigma method implemented since 2004 plus other process improvement techniques. The Company accesses new product know-how with regard to technology, R&D capability, organizational capital and skilled staff. The Company has reviewed and restructured its research-development and innovation processes to become an organization that is continuously learning and improving. Aksa prioritizes empowering and encouraging all employees toward innovation and invention while also measuring and managing its intellectual capital through a new model that it has itself designed and implemented.

Participatory management

One of Aksa's key strategic targets is to achieve excellence in the field of corporate governance. In this regard, corporate performance management, leadership, transformation management, process management, career planning, product quality and process development, human resources, customer relations and maintenance management are among the main areas where benchmarking studies launched in 2006 have continued into 2007.

In place of a conventional management approach, the Company is firmly committed to the "participatory management" approach with internalized principles of transparency, accountability, responsibility and equality in all its practices. It is this stance that has enabled the Company to rank in the top spot among 50 companies qualified as "most responsible companies" in Turkey in a survey conducted by Capital Magazine in 2007.

Breaking records in "accident-free time"...

Highly committed to issues involving corporate social responsibility, occupational health, work safety and environmental protection, the Company also organizes and/or supports education, arts and athletic activities that it believes will add value to the community. Acting to "contribute to the development of the environment" with regard to social responsibility, Aksa has continued its environmental protection projects again this year. The fire water pond built with the help of Aksa workers in the Antalya Taşağıl Forest is just one of these projects.

Placing great emphasis on "Occupational Health and Safety", the Company was certified (TSI 18001) in the first months of 2007 for its Occupational Health and Safety System first introduced in 2005. 2007 has also been a year when Aksa broke successive records for "accident-free" operations, accomplishing nearly 1.5 million man hours of "accident-free" operations.

Special products and carbon fiber

Aksa continuously widens its range of special and novel products with every passing year. In 2007, the Company attained its target market share for outdoor fiber sales. While expanding its customer portfolio with specifically targeted products, efforts have been underway to enhance product performance and quality. Furthermore, considerable progress has been made in the development of new technical textile products and work has been launched to bring these products to the market.

Aksa has maintained the pace of investing in pilot product development facilities during 2007, while aiming to increase its share of special products within total production and finalized these to a considerable extent.

Accident-free year

2007 was a year when Aksa broke successive records for "accident-free" periods, accomplishing nearly 1.5 million man/hour accident-free time.

308,000
tons/year

Through its modernization and new technology investments in 2007 Aksa expanded its installed capacity of 290,000 tons/year in 2006 to 308,000 tons/year.

With "carbon fiber" as its new business line, Aksa intends to generate additional business lines by investing in polymer science technology and plans to continue its pursuits in this direction.

In 2007, the Company sustained efforts initiated in 2006 toward its targets for the production of carbon fiber for industrial and aerospace sector materials and sports equipment. Following the completion of the project and investment, Aksa will produce 34 tons of carbon fiber annually starting in the second half of 2008 and raising this volume to 1,500 tons per year from the second half of 2009.

Within the framework of the Company's 2007-2012 strategic plans, revenue generation through technology transfer has been included among its goals. Aksa aims to transfer its extensive technological know-how accumulated over the years through the Technology Sales Office that it plans to establish, thereby generating added value for the Company.

Radical transformation in management systems

Aksa reviewed its corporate culture in 2006 and redefined its corporate values and ethic principles. It has also defined all performance indicators in the corporate record by applying the "Balanced Scorecard" system, a contemporary measurement and monitoring tool for corporate performance management. As a follow-up, the Company restructured its process management system in 2007, speeding the implementation for this radical transformation among all employees.

Quality and environmental responsiveness have a special place in Aksa's business management. Since 1998, the Company has reviewed and improved all processes in relation to Total Quality Management. It has endeavored to meet the expectations of all social stakeholders in a fair and balanced manner and has focused on enhancing their satisfaction.

Aksa conducts activities concerning the environment in line with the principle of "sustainable development and environmental compatibility". The voluntary teams set up by its employees manifest Company's responsiveness to fulfill the Triple Responsibility Commitment initiative of the chemicals industry. Aksa has achieved full marks and highly successful results indicating "zero non-compliance" in ISO 9000, ISO 14000 and Triple Responsibility audits conducted by domestic and international firms (Turkish Standards Institute, DQS-Germany, SGS-United Kingdom) involving all quality, environment, occupational health and safety activities undertaken in 2007.

A company generating its own energy…

Through modernization and new technology investments in 2007, Aksa has increased its installed capacity of 290,000 tons/year in 2006 to 308,000 tons/year.

The Company has also explored alternative energy generation as a means to drive down energy costs and has completed feasibility work in this regard. It has acted upon these efforts to establish a coal-fired energy plant on site in Yalova and has submitted relevant applications to obtain required permits.

2008: On with market compatible capacity utilization

Aksa plans to maintain its pioneering position in the worldwide acrylic market in 2008 and beyond by developing new products. In accordance with this approach, the Company has introduced the notion of involving a larger share of value-added products in its sales to its business agenda.

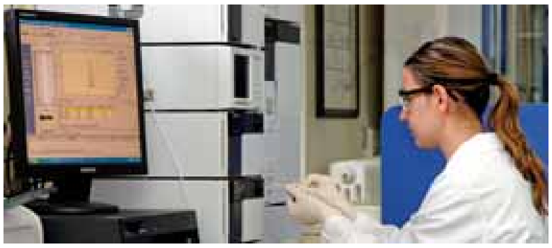
Market compatible capacity utilization will be sustained in 2008. The Company aims to increase profitability through increased efficiency and saving efforts as well as introducing new processes and adapting new technology. In 2008, Aksa will continue to improve efficiency and costs through projects to be tailored for this purpose.

Customer satisfaction has been among Aksa's priorities since the Company's inception. In 2008, the Company intends to conclude and implement projects pursued to this end in 2007. Within the scope of this objective, the "Learning from Customer Center" project which aims to further strengthen and reinforce customer-orientedness within the corporation is at the forefront of work underway.

Aksa ranks as number one in the list of Turkey's most responsible companies.*

*According to the research of Capital Magazine.

Aksa Egypt Acrylic Fiber Industry S.A.



4th

year of production

In the fourth year since its establishment, Aksa Egypt currently aims to be the most reputable dyed tow manufacturer in the market, by increasing its efficiency and quality.

The only company with overseas production

Aksa Egypt production facilities were established by Aksa Akrilik Kimya Sanayi A.Ş. Presently, this facility is the only company within the Akkök Group that carries out overseas production. This particular enterprise was established to expand and strengthen the presence of the parent company in North African textile markets. Investment for Aksa Egypt was initiated in 2003 based on the requirements and expectations of its customers. The Company soon distinguished itself among its competitors with the support of competent and experienced staff from the parent company Aksa, and backed by superior product quality, acquired a select position in Northern Africa in general and in Egypt in particular.

Aksa Egypt is built on a 22,000 m^2 site with 5,500 m^2 of enclosed space. The facility features a broad, well-equipped range of machinery capable of producing 11,700 tons/year of dyed tow and tops.

Symbol of strength and reliability in the region

Aksa Egypt has acquired the reputation of a strong and prestigious local producer in the regional acrylic market in a short span of time based on the quality and service it provides. It has transformed the fundamentals of fiber production in Egypt with its fast dyeing capacity.

Despite difficulties experienced in the Egyptian market caused by global events, Aksa Egypt aims to continue to upgrade its service quality during 2008 and expand its presence in the region with the objective of attaining broader recognition of "**Aksa Quality**" in these countries. Therefore, the Aksa Egypt investment is a source of inspiration for the Akkök Group's potential additional investments in Egypt.

Aksa Egypt envisages improving its efficiency and quality to become the most distinguished dyed tow manufacturer in the market in 2008, the fourth year since its inception.

Sales figures of Aksa Egypt have achieved an 11.5% year-on-year increase; sales revenue that stood at US$ 23.7 million in 2006 has risen to US$ 28 million in 2007.

Plant:	Alexandria/Egypt
Production Capacity:	11,700 tons/year
Products:	Dyed tow, raw white and dyed tops
Number of Employees:	65
Turnover in 2007:	US$ 28 million

Ak-Kim Kimya Sanayi ve Ticaret A.Ş.

Wide range of products aimed at various industry groups

Operating at three facilities, two in Yalova and one in Çerkezköy, Ak-Kim produces inorganic, organic and textile auxiliaries chemicals. Featuring a wide range of products; Ak-Kim currently has over 100 chemical products in its production portfolio. A considerable part of these are end products that are integrations of certain basic chemicals.

At the Chlor-Alkali Plant and its subsidiaries in Yalova, inorganic materials such as chlorine, caustic soda (sodium hydroxide), hydrogen, sodium hypochlorite, hydrochloric acid, hydrogen peroxide, sodium percarbonate, ferric trichloride, polyaluminum chloride are produced. Meanwhile, at the adjacent Sulfurous Compounds Plant sodium metabisulfite and sodium thiosulfate and produced.

The Company operates a separate Organic Materials Production Plant in Yalova. Here, methylamines, dimethylacetamide, dimethylformamid, carbon monoxide and hydrogen are produced. Ak-Kim also has a Textile Auxiliary Plant at the same location, producing textile finishing agents, softeners, lubricants, dye auxiliaries, pre-treatment chemicals as well as paper, concrete and construction additives. Concerning paper and construction chemicals, efforts are underway to develop new products and improve existing ones.

At the Persulfates Plant in Çerkezköy, ammonium and potassium persulfates are produced.

With its wide product range, Ak-Kim can address the needs of almost all industries. Textiles, metal, food, sanitation, water treatment, paper, pharmaceuticals and other sectors and end manufacturers in these sectors are among the major customer groups of the Company. For energy, metal and textile industries basic materials such as caustic and hydrochloric acid are used as input, whereas polyaluminum chloride is used as input in the water treatment and paper industries; sodium metabisulfite for the food, leather and textile industries; dimethylacetamide for the pharmaceutical and textile industries and dimethylformamid for the electronic and textile industries.

Keen competition with global giants

In the abovementioned sectors, the domestic market share of the Company ranges from 15% to 100% depending on the product groups. Exports of Ak-Kim constitute a 20-25% of total sales. Overseas sales extend from Canada and European Union countries to China and South Korea in the Far East. The main competitors of the Company in international markets include global giants such as BASF, Kemira, Degussa and Solvay.

Aktem Uluslararası Mümessillik ve Ticaret A.Ş.

Operating as a subsidiary of Ak-Kim since 1989, Aktem imports numerous chemical products, notably raw materials used in the dye, food and textile industries.

Performance in 2007

With continued appreciation of the Turkish lira against foreign currencies, 2007 was a year when competition against imported goods intensified for Ak-Kim. On the other hand, supply difficulties with oil derivative products and certain chemicals have led to increases in the price of energy and other inputs. Inability to reflect these price increases sufficiently in product prices has led to the relative decline in profitability figures during 2007.

Over 100 products

Boasting a wide range of products, Ak-Kim today has over a hundred chemical products in its production portfolio.

Plants:	Taşköprü Mevkii/Yalova, Çerkezköy/Tekirdağ
Production Capacity:	383,301 tons/year
Products:	Inorganic and organic chemicals, textile auxiliaries, pulp and paper chemicals
Number of Employees:	323
Investments in 2007:	US$ 8.35 million
Exports in 2007 (FOB) :	US$ 23.85 million (excluding projects in abroad)
	US$ 36.38 million (including projects in abroad)
Turnover in 2007:	US$ 114.53 million (excluding projects in abroad)
	US$ 127 million (including projects in abroad)

Ak-Kim Kimya Sanayi ve Ticaret A.Ş.

Share of exports

25%

Exports of Ak-Kim constitute a 20-25% of the total sales. Overseas sales extend from Canada and European Union countries to China and South Korea in the Far East.

Engineering and technology sales services in 2007
In conjunction with the production of chemicals, Ak-Kim also provides engineering and technology transfer services for overseas companies. Apart from technological services such as basic engineering and detailed engineering, the Company conducts larger scale engineering activities abroad and has continued overseas operations in this field during 2007.

Design and engineering projects undertaken by Ak-Kim in 2007 are as follows:
- In Faisalabad, Pakistan, Ak-Kim has provided both basic and detailed engineering and the know-how for a complete hydrogen peroxide plant with 30,000 tons annual capacity; the plant has started production.

- In Saudi Arabia's Al Jubail industrial district, all engineering, equipment and instrument supply, on-site fabrication and installation work for the turnkey construction project of an entire chlor-alkali plant with a 50,000 ton annual caustic soda capacity was completed in June 2007. The plant will be brought on line as soon as it is powered.

- In Saudi Arabia's Yanbu industrial district, all engineering, equipment and instrument supply, on-site fabrication, production and installation works for the turnkey construction project of an entire chlor-alkali plant with 54,000 tons/year caustic flake capacity was finished by end of 2007. The plant will be operational as of January 2008.

- An agreement has been reached with the Japanese company Chlorine Engineers Corporation to undertake maintenance of electrolyzers sold by Ak-Kim to European and Middle Eastern countries; the special maintenance facility set up for this purpose has commenced operations.

Active and participatory management model
Ak-Kim is among the first companies to participate in and implement the Triple Responsibility Commitment, a voluntary initiative by companies operating in chemicals industry pledging to give precedence to the environment, human health and technical safety.

The Company always treats its suppliers, employees and customers in a transparent manner and applies an active and participatory management model.

Ak-Kim measures its quality by the customer satisfaction achieved. BVQI ISO 9001:2000 certificate, BVQI ISO 14001:2004 Environmental Systems Certificate, TS 937/April 2001 chlorine standard, TS EN 888/April 2000 ferric trichloride standard, TS EN 883/February 1999 polyaluminum chloride standard and TS EN 901/2.12.2004 sodium hypochlorite standard certifications all attest to the quality philosophy of the Company.

Prospects in 2008
Ak-Kim management predicts no radical change in prevailing conditions of the industry in 2008 when an extension investment is planned to increase the production capacity of the sodium percarbonate plant from 20,000 tons annually, up to 40,000 tons per year. Additionally, planned replacement of the electrolyzer in the chlor-alkali plant will provide a nearly 30% increase in capacity.

New products in 2008
Aiming to commence sodium persulfate production in 2008, Ak-Kim also continues its efforts toward producing isopropylamine and diisopropylamine at the Complex Amines Plant and increasing capacity at the monochloroacetic acid facility.

Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.

Wide customer base

Established in Istanbul in 1976 to produce polyurethane foam, Akmeltem is now one of three foam producers in Istanbul serving furniture-mattress manufacturers and wholesalers. Benefiting from the superior position of Akkök Group particularly in terms of raw material supply and financing, the Company has quickly succeeded in reaching a wide clientele in Istanbul as well as surrounding cities and became one of the vanguards in its field.

Wide product range

Akmeltem offers an extensive product range and can produce virtually all kinds of foam utilized by the furniture industry. Production at the facility focuses on products aimed at furniture, mattress, cleaning and textile industries.

Reputable and prestigious

With vast experience dating back many years, employees with superior skill and know-how, quality products and rapid delivery, Akmeltem is a reputable company possessing an advantageous position in a competitive market that commands respect of its suppliers and customers alike.

2007: A profitable year despite increasing competition

2007 was a difficult year for the furniture industry with shrinking profit margins, even financing problems and insolvency cases occurring in places. Due to the decline in foam useage, the supply surplus in production has led to further reduction of prices and therefore, profitability. All these factors, have led to further escalation of market competition. However, thanks to its robust capital structure, Akmeltem has managed to adapt to the fiercer market conditions and to complete investments initiated in previous years.

Target in 2008: Cutting costs

In view of market conditions, Akmeltem has decided to implement cost cutting policies as part of a restructuring move in 2008. Envisaging no new investments until 2009, the Company has given precedence to maintaining and developing its current position.

Restructuring

in 2008

In view of current market conditions, Akmeltem has decided to implement cost cutting policies as part of a restructuring move in 2008.

Plant:	Pendik/Istanbul
Production Capacity:	345,600 tons/year
Product:	Polyurethane foam
Number of Employees:	32
Turnover in 2007:	TRY 8 million

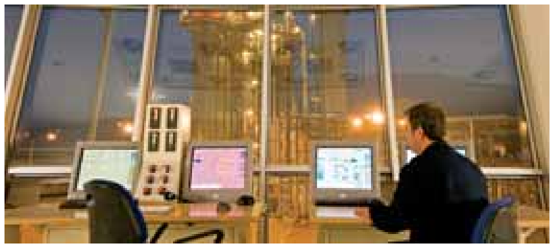
energy

Akenerji Elektrik Üretim A.Ş. p. >30

A rising industry in developing societies...

Energy...

Akenerji Elektrik Üretim A.Ş.



18

years' experience

Operating since 1989, Akenerji is one of the largest private power producers in Turkey in terms of installed plants and total production capacity, generating 2% of the total energy produced in Turkey, which in turn corresponds to 10% of private sector energy production.

Pioneering company in private energy sector

Having started operations in 1989 regulated as an electricity-generating autoproducer group, Akenerji was the first private electricity producer in Turkey. Today, the Company is one of Turkey's largest private power producers in terms of both installed plants and total production capacity.

Akenerji meets the electricity and steam energy requirements of its clients through 11 natural-gas-fired conversion plants in its portfolio. Apart from companies of the Akkök Group, Turkey's large industrial corporations and organized industrial zones are also among the clients Akenerji serves.

At the end of 2007, 80% of the Company's turnover was comprised of electricity sales and 20% from steam sales.

Following the inauguration of the Balancing and Settlement Market run by TEİAŞ (Turkish Electricity Transmission Co. Inc.) in August 2006, Akenerji has steered toward differentiation of its client portfolio and supplied the energy requirements of clients with busbars and transfer lines, primarily from within the BSR (Balancing and Settlement Regulation) market.

Currently supplying its entire production cycle with natural gas, Akenerji has focused on investments based on generation from renewable energy sources in order to alleviate the effect of rising natural gas prices experienced in the recent years and to diversify its supplies for production. Within this framework, Akenerji is continuing investments toward the construction of nine hydroelectricity plants with a total capacity of 375 MW and a wind turbine capacity of 15 MW to complement its existing installed capacity of 541 MW. In addition to its current investment portfolio and privatization opportunities, Akenerji also monitors and examines other energy investment opportunities for different sources led by renewable energy as well as lignite, coal and nuclear energy

Anticipating development of the industry, Akenerji is also interested in electricity distribution contracts and monitors relevant events in the field alongside investments toward electricity generation, in order to sustain its leading position in the industry and to increase its market share.

Competitive edges

Operating in the energy industry for over 18 years now, Akenerji benefits from substantial experience arising from its superior position as the pioneering organization in the field.

Considering steadily rising production costs in the electricity industry in recent years, it is essential in terms of profitability, to assess market risk regularly and respond in the right way at the right time. Akenerji remains a company of reference in the industry by means of its operational capabilities and optimized sales portfolio.

Power Plants:	Yalova I, Yalova II, Çerkezköy, Bozüyük, Alaplı, Gürsu, Uşak, Denizli, Çorlu, Izmir-Batıçim, Izmir-Kemalpaşa
Production Capacity:	541.3 MW electricity; 1,107 tons of steam
Active Plants:	Çerkezköy (98 MW), Bozüyük (132 MW), Izmir-Kemalpaşa (127.6 MW), Yalova (70 MW), Alaplı (5 MW), Izmir-Batıçim (45MW)
Active Production Capacity:	477.6 MW/year electricity
Products:	Power, steam
Number of Employees:	209
Investments in 2007:	US$ 82.5 million
Turnover in 2007:	US$ 348 million

Nevertheless, due to high capital formation and lengthy return times on investments in the energy industry, it is crucial to make the right investment decisions. Akenerji was first among private energy companies to initiate investment projects based on renewable sources, particularly hydroelectricity generation, in order to achieve diversification of supplies and to enhance profitability and competitiveness. From this point of view, besides natural gas, Akenerji commands profound expertise and know-how with regard to renewable energy investments.

Akenerji closely follows developments in the industry, responding with strategic decisions and a proactive attitude. These attributes provide the Company with speed, flexibility and therefore a sharp competitive edge in its dealings.

High potential demand for the industry

Due to soaring population and urbanization in the last 24 years, electricity consumption in Turkey has risen above the growth rates of GNP, increasing 8% annually. Despite this fact, per capita consumption remained at 2MWh. Compared with the figures of other developing countries, this is the lowest figure achieved. However, rapid economic growth, urbanization and industrialization indicate that growth in electricity consumption will sustain this pace. In order to meet the demand for electricity, it is necessary to establish new production facilities in the next two decades. Within this context, an annual investment capital of US$ 4-5 billion is required; opportunities in the electricity industry are welcomed with great interest among local and foreign investors.

Presently, 85% of electricity generated in Turkey comes from public plants. This configuration in production compels the private sector to compete with public enterprises which are at the same time entrusted with the task of setting prices for fuel and electricity. The fluctuation in oil and commodity prices since 2003 has also affected the price of natural gas, leading to an increase of more than 90% in Turkish lira terms, however this has not been reflected on energy tariffs-instead transmission/distribution surcharges, fees and taxes have been raised. This outlook for the supply-demand equilibrium accelerates the move toward real cost based electricity pricing. Therefore, work continues on automatic pricing mechanisms.

The dominance of public enterprises in the industry and the burden of tax, fund levies and surcharges make new investments far from being attractive. However BSR (Balancing and Settlement Regulation) schemes that came into force in August 2006 enabled transparent and cost-based pricing, providing slight relief for the industry. Meanwhile, the Law on Nuclear Power Plants published in the 2007 Official Gazette paves the way for investment in Turkey for nuclear energy plants and provides guarantee of purchase to coal stations with a 1,000 MW or more capacity. In a further positive development, the guarantee of purchase time assigned to plants using renewable sources has been increased from seven to ten years within the scope of the Energy Efficiency Law.

2007: New breakthroughs and strategic partnership initiatives

Akenerji has accomplished a turnover of US$ 348 million during 2007, achieving a 14% increase in sales against the same period in 2006. The EBITDA margin has risen to 9% in the same period. The positive effect on profitability margins in 2007 that

Akenerji Elektrik Üretim A.Ş.

8%

increase in demand

Surveys of TEİAŞ and DPT predict an annual increase of 8% in the demand for electricity in Turkey over the next two decades. In order to meet this demand, a US$ 4-5 billion annual investment is required to double the existing production capacity in Turkey.

have occured due to the halting of operations of certain power stations, which were no longer profitable due to narrowing margins between the price of electricity and natural gas in 2006, and the expansion of BSR practices to cover half of all sales proved beneficial for turnover and profitability figures in 2007.

Akenerji generated energy in Çerkezköy (98 MW), Bozüyük (132 MW), Kemalpaşa (127.6 MW), Yalova (70 MW), Alaplı (5 MW) and Batıçim (45 MW) power plants in 2007.

The Company maintained a decision taken in 2006 toward suspending production in small and unprofitable power plants supplied with natural gas.

To alleviate the effects of rising natural gas prices on production and to attain supply variety, Akenerji has started to intensify its investments toward production from renewable energy sources. Investments toward this goal have continued into 2007. Within this scope, construction of Çınarcık Dam and Uluabat Power Tunnel (100 MW), Erikli-Akocak Hydroelectricity Plant (81MW), Feke I (30 MW), Feke II (70 MW), Burç (28 MW) plants and Ayyıldız Power Turbine (15MW) are currently underway. From the same perspective, Akenerji has acquired MEM Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. in 2007 incorporating renewable energy investments of this company to its own portfolio.

Considering the ever increasing energy requirements of Turkey, the mounting investment goals of the players in the industry and partnerships that are being forged toward this goal, Akenerji has resolved to assess possible strategic partnership opportunities with foreign parties to maintain its lead position. Consequently, talks toward forging a strategic partnership have been launched with an international company during the last quarter of 2007.

Plants equipped with cutting edge technology

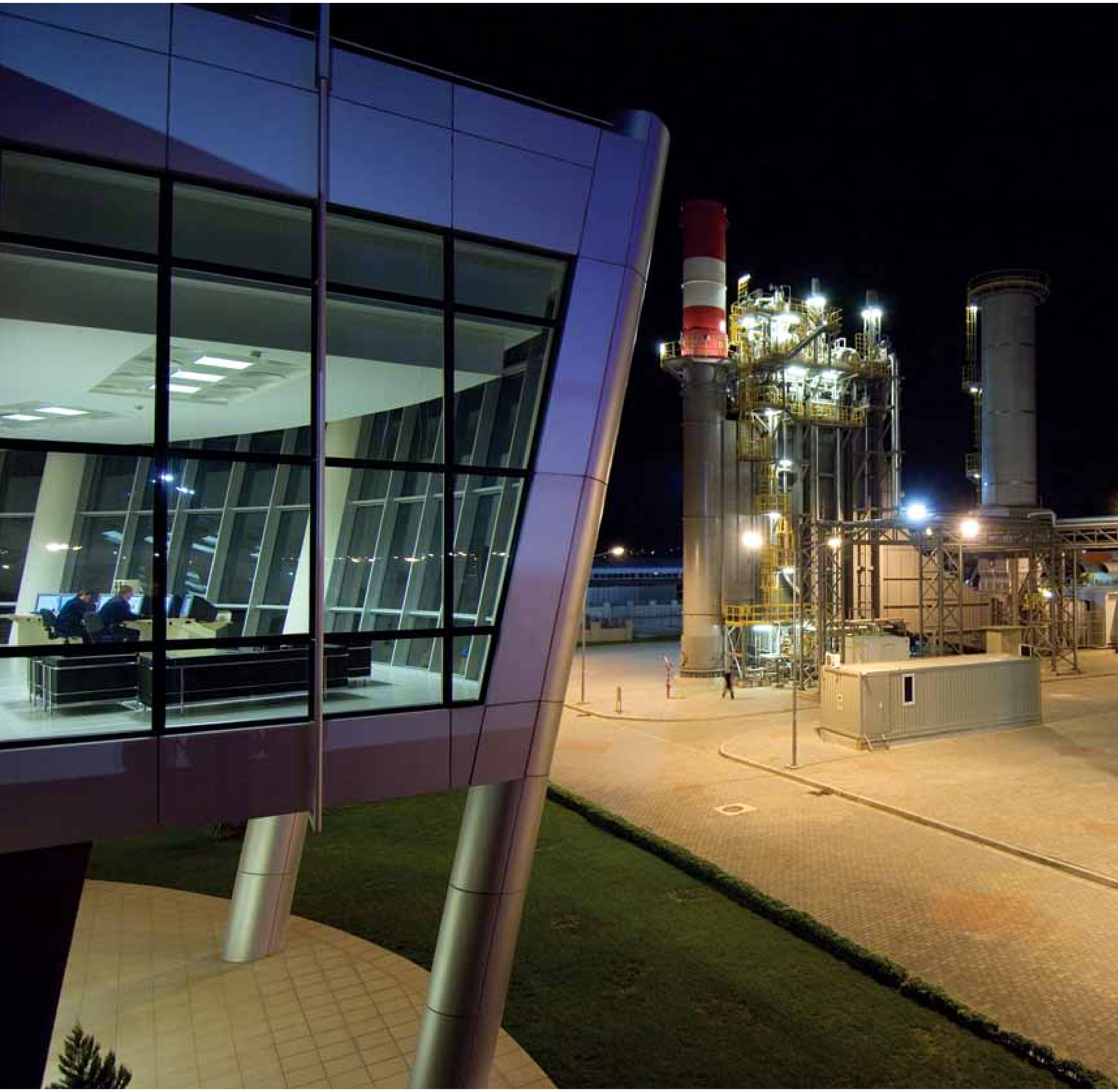
Natural gas conversion plants in Akenerji's portfolio produce electricity and steam energy through cogeneration or combined cycle systems.

Most of the gas and steam turbines used at these plants are supplied from General Electric and Siemens. General Electric's Frame 6C heavy industry gas turbine installed in the Kemalpaşa Plant is the most advanced and efficient turbine in its class worldwide. In accordance with its strategy for efficient energy generation using the highest technology, Akenerji devises investment plans for hydroelectricity plants under construction considering latest technology available.

2008 prospects

Akenerji plans to continue its investments primarily for hydroelectricity as well as lignite and wind turbines in 2008. Following developments concerning nuclear energy investments and privatization of electricity distribution networks thoroughly, Akenerji aspires to seize on opportunities in this regard. Aside from energy generation activities, Akenerji closely monitors advances toward privatization of electricity distribution companies and energy generation facilities currently under state control.

Akenerji



Gas turbines at Akenerji Kemalpaşa Plant are the world's most advanced and efficient type in its class.

textiles

Highly competitive with zero compromise on quality: textiles...

Ak-Al Tekstil Sanayii A.Ş.

50%

export

Producing 100% acrylic or acrylic-wool mix worsted yarn in its Alaplı factory, Ak-Al caters to the demand from the domestic market with 50% of its output, while exporting the other 50%.

A school of its own in textile industry

Producing acrylic and acrylic-blend yarn for knitwear and hosiery industries since 1974, Ak-Al is a recognized, respected and prestigious brand for markets in Turkey and around the world.

Ak-Al owes its success to its enhanced, reliable and high quality production. Due to its highly skilled staff, strong marketing and sales experience spanning more than 30 years and the emphasis placed on R&D, Ak-Al has been a pioneering enterprise in the sector both in Turkey and around the world. Its staff has benefited from the emphasis accorded to training and has contributed substantially to both the Company's and the industry's advancement.

Accomplishing continuous growth from 1974 to 2000, Ak-Al inaugurated new plants in Bozüyük, Alaplı and Romania, respectively. Apart from yarns aimed at knitwear and hosiery industries, it developed products for hand-knitting as well as open-end and fancy yarns. Thus, with its 3,000 employees, Ak-Al has now attained an annual production capacity of 30,000 tons of yarn.

Strategic moves

Closely monitoring changes in the textile industry worldwide in recent years, Ak-Al has made a strategic decision at the end of 2005 to downsize. Contraction resulting from the takeover of the market by Far Eastern products, substantial expansion in the scale of the informal economy and the negative impact of overvaluation of the national currency on exports and costs are the main reasons behind this decision. The Company signed over its plants in Yalova and Bozüyük and has ceased production in Romania at the end of 2006, selling off assets there; it has successfully concluded the downsizing move.

50% output for exports

Producing 100% acrylic and acrylic-wool blend worsted yarn at the Alaplı Plant, Ak-Al caters to the demand from the domestic market with 50% of its output, while exporting the other 50%.

Unrivalled for yarn quality and dyeing

The paramount distinction of Ak-Al from its competitors is the quality of its yarn and the capability of its dyehouse to provide rapid service for small batches. The Dyehouse at the Alaplı Plant on average develops 5,000 new colors annually.

Ongoing pursuit of highest quality in 2007

Production is constantly improved in line with the needs and suggestions of customers while upholding the tenet of zero compromise on quality. Well aware that achieving continued success is only possible through customer satisfaction, Ak-Al attaches great emphasis on after-sales support.

In addition to the ISO 9001:2000 Quality Management Systems and Oeko-Tex Standard 100 certificates, Ak-Al has qualified for TSE 18001 (OHSAS 18001) Occupational Health and Safety Management Systems certificate in 2007.

2008 and beyond

Subsequent to the downsizing process, Ak-Al envisages focusing on increasing its profitability and efficiency, while eliminating all risk from its financial structure and to pursue new investments. Through its corporate governance approach, emphasis on environmentally compatible production and the high quality of its products, Ak-Al will maintain its position as one of the leading companies in the industry.

Plant:	Alaplı/Zonguldak
Production Capacity:	9,000 tons/year
Products:	Worsted yarn
Number of Employees:	575
Exports in 2007 (FOB):	US$ 20 million
Turnover in 2007:	US$ 50 million

Aksu İplik Dokuma ve Boya Apre Fab. T.A.Ş.

Steady growth spanning over half a century
Aksu commenced operations in 1952 to produce woven and knitted material, blankets, hand-knit yarns and fabric for men's and women's clothing. Over the years, rapidly growing business volume has meant that the Bakırköy facilities were not large enough to accommodate the Company's operations. This led to the establishment of a new plant in Çerkezköy; the entire production line moved to Çerkezköy in 1991 after Bakırköy plant was closed down. With its experience spanning more than 50 years today, Aksu is enjoying its position as a company producing 7,000 tons of yarn and six million meters of woolen fabric annually.

A pioneer in product development
For many years, Aksu has been acknowledged as a prestigious brand associated with quality not only domestically but internationally.

In an environment of intensifying competition, collections designed in tune with the latest innovations as well as production and sales services backed by a customer-oriented approach are among the main features distinguishing the Aksu brand from its competitors.

Its consistent success in the field of product development is another asset reinforcing the competitive edge of Aksu. Avoiding the stiff competition in the Far East and striving for divergence through distinction, Aksu has turned to products involving high technology with greater added value and know-how. The Company develops new products every year that will make a difference in terms of design, construction and finishing processes in line with this new perspective.

Fabrics manufactured with nanotechnology
Concerning yarns, new products involving fine merino, cashmere, angora, alpaca and mohair blends that were under development in 2006 have been introduced to the market and were met with keen interest by the clients. Meanwhile, performance-oriented technology was adopted for the fabric range. New products are being developed by employing different types of fiber.

Aksu is the first company to apply nanotechnology to woolen fabric. By means of nanotechnology, waterproof, anti-bacterial, stain-resistant, breathable fabrics can be manufactured without using chemicals and stiffening or changing the feel of fabric.

Domestic and overseas strategic collaboration in 2007
Proceeding with reliable strides in a highly competitive market by implementing the right strategies, Aksu has achieved a 5% year on year increase in US dollar terms in its sales during 2007.

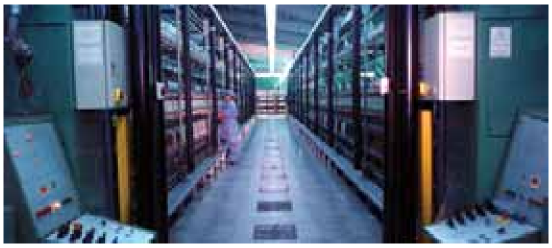
Acting upon a strategy it enacted in 2005, Aksu completed the necessary changes in its overseas sales operations in 2007 and has succeeded in further expanding its sales network in the focus markets. It has thus taken lasting steps to establish long-term strategic association in these markets. The Company has been endeavoring to develop

6
million
meters of fabric

With its experience spanning more than 50 successful years, Aksu today, enjoys the honor and pride of its position as a company producing 7,000 tons of yarn and six million meters of woolen fabric annually.

Plant:	Çerkezköy/Tekirdağ
Production Capacity:	7,000 tons/year yarn, 6 million m/year fabric
Products:	100% wool, wool-blend, worsted and woolen fabric, 100% linen fabric 100% wool, wool-blend worsted, fancy and woolen yarn
Number of Employees:	832
Investments in 2007:	US$ 4 million
Exports in 2007 (FOB):	US$ 20.3 million
Turnover in 2007:	US$ 61 million

Aksu İplik Dokuma ve Boya Apre Fab. T.A.Ş.



Annual turnover of US$
61
million

Advancing with reliable strides in its path through the right strategies in a highly competitive environment, Aksu has achieved a 5% year on year increase in sales during 2007.

business in new access channels. As a result of these efforts, there has been a significant increase in business volume in the focus markets compared to the previous year.

Aksu has identified existing and potential customers in the domestic market to initiate possible long-term business associations. Together with these particular clients, investments for product development and manufacturing have been undertaken to increase both business volume and market share of Aksu as well as these clients. Business development efforts are continuing in line with market demand.

Aksu is aware that making the right strategic moves is vital under tightening conditions within the market. There were intense endeavors in this direction especially for the last two years. The Company maintains its robust position in the industry by shifting production of staple products to countries where labor is relatively cheaper, or by abandoning such products in favor of others with higher added value.

Zero compromise on quality in production

Aksu recognizes the importance of quality and service under conditions of keen competition. Nowadays, service and speed have gained increased importance alongside quality. Timely transformation of technology and giving esssential emphasis on quality and services are determinant factors for not only the present but also the future performance of organizations.

While maintaining its pioneering position for product development from inception up to the present, product quality has also remained an unchanging priority for Aksu from day one. Constantly improving its business processes with a customer-oriented approach, the Company took the first step toward certifying these efforts with the ISO 9001 Certificate in 1994. It obtained the revised ISO 9001:2000 certificate in 2003. On account of its production approach based on respect for the environment and people, Aksu treats 4,200 tons of waste water in its biological treatment facilities. Furthermore, in 1998 and 1999, it received Oeko-Tex Standard 100 certificates awarded to organizations that do not use substances that may be harmful to the environment or health in the production of yarns and fabrics.

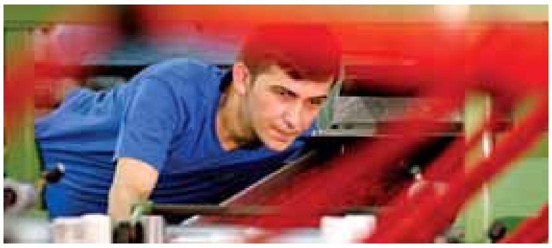
2008 prospects

Despite intensifying competition, Aksu is committed to maintaining its position as a leading organization in the industry through its competent product image, collections designed in tune with the latest trends as well as production and sales services backed by a customer-oriented approach. In the era of global trade where barriers no longer exist, Aksu succeeds in distinguishing itself and expanding its reputation with the breakthroughs achieved in product development both locally and internationally. The Company aims to increase its market share along with profitability by developing effective customer relations during 2008. A significant investment is planned for 2008, directed at enhancing both quality and customer satisfaction.

Overseas markets are crucial for Aksu. The Company launched a project in 2007 to increase its sales in Europe and has since covered significant distance in this regard. Work toward realizing this project will be ongoing in 2008. Efforts concerning quality and product development will also continue non-stop.

Aksu

For many years, Aksu has been acknowledged as a prestigious brand associated with quality both domestically and internationally.



Annual turnover of US$ 22.8 million

Ak-Tops concluded 2007 successfully despite unfavorable exchange rates and increasing input costs.

An organization with customer satisfaction as its core

Ak-Tops has three main product lines made up of acrylic color tows, acrylic raw white and color tops and acrylic raw white and color cut fibers. Inaugurated in 1986 on a 12,500 m^2 site, Ak-Tops facilities have expanded in the last 21 years to 86,500 m^2 which includes 40,000 m^2 of enclosed space. Annual dyeing capacity increased from the initial 4,200 tons to 45,000 tons with consecutive investments undertaken over the years. The annual tops capacity rose from 4,000 tons to 50,000 tons and annual fiber cutting capacity from 7,500 tons to 118,000 tons.

Ak-Tops closely monitors technological advances to sustain the market superiority of its customers in terms of both cost and quality, giving precedence to constantly renovating and enhancing its practices. Holder of the TS EN ISO 9001: 2000 certificates, this is an organization that has placed customer satisfaction at its core since its inception. From this perspective, Six-Sigma methods that involve Enterprise Resource Planning practices are also crucial for the Company.

The pinnacle of corporate history in 2007: 42,000 ton annual tops production

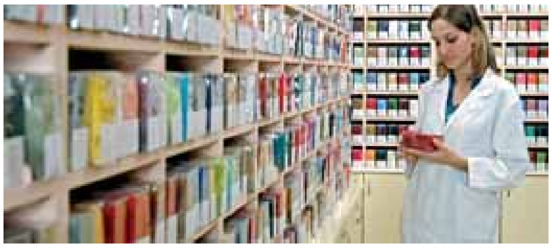
Having attained its goals in terms of operational profitability and product quality in 2007, Ak-Tops maintains a leading position in the industry in terms of output, cost figures and quality. Ak-Tops has concluded 2007 successfully despite unfavorable exchange rates and increasing input costs.

Having realized all projects concerning investments and marketing, Ak-Tops has pushed ahead with intensive marketing and sales support in local and overseas markets during 2007 to expand its market share and widen its customer portfolio. Having thus reinforced its position in global markets in spite of increasing input costs, the Company has continued with the investments envisaged as part of its 2010 strategic plans.

Having replaced most of its machinery in the tops operation with new equipment in 2007, the Company, therefore, has increased productivity and quality considerably. The Company achieved its highest ever production figure in its corporate history with 42,000 ton tops manufactured in 2007.

With the completion of the assembly of its four-beam tricolor dyeing machine, a manufacturing process that provides huge efficiency in terms of energy use and waste material has been forged. With the utilization of this system that has enabled a savings of 10% for steam use in 2007 throughout the whole plant, it is predicted that the increase in efficiency will exceed 25%.

Plant:	Taşköprü Mevkii/Yalova
Production Capacity:	45,000 tons/year dyeing
	50,000 tons/year tops
	118,000 tons/year cut fiber
Products:	Acrylic colored tow, acrylic raw white and colored tops, acrylic raw white and colored cut fiber
Number of Employees:	271
Investments in 2007:	US$ 4.5 million
Turnover in 2007:	US$ 22.8 million



Improvement work at the existing production floor has enabled a decrease in waste rates for Aksa special products with high added value. As a result of all these efforts, the overall decline of waste in the plant has reached 25%.

High productivity, superior quality and respect for the environment

Its special production techniques and flexible production lines featuring multiple options are among the most significant technological assets of Ak-Tops. Its quality policies applied in all business practices are indispensible for the Company. Operating in line with changing market conditions and customer expectations while providing competitive costs, high productivity, superior quality and respect for the environment stand out as the principles that cannot be compromised under any circumstances by Ak-Tops.

Ak-Tops is among the first 100 organizations to have received the TS EN ISO 9002 Quality Assurance System Certificate in Turkey. It has completed the groundwork for adoption of TS EN ISO 9001:2000 Quality Management System (QMS) and was awarded the TS EN ISO 9001:2000 QMS Certificate in 2003. The Company effectively implements the terms of Quality Management System organization-wide and continues improvements in this regard.

The most precious asset is the human resource

Human resources are the most precious asset of Ak-Tops. The Company is well-aware that any investment to help develop the skill and knowledge of employees is actually a long-term corporate investment. From this standpoint, it conducts extensive training programs to enhance employees' competence and proficiency, enabling them to keep abreast of technological developments. Required resources and activities are devised with the participation of the management and employees.

Effective measures for occupational health and safety in production processes

The Company places great emphasis on providing safe, healthy and appropriate working conditions for employees and ensuring continuity through constant improvements. Ak-Tops views the standards and applicable legislation as a starting point and is not content with just that. The Company implements occupational health and safety procedures meticulously throughout the entire production process. Ak-Tops regards health and safety issues to be the responsibility of all those present in the workplace and ensures participation by all employees for the management of potential risk. The Company also conducts activities to enhance the responsibility, awareness and training levels of the employees.

Continuing with strategic planning in 2008 ...

Despite being part of an industry where competition is constantly heightening, Ak-Tops aims to perform above the production levels of 2007 by the end of 2008 owing to the high quality of its products. Considering rising energy prices and input costs, it is envisaged to be at least on par with the profitability figures of 2007. Within the scope of strategic planning, investments that were launched at the end of 2006 will continue into 2008. The cost and quality benchmarks that will be achieved as a result of these investments are highly significant for Ak-Tops. Considerable efficiency savings are expected for dyeing, energy and labor costs once the relevant investments have been finalized.

42,000

ton tops production

Having replaced most of its machinery in the tops operation during 2007, the Company has increased productivity and quality considerably and achieved the highest ever production figure in its corporate history with 42,000 tons of tops manufactured.

real estate

Successful performance crowned with awards

real estate...

Soaring performance for

15

years

The constant increase in the success of Akmerkez over the last 15 years is the most important factor for the increasing involvement of Akkök Group in real estate investments.

Pioneering brand of prestige in its field

Inaugurated in 1993 as a joint venture between Akkök, Tekfen and İstikbal groups, Akmerkez is a pioneering venue in its field with its successful merging of a shopping center, residence and office complex. After 15 years, it has translated its pioneering position to a non-stop and worldwide success story. Behind the success of Akmerkez, which has sustained a 100% occupancy rate for the last three years, is the coalescence of a number of factors. Its location at the most coveted district in Istanbul, quality of construction, building technology, shop variety and business management are among the primary factors. Creating a prestigious image with superior features, Akmerkez has over time been transformed into a multi-dimensional lifestyle space rather than simply a shopping center. This has earned it triumphant acclaim worldwide. Akmerkez has become a landmark in the architectural fabric of the district and has gone far beyond the confines of a commercial complex, attaining the status of a prestigious brand on its own accord.

Inspiration for real estate investments of the Group

Akmerkez has become a “yardstick of value” for its surroundings. For many years, directions for many buildings in the vicinity have been defined in terms of their position in relation to Akmerkez. Likewise, the prices of many properties are set depending on their vicinity to, or view of Akmerkez. The references of the press to new shopping centers around the world with captions such as “Akmerkez of Moscow Inaugurated” or “Kayseri’s Akmerkez” clearly confirm the brand value of Akmerkez. The fact that Akmerkez constitutes such a successful model for real estate investments and demonstrates constantly increasing success rates for the last 15 years, is the most important factor for the increasing involvement of Akkök Group in real estate investments.

A lifestyle space for happy and contented people

Akmerkez is a bustling venue 365 days a year, 24 hours a day, managed by a dedicated and highly qualified team in a manner that befits its superior brand value. The management of Akmerkez adopts a contemporary, environmentally friendly approach that puts the human factor first. The motto “Happy and joyful people shop” is the mainstay for the management of Akmerkez. The architectural layout renders shopping delightful, its contemporary interior design and its atmosphere that can easily match up to international counterparts drawn with this approach in mind. Likewise, the diligence to ensure the maintenance and cleanliness and excellent technical and physical security are outcomes of this attitude.

A venue embracing arts

For the last five years, Akmerkez has been housing various artistic activities. These have been honored with international awards, manifest the high value Akmerkez management accords to the arts as well as creating an effect that goes beyond the borders of the country and constituting a model for many shopping centers abroad.

Location:	Etiler/Istanbul
Field of Activity:	Investment and management of shopping centers
Number of Shops:	246
Visitors in 2007:	15.8 million
Turnover in 2007:	US$ 51.5 million

Akmerkez

Recent surveys show that almost 35% of Akmerkez's visitors visit the venue several times a week. This is a highly impressive rate for many local and foreign managers in the field. Nevertheless, it goes beyond slogans and confirms with facts and figures that Akmerkez is not just a shopping but a lifestyle center.

Strategic management plan befitting superior brand value

The management team at Akmerkez understands the value of a well recognized brand; it aims to maintain and improve its current position in the market. The location of Akmerkez and the experience accumulated over 15 golden years of highly successful management are the greatest assurance of its future performance. To sustain these achievements, it is necessary to closely monitor the changes and advances in the world where dynamics rapidly diverge. The shifting demographics of the country, the changes in the socioeconomic structure and profile of Akmerkez customers, determine the direction for future plans at Akmerkez management. Meanwhile, it is also important to assess developments in the retail sector, the behavior of the major players in the field and the plans of global chain stores with respect to Turkey. As a result of assessments made after careful consideration of all these determinants, Akmerkez management devises a strategic management plan, setting out activities for customers, leases and advertising strategies accordingly. The underlying purpose guiding operations at Akmerkez is to make the customer feel like a special guest from the moment of entry and to ensure that time spent inside is relaxing, safe and pleasant. Apart from the mix and variety of shops designed to appeal to these aims, social activities and decoration and ornamentation for the special occasions are practices that sustain customer loyalty.

Justified pride of awards

- 1995, "Best Shopping Center in Europe", International Council of Shopping Centers (ICSC)
- 1996, "Best Shopping Center in the World", International Council of Shopping Centers (ICSC)
- 1996, "International Design and Development", International Council of Shopping Centers (ICSC)- The highest honor in the field
- 1998, "TSCSR/ AMPD Honorary Award"
- 1999, "Jean Louis Solal Marketing Award", Madrid,
- 2001, "Jean Louis Solal Marketing" Turin, ICSC- for its social contribution with "Exterior Windows Display Contests"
- 2001, "Maxi Awards", Orlando, ICSC
- 2004, "Consumer Quality Award", Consumer Magazine
- 2006, "Jean Louis Solal Marketing", Copenhagen, ICSC- for "Art at Akmerkez 3" activity
- 2006, "Maxi Awards" Chicago, ICSC

100%
occupancy

Sustaining a 100% occupancy rate for the last three years, Akmerkez has been transformed into a multi-dimensional lifestyle space rather than simply a shopping center and has thus achieved worldwide acclaim.

Comprehensive renovation work

In terms of operational and financial indicators such as shop occupancy, customer density, rental revenue and non-rental revenue, Akmerkez has performed successfully in 2007. In line with the goal of intensifying renovation work that management had included in plans from the previous year, detailed studies were made, projects were devised and the design project was selected followed by the initiation of relevant administrative procedures. Hence, significant distance has been covered for the renovation that will actually start in 2008. It has been planned to review the shop mix and varieties alongside the renovation work in 2008.

Akmerkez Residence: 365 days, 24 hours a day of continuous service

Introducing the concept of "serviced residences" in Turkey, Akmerkez Residence is an exemplary operation that constitutes a model for subsequent residential operations with meticulous and rigorous service covering 24 hours a day, 365 days a year. Enjoying the ease of having residential and shopping areas housed within the same complex, occupants of the residence benefit from all kinds of services such as shops, cinemas, restaurants without having to leave the comfort of the complex.

Owing to the superior comfort it offers and its contemporary management approach, Akmerkez Residence has received avid interest since its inception. In comparison with last year, occupancy rates have risen 7.5% to 85% thanks to this appeal.

Adopting the principle of providing excellent service around the clock for the management of the residence as well as the shopping center, Akmerkez management has realized a comprehensive work for pool renovation as part of its operations in 2007.

A benchmark for the valuation of business, shopping and lifestyle centers…

Tourism investment on Kaşık Island

Ak Turizm has contemplated different options for investments on Kaşık Island considering its proximity to and the distance from the hustle and bustle of center city. At present, Ak Turizm is still considering the option of setting up a full-fledged conference center and health center on the island. The Company prioritizes the preservation of the natural environment on the island. Therefore, the plans for the construction of a private marina to accommodate over 20 yachts aims to cover a minimal area of only 7,600 m^2 out of the total area of 52,000 m^2.

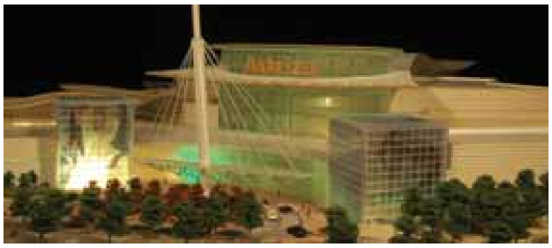
7,600

m^2 construction area

In order to protect the natural environment of Kaşık Island, plans include building a private marina to accommodate over 20 yachts, whereas only 7,600 m^2 of the total area of 52,000 m^2 has been assigned for construction.

Location:	Kaşık Island/Istanbul
Field of Activity:	Tourism investments
Construction Area:	7,600 m^2

Akiş Gayrimenkul Yatırımı A.Ş.



Akkök Group designated real estate as one of its major business lines within the framework of its restructuring strategies and founded Akiş to operate in this sector. Having broken new ground in the Turkish real estate industry with the Akmerkez venture, Akkök Group of Companies aim to realize more innovative, original and large-scale real estate projects through Akiş. Taking socioeconomic change and evolving trends in the industry into consideration, Akiş envisages venturing into all fields of real estate with urban shopping centers at the forefront, through its domestic and overseas projects.

Akasya

Akiş has begun working on the Akasya project at the former site of Ford Otosan in Acıbadem. The project involves construction area of 400,000 m^2 on a 182,000 m^2 site that will feature a shopping center with 80,000 m^2 of leasable space, 1,600 upscale housing units, a 5,000 m^2 medical clinic as well as a 25,000 m^2 park for sports, recreation and social facilities.

Land for the project was purchased in cooperation with Ülker, Sinpaş, Doğu-Batı and Corio Group; four international companies were commissioned to work on the conceptual design which has since been finalized. The contract for the final project has been awarded to Development Design Group in Baltimore, Maryland. To act as the local builders, agreements have been struck with Mimarlar Workshop for the housing sites and Ömerler Mimarlık for the shopping center site. With work on the preliminary project progressing rapidly, construction is planned to begin in May 2008.

Akasya

Featuring a shopping center with 80,000 m^2 of leasable space, 1,600 upscale housing units and a 5,000 m^2 medical clinic, the Akasya project will be realized in partnership with Ülker, Sinpaş, Doğu-Batı and Corio.

Akkoza

The Akkoza project is another major venture of Akiş and will be carried out in partnership with Garanti Koza and Corio. Located next to “TEM Highway” in Esenyurt on a 415,000 m^2 site, the Akkoza project will be completed in five phases. The project features 5,500 housing units and a shopping center that includes a hypermarket and 69,000 m^2 of leasable space. It also involves a social facility on a green area of 21,000 m^2, a private hospital on 10,000 m^2 and a private school on a 15,000 m^2 site. Festival Park, which will host a range of activities, and Akkoza Park, which will bring together the residents of Akkoza, are other venues that will be operated by the management of the shopping center.

As was the case in the Akasya Project, the Development Design Group won the competition attended by five international companies for the conceptual design. Having brought Development Design Group and Sehilart Mimarlık onboard for the architectural designs, Akiş started selling the housing units in September 2007 and launched excavation and shoring work in November 2007. As stated in its strategy road map, Akiş plans to initiate a new project in 2008.

Akkoza

Akkoza project, in partnership with Garanti Koza and Corio, features 5,500 housing units and a shopping center comprising a hypermarket and 69,000 m^2 leasable space.

Akiş

Location: Gümüşsuyu/Istanbul
Field of Activity: Real estate investments

other sectors

From port operating
to culinary services,
or information technologies
to insurance

other services...

Akmerkez Lokantacılık Gıda San. ve Tic. A.Ş.

Since
1996
Currently, Papermoon is one of the most select and prestigious restaurants in Istanbul and Ankara thanks to the successful and competent management approach of Akmerkez Lokantacılık.

Brand name of quality and comfort in Istanbul: Papermoon
Akmerkez Lokantacılık has been the restaurateur of Papermoon located in Akmerkez since 1996. At present, Papermoon is one of the most exclusive and prestigious restaurants in Istanbul thanks to successful and competent management by Akmerkez Lokantacılık. Under the direction of Italian chef Giuseppe Pressani, 78 employees serve in the restaurant. All employees are subject to two-week appraisals of their skills by consultant Paolo Lattanzi four times a year to ensure continuity of food and service quality.

An exclusive restaurant
Acknowledged as a culinary classic in Istanbul soon after its inception, Papermoon continues to cater to clientele without wavering from its distinguished service and diligent management. It retains the food quality and the select atmosphere it offers to its clientele and therefore, its popularity for over ten years. Papermoon has an exclusive position compared with its competitors due to its location, architectural design, interior decoration and lighting. The "Interior Design" award granted by Restaurants and Institutions-New York in 1997 and "Interior Lighting" prize awarded by Lumens-New York in 1998, also attest to the success and quality of Papermoon.

Papermoon has continuously increased customer turnover since its inception and has sustained this pattern again in 2007.

A limited renovation plan is envisaged for the café section of Istanbul Papermoon during 2008.

Papermoon Ankara
Launched in September 2006, adding a novel and distinct taste to Ankara's culinary scene, Papermoon Ankara ensures continuity of the food and service quality staffed by 57 employees under the direction of Ellio Magrograssi and supervision of Paolo Lattanzi. Assistant directors from Papermoon Istanbul appraise the service quality of Papermoon Ankara by visiting the premises on a rotating basis every week. Ankara Papermoon has set a higher turnover target for 2008 than figures achieved in the previous year.

Location:	Etiler/Istanbul; Kavaklıdere/Ankara
Field of Activity:	Restaurant services
Turnover in 2007:	US$ 8.3 million

Ak-Pa Tekstil İhracat Pazarlama A.Ş.

Aksa's overseas market strategist
Ak-Pa's mission within Akkök Group is to devise and implement the overseas marketing strategy for Aksa, while assisting the Company in terms of market intelligence and product development. Founded in 1976, Ak-Pa operates as a strategist for the Akkök Group in charge of overseas markets.

Assertive in new fields
In 2007, prolonged seasons due to global warming have had a negative impact on consumption in the textiles industry. Meanwhile, another factor in the decline of consumption was the increase in global energy and raw material prices, which have made acrylic fiber prices more expensive in relation to substitutes.

A keen observer of trends in Turkey and the world, the Company has shifted to trading raw materials such as bamboo, wool and viscose fiber in an operational maneuver in 2007. It plans to further develop its trading activities for the non-textile fields in the near future.

Import targets for initial year achieved
Working in multifaceted cooperation and coordination with Aksa, the Company plays a part in all activities from strategic planning to monthly meetings of finance, marketing and customer complaints.

Ak-Pa's exports in 2007 have remained stable in comparison to the previous year. As for the imports of bamboo, wool and viscose fiber began in 2007, the Company has achieved its targets for the initial year with US$ 750,000.

Exports to more than 50 countries...
Ak-Pa is among the most robust textile exporters in Turkey. Its customer base is made up of industrial enterprises in more than fifty countries. Set apart from its competitors by virtue of its command of global markets, reliability and agility, Ak-Pa devises its growth and profitability policies in accordance with other Group Companies.

Marketing operations of Aksa Egypt products within Egypt are also run by Ak-Pa. Its sales in 2007 amount to US$ 28.5 million.

2008: Heading for new industries...
Regarding import based trade Ak-Pa plans to penetrate energy, fertilizer and packaging industries alongside textiles in 2008.

Exports to more than
50
countries...

Set apart from its competitors by virtue of its command of global markets, reliability and agility, Ak-Pa devises growth and profitability policies in accordance with other Group Companies.

Location:	Gümüşsuyu/Istanbul
Field of Activity:	Exports-marketing
Number of Employees:	46
Countries with Export Links:	60
Exports in 2007 (FOB):	US$ 295 million
Imports in 2007 (CF):	US$ 750,000

Ak-Pa

Annual turnover of US$ 8.1 million

Tekirdağ Port is an exemplary complex benefiting from modern equipment and experienced staff and possessing a total area of 105,000 m^2, a 1,390-meter berth length, an annual bulk freight capacity of 3,000,000 tons and container capacity of 250,000 TEU.

-14 m draft

The port is endowed with -14 m draft, a berth length totaling 2,100 m with the completion of two 350 m berths and the only railway link on the European side.

An exemplary port facility

Akport is the main port for open freight movements in the Thrace region. Akkök Group has acquired Tekirdağ Port through privatization and transformed the facility from a tiny wharf into a high capacity, modern port that now serves as the main maritime gateway in the region. At present, Akport Tekirdağ is an exemplary port complex benefiting from modern equipment and experienced staff with a total area of 105,000 m^2, a 1,390 meter berth length, an annual bulk freight capacity of 3,000,000 tons and container capacity of 250,000 TEU.

A wide range of cost-effective services for industrialists

Akport Tekirdağ Port operates with the aim of offering advantages in terms of costs and logistics for all industrial enterprises based in Thrace. Those able to make best use of the port facilities are industrial companies operating in the region. The following is a brief list of services available:

- Bulk freight/general cargo/ heavy freight loading/unloading services
- Container loading/unloading service
- Ro-Ro line
- Pilot service
- Storage service
- Bunker service (Fuel sales exempt from SCT)

The port business has made huge progress with regard to heavy freight and project based loading/unloading services in 2007 compared to the previous year. Heavy freight coming to or transiting from the entire Southern Marmara region, with Thrace in particular, are disembarked here.

Logistic benefits

Thanks to facilities for rapid and safe loading/ unloading, Akport Tekirdağ enables importers and exporters to charter vessels at low costs. Due to such advantages, Akport provides seasonal products (fertilizers, bran, etc.), previously transported by road, the opportunity to be shipped and distributed to the hinterland. Local industrialists are now able to manage their production in accordance with the loading capacity of the Port, thereby increasing their exports.

Ro-Ro services operating the Tekirdağ-Bandırma, Tekirdağ-Erdek, Tekirdağ-Marmara Island and Tekirdağ-Karabiga lines serve as a sea bridge connecting the northern and southern parts of Marmara. With two reciprocal voyages every day on these lines, trucks now have the benefit of reaching their destinations on both ends in the quickest possible way without having to deal with the traffic.

The construction of the modern high-capacity container terminal has emerged as a serious alternative to the Thracian container traffic currently run via the Ambarlı port.

2007: Confident and firm strides...

In 2007, Akport continued ongoing efforts with confident and firm strides in the following areas:

- Achieve the desired momentum in the container transfers, talks are underway with all the container lines that currently have stopovers in Marmara and their agencies. These lines have been induced to call at Akport Tekirdağ Port occasionally on an ad hoc basis. It is the Company's objective to sign a permanent contract with one of these container lines.

Location:	Tekirdağ
Field of Activity:	Port services
Annual Container Handling Capacity:	250,000 TEU
Annual Bulk Freight and General Cargo Handling Capacity:	3 million tons
Turnover in 2007:	US$ 8.1 million

- Akport has made significant progress in the Tekirdağ-Marseille Ro-Ro line project jointly developed with UND. The Board of Directors of UND plans to institute cooperation and partnership with Akport and to sign a major line operator prompted by Akport. The foreign company involved and its consultant are continuing with the feasibility studies for identifying appropriate vessels and ports for the project.

- Construction work for the Tekirdağ-Muratlı railway link have been launched. Akport facilities will be the point of origin for this link. To connect railroad car transport between Tekirdağ-Bandırma and Tekirdağ-Derince via the port, construction work has started to modify the existing Ro-Ro ramp on the finger pier able to accommodate the approach of Ro-Ro/Train ferries.

- Investment for the second phase of the terminal has been initiated. With the completion of construction work, the Port will have -14 m draft and an additional terminal with 700 m berth length.

Objectives for 2008:

Akport has included the following in its business agenda for 2008:

- Negotiations are underway with all lines calling at the Marmara port to sign contracts with one or a few to ensure continuity of their calls at the Port.

- Following completion of the second phase of terminal construction, the aim is to serve high-draft bulk freight and container vessels.

- Should the circumstances be suitable, it is envisaged to start Akport-Marseilles Ro-Ro services sometime during 2008.

- In addition to the existing Ro-Ro link between Tekirdağ-Bandırma, talks are underway with prospective operators for the launch of the Tekirdağ-Gemlik line. Launching the Tekirdağ-Gemlik line within 2008 is another of the Company's objectives.

- The Company is in touch with firms wishing to store liquid bulk/dry bulk at the port. It is planned to conclude an agreement with one of these companies in 2008 in order to actualize this project as soon as possible.

In short, the services the Company plans to make available at Akport Tekirdağ Port in 2008 are as follows:

- Container Services: 30,000 TEU/year
- Bulk Freight/General Cargo service: 1,600,000 mtons/year
- Tekirdağ-Bandırma Ro-Ro service
- Tekirdağ-Gemlik Ro-Ro service
- Storage services

Ro-Ro services in 2008

Akport expects to launch Ro-Ro services on the Tekirdağ-Gemlik line in 2008. With the launch of Tekirdağ-Erdek, Tekirdağ-Marmara Island and Tekirdağ-Karabiga services on January1, 2008, in addition to Tekirdağ-Bandırma Ro-Ro services, 250 trucks per day can now use this route.

Dinkal Sigorta Acenteliği A.Ş.

US$ 8.4

million premium production

With experienced, qualified employees and a strong technical infrastructure at its disposal, Dinkal enjoys a reputable position in the business with a wide range of coverage offered to its customers and affordable pricing solutions alongside high-quality consultation services.

Powered by over 30 years' experience

Currently commanding over 30 years of experience in the insurance business, Dinkal was founded in 1976. Operating initially as a body incorporated to an Akkök Group enterprise involved in production and trade of yarns, the Company has provided services in the corporate and individual segments as Dinkal Sigorta Acenteliği A.Ş. since 1990.

Growing insurance needs for industrial investments has in time made it a vital necessity for Akkök Group to monitor risk assessments, policies and damage from a single reliable source. Fulfilling this requirement within the scope of the Group, Dinkal's aim is to generate additional revenue for the Group in addition to providing the most extensive coverage under the best terms.

Wide range of cover, affordable pricing

Dinkal offers services in every segment of the insurance business, led by fire, accidents (including aircraft), health and shipping (including vessels). Aiming to determine the actual insurance needs of all its customers, be it corporate or individual and providing the widest possible coverage with the best pricing options in all its operations, Dinkal prioritizes utmost customer satisfaction.

With experienced, qualified employees and strong technical infrastructure at its disposal, the Company enjoys a reputable position in the business with the wide range of coverage offered to customers and affordable pricing solutions along with high-quality consulting services rendered in accordance with contemporary norms.

Companies of the Akkök Group are given precedence in Dinkal's operations. Making risk assessments for Group Companies, actual insurance needs are then identified and policies are issued accordingly to meet those needs with the most extensive coverage and the most favorable terms. Ensuring continuous inspection and supervision of the Group's insurance needs from a single center, the Company is in constant contact with insurance companies about specific products, receiving competitive exclusive terms or price quotes and claiming material damages promptly and accurately from insurance companies.

Despite the precedence given to Group Companies, Dinkal presently enjoys a robust and competitive position in the Turkish insurance sector with non-Group premium production accounting for almost 20% of the total production. With a standing as such, it operates as an agency authorized by Yapı Kredi Sigorta, Yapı Kredi Emeklilik, Axa Oyak Sigorta, Güneş Sigorta, Aviva Sigorta, TEB Sigorta and Ray Sigorta to draw contracts and premium collection. With the strength it derives from its high premium volume, Dinkal is able to offer its clients a tailored and distinctive approach by supplying additional benefits from insurance companies and conveying these to the customer.

In recent years, the Company has intensified operations in the segments of liability insurance and credit insurance which it regards as niche areas for services in the field. In the period ahead, it aims to become a significant player in this field.

Services offered by Dinkal to its customers can be classified under four main areas:

Consulting services

The Company offers free consulting services for all insurance segments based on its long-standing experience, technical know-how and robust infrastructure. Considering exclusively the benefit to the customer, this service is offered in all areas that are coverable in terms of insurance business. All customers of Dinkal enjoy access to a team of consultants representing them in all insurance-related issues.

Location:	Gümüşsuyu/Istanbul
Field of Activity:	Insurance brokerage services
Segments of Operation:	Fire, accident, shipping, engineering, agriculture, life, health, retirement
Total Policies in 2007:	6,800
Premium Production in 2007:	US$ 8.4 million

Risk assessment and management services

It is essential to have detailed insight of the risk involved to be able to pitch that risk to the insurance company. Identifying coverable risk and conveying them accurately to insurance companies is crucial to maintain the companies' safety and efficiency. When explaining the risk to the insurance company, the emphasis should be on the prevention and limitation of losses. Thanks to this service, customers can avoid paying premiums for risks that are not applicable.

Policy management services

Examining existing policy and coverage structure, identifying missing and/or excess coverage provides major advantages for its clients. Unfortunately, from time to time, it is the case in the sector that a policy considered accurate actually involves many gaps. Only experienced insurance experts can appropriately review policies issued by tens of insurance companies and chosen from among hundreds of products and figure out whether the policies have been drawn in line with the coverage structures that can meet investments and other needs.

Dinkal undertakes this effort on behalf of its customers ensuring that developments concerning insurance companies are closely monitored, existing policies are updated and relevant changes concerning risk are reflected in the policies.

Damage management services

It is essential to accurately appraise and price the risk to the insurance company to ensure full repayment in the event of damage. To be able to reap maximum benefit from the policy in the event of damage, the scope of the coverage must be thoroughly understood. Dinkal prepares plans to outline which specific damage is assigned to which coverage, under which conditions it would be claimed, ensuring that the customer is not at a disadvantage; damages are paid out as soon as possible.

Therefore, Dinkal undertakes all procedures vis-à-vis the insurance companies that the customer would otherwise have to deal with themselves in case of damage. Dinkal's experts on the issue perform all the necessary tasks such as compiling paperwork regarding the damage, opening the file and executing the due procedure and determining the extent of damage.

2007: Impact of foreign capital

In the last three years, the presence of foreign companies has been the fundamental factor in defining the insurance sector in Turkey. By the end of 2007, 40% of the total capital volume in the sector belonged to foreign insurance companies. Their market share however, was 70%.

Except for 2001, the year of the economic crisis, annual real growth rates of the Turkish Insurance sector have cruised above the growth rates of the economy during the last decade. The share of the business in the gross national product reached 1.5%. This figure is around 8% on average in Europe and around the world. In the light of these figures, it is predicted that the sector will rapidly expand and grow in the near future. There is no doubt that harmonization with the European Union which was among the factors expanding consciousness concerning insurance will also be a catalyst in this process. In short, it would be realistic to anticipate that the Turkish insurance sector will become one of the prominent players in the international arena within the next five years.

Dinkal has carved a significant position for itself as the preferred partner for insurance companies and customers in the sector owing to its portfolio structure, service standard and reliable image. In 2007, net premium production by Dinkal exceeded TRY 11 million, an almost 8% increase. The relatively low level of the increase in net premiums came from the policies in US dollar terms which constitute a significant share in the portfolio. The decline in the foreign exchange rate has had a negative impact on turnover increase and significantly hindered the growth potential.

2008: Firm steps toward institutionalization

Meeting all insurance requirements of its customers with the widest range of coverage and special pricing advantages, Dinkal demonstrates its competitive edge also regarding damage management. It is the main target of the Company to sustain stable growth while increasing operational efficiency and profitability in the coming years. In order to prepare Dinkal for this rapid growth period, it is planned to intensify inquiries and marketing efforts under a new and improved structure.

20%

non-Group

Despite giving precedence to Group Companies, Dinkal at present enjoys a robust and competitive position in the Turkish insurance sector with non-Group premium production accounting for almost 20% of the total production.

Aktek Bilgi İletişim Teknolojisi Sanayi ve Ticaret A.Ş.

Top-notch performance from the

27

person strong team

Founded in April 2007, Aktek has completed partnership procedures with Oracle, Sun Microsystem, Cisco and Microsoft, turning rapidly to undertaking non-Group projects.

Young and dynamic organization in the IT sector

Aktek was established by Akkök Group of Companies to operate in the field of information technologies in April 2007.

Aiming to provide corporate solutions about information technology, the Company's mission is to provide guidance to all its customers and particularly Akkök Group Companies in the field of information technology and to facilitate realization of feasibility and project works at an appropriate cost.

Having launched services for three locations; Istanbul, Yalova and Çerkezköy, the Company's main purpose is to provide high quality services for all Group Companies. Devising projects to update technological infrastructure and improving the standardization of information technology applied within the Group are among the other aims of Aktek.

Catering to the needs of Group Companies since its inception, Aktek operates from a perspective of utilizing its know-how in the field also for the benefit of non-Group Companies, thereby sharing its experience on a wider basis.

Overperforming expectations

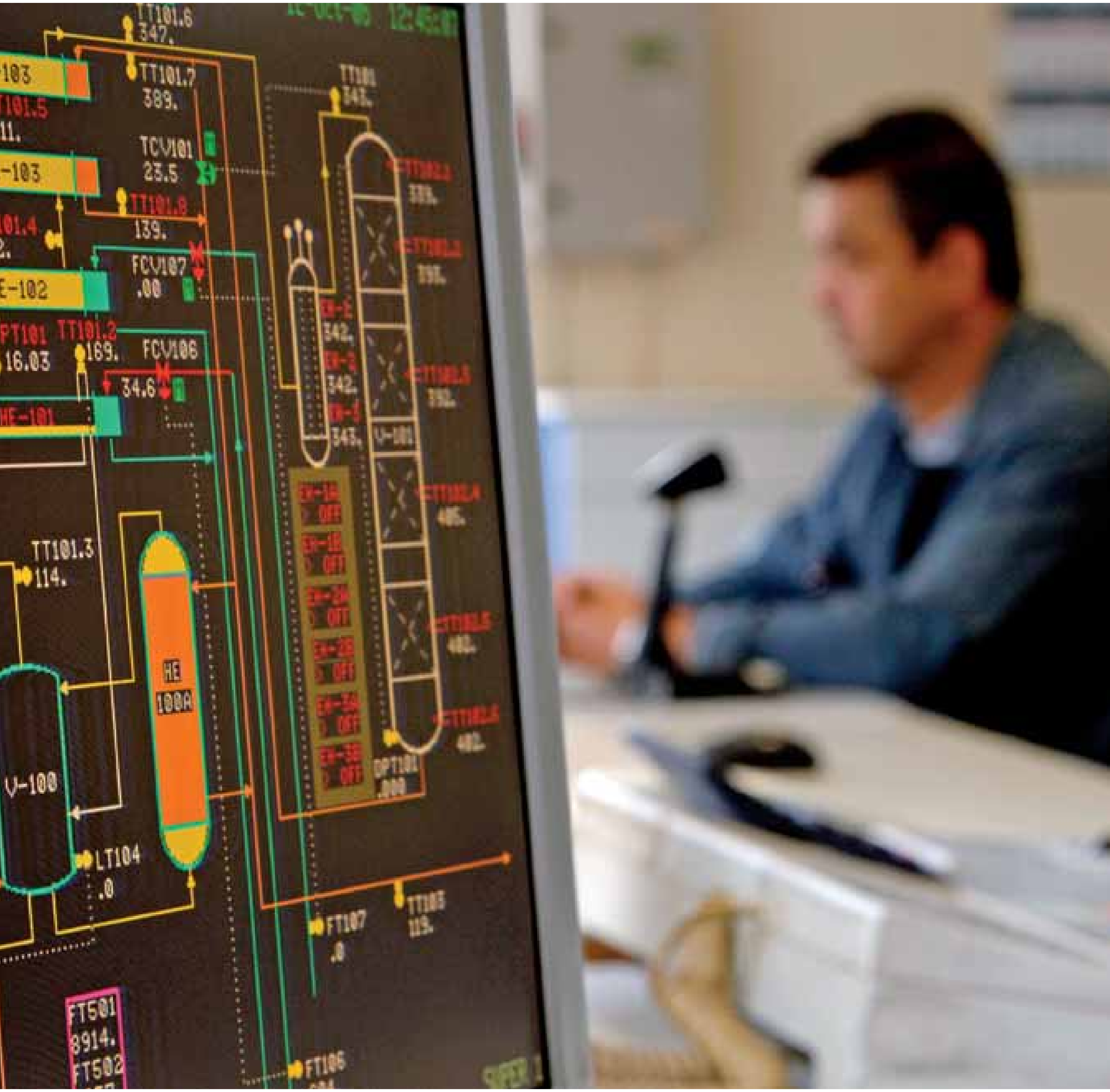
The work undertaken by Aktek in 2007 has progressed at great speed. Following the Aksu project, which evolved into a specific product, the Ak-Kim project is now due for completion. In the meantime, the Ak-Pa project, launched during the year, is still underway.

Although Aktek planned to extend its services to non-Group Companies in 2008, the venture into this field came sooner than expected due to the high demand from the market. The Company has rapidly completed partnerships with Oracle, Sun Microsystem, Cisco and Microsoft, turning rapidly to undertaking non-Group projects. Work is underway with the Association of Capital Market Intermediary Institutions and TETAŞ on a project basis.

Rapidly growing and expanding, Aktek is generating new projects for 2008. Within this framework, it intends to increase the number of its employees from the current 27 to 40 by the end of 2008.

Location:	Gümüşsuyu/Istanbul
Field of Activity:	Information technologies
Number of Employees:	27

Aktek



Corporate solutions for information technology…

social responsibility

A healthy, well-educated
and clean environment
for sustainable development

social responsibility...

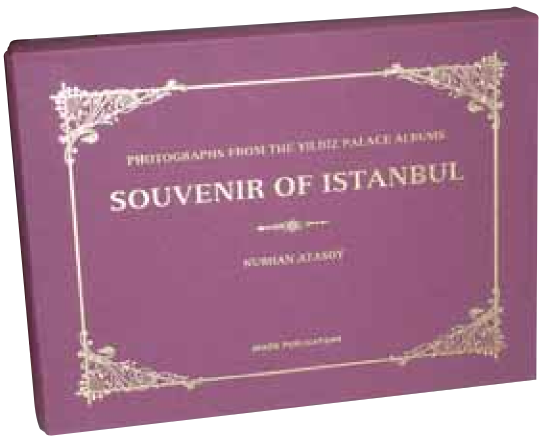
Ever since its inception, the Akkök Group has regarded social responsibility as an indispensable component of its corporate culture. The Group's commitment to social responsibility is based on the awareness that it owes its success to the strength it derives from society.

Akkök Group has been implementing social responsibility projects all across Turkey, predominantly in the regions where the Group operates. However, the focus is on global benefits for environmental projects. Akkök conducts all of these projects in collaboration with scientists, non-governmental organizations of which it is a member and other relevant organizations in the project areas.

Aware of the fact that in addition to innovative products, it is essential to have healthy, well-educated generation living in a clean environment to achieve sustainable development, the Group is particularly involved in major educational, environmental and cultural social responsibility projects.

In the selection of social responsibility projects it is going to support, Akkök Group pays attention to ensuring that the particular investment will serve the high-priority needs of society. Akkök also attaches importance to facilitating projects which are compatible with the values constituting its corporate culture.

Another factor considered in social responsibility projects is their impact and accessibility to the widest possible audience and securing their support. It is at this point that relations with non-governmental organizations gain further prominence. Akkök Group sponsors projects of various foundations from this perspective.



CULTURE AND ARTS

Souvenir of Istanbul

In 2007, Akkök Group made a fresh contribution to social responsibility projects in arts and culture. "Yıldız Palace Albums Souvenir of Istanbul" was published with the support of Akkök under the direction of Prof. Dr. Nurhan Atasoy.

The photographs in the book were selected by Prof. Dr. Nurhan Atasoy as the result of a painstaking process that started in the 70s, by referring to albums which originate in Abdülhamid era that have eventually turned into a massive collection consisting of 36,535 works by 430 photographers. Compiling the photographs mainly from the period of Abdülhamid II as well as the reigns of Abdülaziz and Reşad, the book not only reflects Istanbul of the time, but also displays the Palace's perception of the city.

One other significance of Souvenir of Istanbul is involving clues about the emergence and spread of photography in the Ottoman Empire. The book also provides brand-new information about introduction of photography into Ottoman life, establishment of the photography houses, encouragement and rewarding of photography, issue of journals teaching photography, photographic documentation of various provinces in the country, photography in the police force, the use of photographs in identity certificates and passports, photographic documentation of criminals, granting foreigners permission to take photos and participation in photographic exhibition.

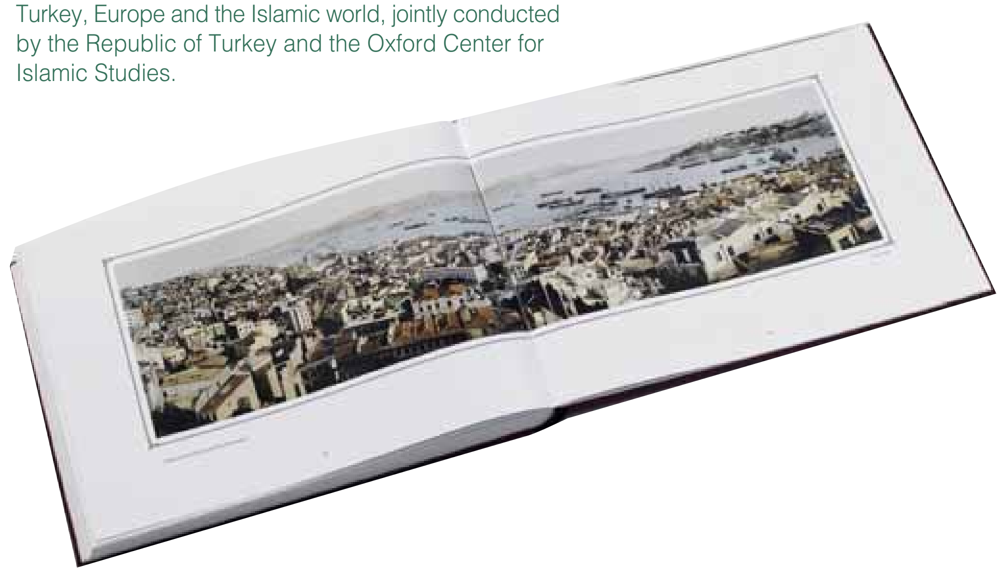
A remarkable piece for the history of world photography, Souvenir of Istanbul was presented to art-lovers with an exhibition held at Yıldız Palace Silahhane (Armory) Building, featuring a selection of photographs from this invaluable work. This exhibition, also sponsored by Akkök, has enabled Souvenir of Istanbul to be publicized beyond its cultural and historical aspects and be viewed by wider audiences. Proceeds from the sales of the book have been donated to Turkish Education Foundation (TEV) to support its education projects.

Having previously provided financial support to the "Turks" exhibition at the Royal Academy of Arts and "Study of Turkey" jointly organized by Oxford Centre for Islamic Studies and Republic of Turkey, Akkök Group has included yet another one among its social responsibility projects.

Other Cultural and Artistic Projects

In 2005, Akkök backed a significant project promoting Turkish culture. By joining the board of sponsors for the "Turks" exhibition, reflecting the millennial heritage of the Turkish culture in all aspects, held between January 22 and April 12, 2005 in London, the Group played a part in conveying this valuable collection for the appreciation of wide audiences.

Akkök Group has supported promotion of Turkey's history and national identity through its financial contribution for this study which aims to explore historical, cultural and contemporary relations between Turkey, Europe and the Islamic world, jointly conducted by the Republic of Turkey and the Oxford Center for Islamic Studies.



Social Responsibility

Raif Dinçkök Cultural Center

EDUCATION

Education is the fundamental prerequisite for economic and cultural advancement of a society. The presence of well-educated individuals is also a pledge toward securing Turkey's future. Therefore, involvement in projects that support education has always been among the top priorities of Akkök Group.

The most significant educational projects involve schools built by Akkök Group, which are:

- Aksa Technical and Vocational High School
- Raif Dinçkök Primary School
- Güzin Dinçkök Primary School
- Istanbul Technical University, Maslak Dorm
- İSOV Career Training Center and Social Facilities Dinçkök Technical High School

Akkök also supports TEV İnanç Türkeş High School by donating its time and professional efforts. Established as a private high school, the institution aims to provide an appropriate educational environment for exceptionally gifted and talented students who have financial difficulties, helping them to progress and training them as future leaders of the society.

In addition to these projects in which it is actively involved, Akkök Group seizes every opportunity to respond to the improvement of national educational standards and assists in developing relevant solutions.

ENVIRONMENT

Akkök Group places huge emphasis on environmental standards for all activities of its companies, with a view to preserving environmental values for future generations. Toward the conservation of natural resources and sustainable development, Akkök develops and implements projects aiming to raise awareness of the issue in society, beginning with its own employees.

Global warming as well as threat of the exhaustion of natural resources, have led Akkök Group to draft an environmental project. The aim of the project which will start in 2008 to be conducted initially within Akkök Group Companies is to raise awareness among the employees about the steps that can be taken at work and in their daily lives against global warming.

Akkök attaches importance to awareness raising especially among the younger generation and plans to continue again in 2008, a remarkable project initiated last year in Yalova. As part of the Triple Responsibility Project implemented at the Aksa Vocational School, a system was created for waste separation enabling the school to generate revenue from the recycling of disposed waste in 2006. Within the scope of this project, Akkök has held various seminars at the school to raise youngsters' awareness about waste management and recycling; these seminars continued in 2007. The Solid Waste and Recycling booklet prepared with primary school students in mind was also distributed in 2007.

At a ceremony held on Aksa premises, with representatives from Yalova, Aksa has dedicated the ISO Environment Award it received in 2005 to the province.

SOCIAL PROJECTS

Akkök is involved in projects to improve the social lives of children and young people in provinces where it operates. The annual April 23rd Children's Festival in Yalova is one such project run with the participation of Group Companies and attended by schools in the city.

Transparency toward all social stakeholders and accountability toward all sections of society about the Group's activities constitute an important aspect of Akkök corporate culture. In this context, all citizens of Yalova are given access to all of the Company's business processes with the biannual Open Door days held at the Aksa plant. On Open Door days, first members of press and then the residents of Yalova and other neighboring cities are hosted at the Aksa facilities where they are informed about business processes, environmental management systems and Aksa's contribution to the province. Open Door Days will continue in 2008.

Akkök has cooperated with the government to help heal the wounds of the earthquake and tsunami in Pakistan and Southeast Asia that caused immense grief all across the world.

RAİF DİNÇKÖK CULTURAL CENTER

The protocol was signed with the local authorities in Yalova, where the Group has been operating since 1969, on November 30, 2006 for the construction of a cultural center which will host all forms of cultural activities.

Raif Dinçkök Cultural Center

Following the signing of the protocol by Akkök and the Municipality of Yalova, construction works for the Raif Dinçkök Cultural Center has been initiated on a site of 10,000 m^2. Designed by Emre Arolat Architecture Workshop, the Center comprises 600 seat multi-purpose hall, 100 seat wedding hall, 60 seat theatre, 48 seat mini movie theatre, a library, exhibition areas, cafeteria, classrooms, spaces for promenade, recreation and services. With the completion of the Center, all social, cultural and arts activities as well as formal training programs will be gathered under the same roof.

The Center will consist of four separate blocks interconnected with footpaths and encircled with an outer shell. The buildings are expected to be completed in December 2008.

At the "Social Consultation Panel" meetings held with the attendance of companies in Yalova and local representatives from primary school students to tradesmen, teachers and business partners, participants are informed about Akkök Group's activities and share their criticisms, opinions and suggestions through the direct participation model.

In addition to these, a "Liaison Committee" comprising one representative from each and every Akkök Group company, examines requests submitted by communities in the vicinity and then organizes allocation of necessary resources to meet the necessary items.

Akkök Group of Companies plays an active role in all non-governmental and professional associations of which it is a member. Within its fields of operation, the Group also shares the know-how its companies have generated, for the benefit of the entire sector to ensure continuous sector-wide development. In this regard, the Group participates in congresses hosted by organizations such as the Istanbul Chamber of Industry and works to achieve consensus regarding issues on the agenda of Turkish industry.

With the understanding that the value created for the Turkish economy will make sense only insofar as it contributes to the society, Akkök Group of Companies will continue to support significant social responsibility projects in 2008.

Having been born out of Turkey's resources and developed hand in hand with the Turkish people, Akkök Group of Companies shall continue to make every possible contribution toward the future of Turkish society through its social responsibility projects.

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.
ISTANBUL-TURKEY

Consolidated Financial Statements for the year ended 31 December 2007 and the Independent Auditors' Report

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Denet Bağımsız Denetim
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Akkök Sanayi Yatırım ve Geliştirme A.Ş.
Istanbul

1. We have audited the accompanying consolidated financial statements of Akkök Sanayi Yatırım ve Geliştirme A.Ş. (Akkök) which comprise the consolidated balance sheet as at December 31, 2007, and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş., Ak-Tem Uluslararası Mümessillik ve Ticaret A.Ş., Dinkal Sigorta Acenteliği A.Ş., Akmeltem Poliüretan Sanayi ve Ticaret A.Ş., Otakçılar Turizm ve Ticaret A.Ş., Zeytinliada Turizm ve Ticaret A.Ş., İstasyon Tekstil ve Sanayi Ticaret A.Ş., Çerkezköy Tekstil Sanayi ve Ticaret A.Ş. and Ariş Sanayi ve Ticaret A.Ş. which are included in the consolidation have not been audited (note 3 (a)). Total assets and total net sales of these companies respectively constitute 0,9% and 1% of total assets and total net sales in the consolidated financial statements as of 31 December 2007 and for the year then ended.

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

4. In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Akkök Sanayi Yatırım ve Geliştirme A.Ş. as of 31 December 2007 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

5. As stated in Note 3(a), instead of the current market value, the positive goodwill in the accompanying consolidated financial statements has been recognised by Akkök with regard to the balance sheet of the related subsidiary as of 31 December 2007 prepared in accordance with IFRS.

Denet A.Ş.

Istanbul,
11 April 2008

Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.
Member firm of BDO International

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

Consolidated Balance Sheets as of 31 December 2007 and 2006 (TRY)

	Notes	31 December 2007	31 December 2006
Current Assets			
Cash and cash equivalents	3, 4	251,193,752	282,833,134
Trade receivables, net	3, 5	421,787,358	490,302,728
Due from related parties	3, 6	4,912,065	730,535
Inventories, net	3, 7	201,097,230	190,976,744
Other current assets	8	86,727,524	123,854,999
Total Current Assets		965,717,929	1,088,698,140
Non-Current Assets			
Financial assets, net	3, 9	99,213,031	98,502,289
Positive goodwill	3, 13	48,382,391	22,548,997
Tangible Assets, (less of accumulated depreciation)	3, 12	995,731,829	1,043,136,889
Intangible assets, (less of accumulated amortisation)	3, 11	39,836,439	41,085,743
Other non-current assets	10	283,349	10,194,952
Total Non-Current Assets		1,183,447,039	1,215,468,870
Total Assets		2,149,164,968	2,304,167,010

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

Consolidated Balance Sheets as of 31 December 2007 and 2006 (TRY)

	Notes	31 December 2007	31 December 2006
Current Liabilities			
Short term financial liabilities, net	3, 14	132,187,686	187,852,493
Trade payables, net	3, 15	168,216,409	164,879,079
Due to related parties	3, 16	2,496,682	408,441
Taxes payable	17	932,049	3,435,494
Other payables	18	36,813,300	97,045,104
Total Current Liabilities		340,646,126	453,620,611
Non-Current Liabilities			
Long term financial liabilities	3, 20	211,249,477	140,548,888
Provision for termination indemnities	3	21,318,583	19,756,101
Deferred taxes	3, 17, 19	50,292,162	104,381,370
Other non-current liabilities		2,885,312	10,070,626
Total Non-Current Liabilities		285,745,534	274,756,985
Contingent Liabilities	26	-	-
Equity			
Share capital	21	13,097,521	13,097,521
Adjustment to share capital	21	163,143,243	163,143,243
Share premium		75,702,549	51,816,446
Increase in value of financial assets		45,041,136	39,600,358
Retained earnings	22	404,781,157	316,838,874
Equity attributable to Equity Holders of the Parent Company		701,765,606	584,496,442
Minority Interest	3, 23	821,007,702	991,292,972
Total Equity		1,522,773,308	1,575,789,414
Total Liabilities and Equity		2,149,164,968	2,304,167,010

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

Consolidated Statements of Income for the years ended 31 December 2007 and 2006 (TRY)

	Notes	31 December 2007	31 December 2006
Net sales	3	1,604,311,298	1,604,051,479
Cost of sales (-)		(1,493,185,619)	(1,439,172,996)
Gross profit		111,125,679	164,878,483
Research and development expenses (-)		(6,618,700)	(6,805,793)
Marketing and selling expenses (-)		(17,294,029)	(24,966,408)
General and administrative expenses (-)		(86,126,636)	(96,323,540)
Operating profit		1,086,314	36,782,742
Financial expenses/income, (net)	29	(34,391,808)	26,742,812
Other expenses, (net)	30	(91,341,754)	(74,954,280)
Net (loss) before tax		(124,647,248)	(11,428,726)
Taxes on income (-)	17	(4,159,063)	(23,922,441)
Deferred tax income	3, 17, 19	55,485,955	67,917,044
Net (loss)/profit		(73,320,356)	32,565,877
(Loss)/Profit attributable to Equity Holders of the Parent Company		(20,673,654)	13,277,721
Minority interest	3, 23	(52,646,702)	19,288,156
Net (loss)/profit		(73,320,356)	32,565,877
Earnings/(loss) per share of the Parent Company*	3, 24	(1.58)	1.01

* TRY 1 nominal value

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

Consolidated Statements of Changes in Equity for the years ended 31 December 2007 and 2006 (TRY)

	Share Capital	Adjustment to Share Capital	Share Premium	Value Increase/ (Decrease) in Financial Assets	Retained Earnings	Equity Attributable to Equity Holders of the Parent Company	Minority Interest	Total Equity
Balances as of 1 January 2006	13,097,521	163,143,243	51,816,446	48,030,968	308,304,346	584,392,524	975,443,559	1,559,836,083
Value increase/decrease in financial assets, (net)	-	-	-	(8,430,610)	-	(8,430,610)	346,448	(8,084,162)
Capital increase (cash)	-	-	-	-	-	-	531,650	531,650
Effect of rate change	-	-	-	-	(2,985)	(2,985)	2,985	-
Effect of consolidation by equity method	-	-	-	-	(3,566,834)	(3,566,834)	-	(3,566,834)
Effect of subsidiaries included in the consolidation	-	-	-	-	(21,919)	(21,919)	(108,842)	(130,761)
Effect of subsidiaries excluded from consolidation	-	-	-	-	(14,440)	(14,440)	(130,569)	(145,009)
Effect of capital increase in affiliates	-	-	-	-	(14,861)	(14,861)	-	(14,861)
Change in minority interest	-	-	-	-	-	-	1,060,463	1,060,463
Dividend payments	-	-	-	-	-	-	(2,614,218)	(2,614,218)
Translation difference	-	-	-	-	(1,122,154)	(1,122,154)	(2,526,660)	(3,648,814)
Net profit for the period	-	-	-	-	13,277,721	13,277,721	19,288,156	32,565,877
Balances as of 31 December 2006	13,097,521	163,143,243	51,816,446	39,600,358	316,838,874	584,496,442	991,292,972	1,575,789,414
Capital increase (cash)	-	-	-	-	-	-	745,224	745,224
Value increase/decrease in financial assets, (net)	-	-	-	5,440,778	-	5,440,778	146,210	5,586,988
Effect of rate change	-	-	23,886,103	-	91,660,372	115,546,475	(115,546,475)	-
Effect of consolidation by equity method	-	-	-	-	2,318,269	2,318,269	-	2,318,269
Effect of subsidiaries included in the consolidation	-	-	-	-	(9,211)	(9,211)	2,655,849	2,646,638
Effect of subsidiaries excluded from consolidation	-	-	-	-	14,614,288	14,614,288	8,659,240	23,273,528
Dividend payments	-	-	-	-	-	-	(14,343,108)	(14,343,108)
Translation difference	-	-	-	-	32,219	32,219	44,492	76,711
Net (loss) for the period	-	-	-	-	(20,673,654)	(20,673,654)	(52,646,702)	(73,320,356)
Balances as of 31 December 2007	13,097,521	163,143,243	75,702,549	45,041,136	404,781,157	701,765,606	821,007,702	1,522,773,308

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

Statements of Cash Flows for the years ended 31 December 2007 and 2006 (TRY)

	Notes	31 December 2007	31 December 2006
Cash flows from operating activities:			
Net (Loss) before taxation		(124,647,248)	(11,428,726)
Adjustments to reconcile net (loss) to net cash provided by operating activities:			
Minority interest		52,646,702	(19,288,156)
Depreciation and amortisation		102,382,953	112,567,338
Provision for debt and expenses		73,721,743	17,487,422
Net profit before working capital changes		104,104,150	99,337,878
Decrease/(increase) in trade receivables		68,515,370	(102,821,774)
(Increase)/decrease in due from related parties		(4,181,530)	4,263,437
(Increase) in inventories		(8,691,871)	(51,093,142)
(Increase) in other current assets		(35,031,786)	(91,047,753)
Increase in trade payables		3,337,330	37,109,104
Increase/(decrease) in due to related parties		2,088,241	(119,075)
Tax payments		(6,662,508)	(24,150,752)
(Decrease)/increase in other current liabilities		(60,231,804)	23,941,966
Net cash provided by/(used in) operating activities		63,245,592	(104,580,111)
Cash flows from investing activities:			
(Increase)/decrease in marketable securities		-	33,587,545
(Increase)/decrease in financial assets		(710,742)	54,895,075
Decrease in non-current assets		9,911,603	2,757,302
(Increase) in intangible assets		(1,808,352)	(3,032,679)
Tangible assets acquisition		(53,348,852)	(64,552,922)
Positive goodwill		(25,833,394)	(22,548,997)
Net cash (used in)/provided by investment activities		(71,789,737)	1,105,324
Cash flows from financing activities:			
Increase in bank loans		15,035,782	144,782,513
(Decrease)/increase in minority interest		(170,285,270)	15,849,413
Effects of rate change and translation difference		115,578,694	(1,140,000)
(Decrease)/increase in non-current liabilities		(7,185,314)	1,740,747
Effect of consolidation with equity method		2,318,269	(3,566,834)
Increase/(decrease) in financial assets		6,837,525	(18,967,438)
Effect of subsidiaries excluded from consolidation		14,614,288	(14,440)
Effect of subsidiares included in consolidation		(9,211)	(21,919)
Net cash (used in)/provided by financing activities		(23,095,237)	138,662,042
(Decrease)/increase in cash and cash equivalents		(31,639,382)	35,187,255
Cash and cash equivalents at the beginning of the period	3, 4	282,833,134	247,645,879
Cash and cash equivalents at the end of the period	3, 4	251,193,752	282,833,134

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

1. Organisation and Principal Activity

Akkök Sanayi Yatırım ve Geliştirme A.Ş. (Akkök) has been incorporated in Turkey as at 27 June 1979 and its principal activities are participating in the share capital and management of established companies as well as companies to be newly established, intermediation, trading, purchasing, selling and exchanging shares without having the objective to manage a portfolio of marketable securities, increasing, decreasing and terminating their participations.

The address of Akkök is as follows:

Gümüşsuyu, Miralay Şefikbey Sokak, Akhan No:15-17 Beyoğlu-Istanbul-TURKEY

The companies in which Akkök has interest are altogether referred to as "Akkök Group". The countries in which Akkök Group companies operate as of 31 December 2007 and their principal areas of activity are stated below:

	Principal Activity
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.-Turkey	Air Shipping
Ak-Al Tekstil Sanayii A.Ş.*-Turkey	Textile
Ak-El Yalova Elektrik A.Ş.-Turkey	Energy
Akenerji Elektrik Üretim A.Ş.*-Turkey	Energy
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş.-Turkey	Service
Ak-Kim Kimya Sanayi ve Ticaret A.Ş.-Turkey	Chemicals
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.-Turkey	Chemicals
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.*-Turkey	Real estate development
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.-Turkey	Restaurant management
Ak-Pa Tekstil İhracat Pazarlama A.Ş.-Turkey	Foreign Trade
Akport Tekirdağ Liman İşletmeleri A.Ş.-Turkey	Port Management
Aksa Akrilik Kimya Sanayii A.Ş.*-Turkey	Chemicals
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.*-Turkey	Textile
Aksu Textiles E.A.D.-Bulgaria	Textile
Ak-Tem Uluslararası Mümessillik ve Ticaret A.Ş.-Turkey	Chemicals
Ak-Tops Tekstil Sanayi A.Ş.-Turkey	Textile
Ak Enerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş.-Turkey	Energy
Akrom Ak-Al Textile Romania SRL**-Romania	Textile
Ariş Sanayi ve Ticaret A.Ş.-Turkey	Trade
Bozüyük Orman Ürünleri A.Ş.-Turkey	Forestry
Dinkal Sigorta Acenteliği A.Ş.-Turkey	Insurance Agency
Akkur Enerji Üretim Tic. ve San. A.Ş.-Turkey	Energy

* Public company quoted in the Istanbul Stock Exchange (ISE).

** Fully consolidated as at 31 December 2006 and carried at cost as at 31 December 2007 due to the start of liquidation process.

	Principal Activity
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.-Turkey	Service
Otakçılar Turizm ve Ticaret A.Ş.-Turkey	Tourism
Zeytinliada Turizm ve Ticaret A.Ş.-Turkey	Tourism
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş.-Turkey	Textile
İstasyon Tekstil ve Sanayi Ticaret A.Ş.-Turkey	Textile
Aken BV-The Netherlands	Investment
Aksa Egypt Acyrlic Fiber Industrie SAE-Egypt	Textile
Fitco BV-The Netherlands	Investment
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. *-Turkey	Energy
Akiş Gayrimenkul Yatırımı A.Ş. **-Turkey	Real estate development
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş. ***-Turkey	Real estate development
GAC Gayrimenkul Yatırımı A.Ş. ****-Turkey	Real estate development
Garanti Koza-Akiş Adi Ortaklığı *****-Turkey	Real estate development
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. *****-Turkey	Information Technologies
Akgirişim Kimya ve Ticaret A.Ş. *****-Turkey	Chemicals

* Acquired in 2007.
** Participated in 2007.
*** Participated indirectly in 2007 (Note 9).
**** Established as at 29 November 2006.
***** Established in 2007.

The principal activities of Akkök Group comprise of chemicals, energy, textile, real estate development and port management. Aksa Akrilik Kimya Sanayii A.Ş. is the largest acrylic fiber manufacturer in the world which is established under a single roof. Ak-Kim Kimya Sanayi ve Ticaret A.Ş. is a company that produces organic and inorganic chemicals used as raw material in various sectors. Furthermore, the company develops and sells technologies of its own and retains globally competitive know-how. Akenerji Elektrik Üretim A.Ş. is the first and foremost private sector power manufacturer in Turkey with a power generation capacity of 541,3 MW per annum. Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş. is a company whose activities are mainly concentrated in production and export of woolen fabric and it is the leading company of Akkök Group that operates in textile sector. With its quality and know-how, the company is recognised as a significant brand in the textile sector. Real estate development activities are carried out at Akmerkez Mall within the management structure of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş., at Akkoza Mall within the management structure of GAC Gayrimenkul Yatırımı A.Ş. and through the Acıbadem Project of Saf Gayrımenkul Geliştirme İnşaat ve Ticaret A.Ş, and such activities are included among strategic operations of Akkök Group. Akkök Group has taken over Tekirdağ Port from Türkiye Denizcilik İşletmeleri (Turkish Marine Administration) in 1997 and started port operations upon establishing Akport Tekirdağ Liman İşletmeleri A.Ş.. This is the only port on the European region other than Ambarlı.

In addition to its principal activities, Akkök Group also operates in restaurant management, marketing, air shipping, insurance, and tourism sectors. The management of the Istanbul branch of Papermoon Restaurant, a restaurant that has only three branches with the other two being in New York and Milano, is carried out by Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş..

2. Basis of Presentation

(a) Akkök Group maintains its books of account and prepares its statutory financial statements in accordance with commercial practices and tax legislation (for the companies listed in the ISE and their subsidiaries included in their consolidated financial statements, accounting principles issued by the Turkish Capital Markets Board). The accompanying consolidated financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Committee, including IAS No.29 as discussed in the following paragraphs. The adjustments reflected in the accompanying consolidated financial statements are summarized in Note 2(b).

IAS 29 requires that an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date. Comparative figures for prior period(s) should be restated into the same current measuring unit. One characteristic that necessitates the application of IAS No.29 is a cumulative three year inflation rate approaching or exceeding 100%. As of 31 December 2005 and 2004, the last three years' cumulative rates in Turkey have stayed below but close to 100% (35.6% and 69.7%, respectively). As of 31 December 2007 and 2006, the last three years' cumulative rates are%23.58 and 32.79%, respectively. Hence the accompanying consolidated financial statements are restated at the purchasing value of the New Turkish Lira as at 31 December 2005. On the other hand, the regulatory authorities in Turkey such as the Capital Markets Board and the Ministry of Finance have declared that the application of restatement in financial statements has been terminated as of 1 January 2005.

The restatement of the accompanying consolidated financial statements in Turkish Lira as at 31 December 2005 is calculated by means of conversion factors derived from the countrywide wholesale price index published by the Turkish Statistical Institution (TSI). Such indices and conversion factors are as follows:

Date	Index	Conversion Factor
31 December 2002	6,478.80	1.356
31 December 2003	7,382.10	1.190
31 December 2004	8,403.80	1.045
31 December 2005	8,785.74	1.000

The following principles have been applied in the preparation of the restated financial statements:

- Non-monetary assets and liabilities and equity items including share capital stated in the balance sheets as of 31 December 2007 and 2006 are calculated such that the entries until 31 December 2005 are restated until 31 December 2005, and the subsequent entries are recognised at their nominal values.

- With the exception of depreciation and amortisation expenses calculated over the sum of gross book value of tangible and intangible assets restated until 31 December 2005 and the nominal values of entries subsequent to 1 January 2006 as well as the profit and loss originating from sales of such assets, the calculations for the statement of income for the periods ended 31 December 2007 and 2006 are presented at historical values.

Balance sheet items denominated in foreign currency are translated into TRY at the foreign exchange rate prevailing at the balance sheet date and the income and expense items denominated in foreign currency are translated into TRY at the yearly average rate. Profits or losses from transactions are stated in the translation differences under the equity account group.

(b) Adjustments

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, and include the following adjustments which are not recorded in the statutory books of account:

- Adjustments related to advances,
- Adjustments related to interest accruals on marketable securities,
- Adjustments related to provisions for doubtful receivables,
- Adjustments related to provisions for termination indemnity,
- Adjustments of accrued loan interest expenses,
- Adjustments related to rediscount on notes receivable and trade receivables,
- Adjustments related to rediscount on notes payable and trade payables,
- Adjustments related to establishment and organization expenses,
- Adjustments related to deferred taxes,
- Adjustments of gain on disposal of investment,
- Adjustment of rent provision computed,
- Elimination of inter-company balances and transactions in accordance with the consolidation procedures,
- Calculation of goodwill.

(c) Offsetting:

Offsetting financial assets and liabilities can only be made under the conditions where the offsetting transaction is legally allowed and the company has an intention in this respect or where the acquisition of assets and fulfillment of liabilities are realized simultaneously.

(d) Comparative Information:

Balance sheets as of 31 December 2007 and 2006 and notes to these balance sheets and the statements of income, cash flows and changes in equity for the years then ended and the related notes have been presented comparatively. For the purpose of consistent presentation with the current period financial statements, the comparative information is reclassified when deemed necessary. The reverse repo amounting to TRY 5,601,428 has been reclassified to cash and cash equivalents from marketable securities, the prepaid expenses and funds amounting to TRY 20,486,947 has been reclassified to taxes payable from other current assets. Decrease in value for the fixed assets held for sale amounting to TRY 17,288,880, which was presented in general and administrative expenses in the statement of income for the year ended 31 December 2006 has been reclassified to other expenses.

3. Significant Accounting Policies

(a) Principles of Consolidation:

The subsidiaries are fully consolidated to the parent company, Akkök Yatırım ve Geliştirme A.Ş., of which the indirect shareholding interests in such subsidiaries are presented below:

	2007	2006
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	100.00%	100.00%
Akkök Group Companies		
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	99.99%	82.97%
Ak-Al Tekstil Sanayii A.Ş. *	45.29%	39.58%
Ak-El Yalova Elektrik A.Ş.*	36.76%	14.93%
Akenerji Elektrik Üretim A.Ş. *	40.87%	27.82%
Ak-Kim Kimya Sanayi ve Ticaret A.Ş. *	42.00%	42.00%
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	50.00%	50.00%
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. **	13.12%	13.12%
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş. *	43.75%	43.75%
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	65.35%	63.40%
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş. ****	48.11%	37.85%
Akport Tekirdağ Liman İşletmeleri A.Ş.	76.19%	76.19%
Akrom Ak-Al Textile Romania Srl ******	-	30.83%
Aksa Akrilik Kimya Sanayii A.Ş. *	39.59%	39.59%
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	71.88%	71.88%
Aksu Textiles E.A.D. ****	71.55%	71.55%
Ak-Tem Uluslararası Mümessillik ve Ticaret A.Ş. *	31.52%	31.52%
Ak-Tops Tekstil Sanayi A.Ş. *	23.75%	47.04%
Ak Enerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş. *	36.78%	25.04%
Akkur Enerji Üretim Tic. ve San. A.Ş. *	40.46%	16.43%
Ariş Sanayi ve Ticaret A.Ş.*	43.37%	43.37%
Bozüyük Orman Ürünleri A.Ş. ****	45.05%	30.66%
Dinkal Sigorta Acenteliği A.Ş.	95.53%	96.55%
Otakçılar Turizm ve Ticaret A.Ş.	89.61%	89.61%
Zeytinliada Turizm ve Ticaret A.Ş.	89.61%	89.61%
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş. *	43.37%	43.37%
İstasyon Tekstil ve Sanayi Ticaret A.Ş. *	43.37%	43.37%
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. *****	40.46%	-
Akiş Gayrimenkul Yatırımı A.Ş. *****	20.00%	-
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş. ****	1.40%	-
GAC Gayrimenkul Yatırımı A.Ş. ****	5.00%	-
Garanti Koza-Akiş Adi Ortaklığı ****	5.00%	-
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. *****	20.00%	-
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. ***	43.75%	43.75%
Fitco BV ****	39.59%	39.59%
Aken BV ****	40.87%	13.91%
Aksa Egypt Acyrlic Fiber Industrie SAE ****	39.19%	39.71%
Akgirişim Kimya ve Ticaret A.Ş. ****	39.76%	-

Since Akkök has power to exercise control over its subsidiaries in which it holds an interest of less than 50%, (companies stated with *), these subsidiaries are fully consolidated in the accompanying financial statements.

Akmerkez Gayrimenkul Yatırımı A.Ş., (stated with **) is accounted for using the equity method of accounting in the accompanying consolidated financial statements.

The total assets of Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (stated with ***) as of 31 December 2007 and 2006 and the net sales for the years then ended amount to 0.1% (2006-0.1%) and 0.2% (2006-1%) of the total consolidated assets and net sales respectively. Hence it is carried at cost restated to the measuring unit current at 31 December 2005 in the consolidated financial statements.

As of 31 December 2007 and 2006, Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş., Aksu Textiles E.A.D, Bozüyük Orman Ürünleri A.Ş., Aken BV, Aksa Egypt Acyrlic Fiber Industrie SAE, Fitco BV, GAC Gayrimenkul Yatırımı A.Ş., Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş., Garanti Koza-Akiş Adi Ortaklığı and Akgirişim Kimya ve Ticaret A.Ş. (companies stated with ****) are carried at cost in the consolidated financial statements as they do not have significant volume of activities and significant impact on the consolidated financial statements.

Since Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. and Akiş Gayrimenkul Yatırımı A.Ş. (stated with *****) have been participated and Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. has been acquired in 2007; these subsidiaries are fully consolidated as of 31 December 2007.

Akrom Ak-Al Textile Romania SRL (stated with ******) has not been consolidated as of 31 December 2007 due to the start of liquidation process.

As of the date of acquisition, the acquisition cost of the shares in the subsidiaries owned by the parent company is offset against the fair value of these shares. The difference in favor of the acquisition cost is presented as positive goodwill, as a separate item, in the consolidated balance sheet.

The subsidiary Akenerji Elektrik Üretim A.Ş. has acquired 99% of the shares of Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. with a share capital of TRY 2,000,000 on 11 May 2007 at a total price of USD 10,642,500. The installed capacity of the Bulam Regulator and Hydroelectric Power Plant of the acquired company, Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş., which are planned to be established in Adıyaman is 7.90 MWm/7,11 MWe. Furthermore, Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. has applied to make a Water Consumption contract with Public Waterworks Administration in order to receive production license for Yamanlı III power plant planned to be established in Adana with an installed capacity of 30 MW. The term of license for the said power plant is 49 years.

The subsidiary Akiş Gayrimenkul Yatırımı A.Ş. has acquired 7% of the shares of Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş., with a share capital of TRY 50,000, with regard to the expertise report dated 10 April 2007 nr. 2007/2566 at a total price of TRY 11,627,000 as at 17 April 2007.

The subsidiary Akenerji Elektrik Üretim A.Ş. has acquired 99% of the shares of Akkur Enerji Üretim Ticaret ve Sanayi A.Ş., with a share capital of TRY 5,000,000 capital (of which TRY 4,541,600 is unpaid), for a total price of USD 15,592,500 at 20 November 2006. The installed capacities of the hydroelectic power plants of the acquired company, Akkur Enerji Üretim Ticaret ve Sanayi A.Ş., owning manufacturing licenses are as follows:

Burç Bendi and Hydroelectric Power Plant (planned to be established in Adıyaman)	:	18.86 MWm/17,54 MWe
FEKE-I HES (planned to be established in Adana)	:	25.64 MWm/24,61 MWe
FEKE-II HES (planned to be established in Adana)	:	149.57 MWm/143,58 MWe

Furthermore, the said power plants have Water Consumption contracts entered into with Public Waterworks Administration within the scope of application for manufacturing license. The license term for each of the three power plants is 49 years.

As the acquisition cost of the shares is higher than the value of the shares in the subsidiaries' equity as of 31 December 2007 based on the balance sheet prepared in accordance with IFRS, positive goodwill in the amount of TRY 48,382,391 has been recognised (Note 13). Where there is impairment in value of positive goodwill, the effect is recognised in the statement of income. Goodwill is tested for impairment annually.

If Akkök Group's share of the losses of the associate accounted for using the equity method of accounting equals or exceeds its interest in the associate, recognition of the share of further losses is discontinued. If the associate subsequently reports profit, recognition of the share of those profits is resumed only after the share of the profits equals the share of losses not recognised.

All significant transactions and balances between the subsidiaries have been eliminated and removed from the financial statements. The shares of minority shareholders in the net assets and the results of operations of the subsidiaries are stated as "minority share" in the consolidated balance sheet within equity and the consolidated statement of income.

(b) Accounting Convention:

The consolidated financial statements are prepared based on the measuring unit current as of 31 December 2005.

(c) Revenue Recognition:

Revenues and expenses are recorded on accrual basis. Accordingly, revenues are recognised when services are rendered or when products are delivered and invoiced to the customers.

Revenues and costs resulting from the construction contracts are recognised by reference to the stage of completion method. According to this method, costs incurred in relation with the completed stages and the contract revenue accruals are recognised in the same period (IAS 11). Contract costs include all direct materials, labour and those indirect costs relating to construction performance, such as indirect labour, supplies, tools, repair and depreciation costs.

(d) Financial Instruments:

Akkök Group classifies its financial assets as held for trading and available for sale.

Financial assets held for trading are those that are acquired for the purpose of generating profit from the fluctuations in prices and other similar factors or those that are part of a portfolio directed towards generating profit in short term, independent of the reason of acquisition. Financial assets held for trading are initially recognised at cost in the balance sheet including the transaction costs and are valued at their fair values in the succeeding periods. It is acknowledged that the fair value can not be determined reliably in the event that the prices are not determined in the active market conditions. Hence the values calculated through using the indicator prices announced by the Central Bank of the Republic of Turkey are accepted as fair value. Realized or unrealized gains and losses are recognised in the consolidated statement of income.

Financial assets available for sale are those assets other than the loans and receivables, held-to-maturity investments and held for trading investments. Financial assets available for sale are valued at their fair value in the periods subsequent to the initial recognition.

Available for sale financial assets, in which Akkök Group has controlling interest below 20% or interest above 20% where Akkök Group does not have a significant influence or which are immaterial to the consolidated financial statements and do not have a quoted market price in an active market and whose fair value cannot be readily measured are carried at cost restated to the measuring unit current at 31 December 2005 less any provision for diminution in value. In addition to this, available for sale financial assets that are actively traded in organized financial markets and whose fair value can be measured realiably are measured at fair value in the consolidated financial statements.

Gains and losses, net of deferred tax, arising from change in fair value is recognised in the consolidated statement of changes in equity.

Akkök Group reviews the classification related to financial assets during the time of acquisition for the related assets on a regular basis.

Financial instruments consist of the financial assets and liabilities stated below:

i. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, banks and cheques received.

Cash is composed of New Turkish Lira and foreign currency balances. New Turkish Lira balances are stated at cost and the foreign currency balances are measured into New Turkish Lira at the buying rate announced by the Central Bank of the Republic of Turkey, prevailing at the balance sheet date.

Bank balances consist of demand and time deposits. New Turkish Lira demand deposits are stated at cost and foreign currency accounts are measured into New Turkish Lira at the buying rate announced by the Central Bank of the Republic of Turkey, prevailing at the balance sheet date. New Turkish Lira time deposits are stated at cost plus the accrued interest calculated at the effective interest rate at the balance sheet date.

The money deposited directly to bank accounts by Akkök Group is classified as cash and cash equivalents in the accompanying financial statements. As such accounts have fixed maturity date, they are stated at the values accrued as of the balance sheet date.

The cheques received with maturity dates exceeding the balance sheet date are stated in trade receivables and are rediscounted at a rate equivalent to the interest rate of government bonds constituted in stock markets or other organized markets.

Fair Value

Fair value is the amount for which a financial instrument could be exchanged between two willing parties in an arm's length transaction. Fair value is determined by reference to quoted market bid prices. However where there is no quoted market bid prices, the purchase or sale price of another instrument, which is substiantially the same, is accepted to be the fair value of the financial instrument.

As the foreign currency cash and cash equivalents are measured into New Turkish Lira at the buying rates prevailing at the balance sheet date, it is assumed that the fair values of these assets approximate to their carrying values.

Cash and cash equivalents, time and demand deposits are considered to approximate their respective carrying values, due to their short term nature and negligible credit losses.

ii. Trade Receivables

Trade receivables are financial assets generated through selling goods and services directly to the customers by Akkök Group. Trade receivables of Akkök Group are carried in the financial statements at their discounted values in accordance with their maturities.

Fair Value

The carrying amount of trade receivables along with the related allowance for unearned income and uncollectibility is estimated to be their fair values.

iii. Short and Long Term Bank Loans and Trade Payables

The short and long term bank loans of Akkök Group are denominated in foreign currencies and New Turkish Lira. The foreign currency loans are measured into New Turkish Lira at the rates announced by the Central Bank of the Republic of Turkey prevailing at the balance sheet date. The loans are carried at the value including principal amount plus interest expenses accrued as of the balance sheet date. Trade payables are financial instruments arising from Akkök Group's direct purchases of goods and services and are carried in the financial statements at their discounted values in accordance with their maturities.

Fair Value

The fair value of the short and long term bank loans are considered to state their respective carrying values, which is computed by adding the accrued interest liabilities as of the balance sheet dates calculated over the effective interest rate to the cost of the financial debts. Similarly, the carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

(e) Financial Instruments and Financial Risk Management:

Interest Risk

91% of the bank loans of Akkök Group comprise of foreign currency long and short term bank loans. These loans are exposed to interest rate risk through the impact of changes in the interest rates. As of 31 December 2007, 62% of Akkök Group's bank loans is composed of variable rate debts and the interest rates of these loans are calculated with the premium rates added to the Libor and Euribor rates. The interest rate risk is managed by offsetting interest rate sensitive assets and liabilities.

Foreign Currency Risk

The foreign currency balances of Akkök Group are disclosed in Note 25. The Group is exposed to the foreign currency risk through the impact of rate changes at the translation of foreign currency denominated assets and liabilities. These risks are monitored and limited by the analysis of foreign currency position.

Doubtful Receivables Risk

Akkök Group has made necessary provisions for the doubtful receivables as of the reporting period.

Liquidity Risk

The ability to fund the existing and prospective debt requirements is managed by maintaining long term relationships with lenders and by maintaining the availability of adequate committed funding lines from the large number of prime financial institutions. As of 31 December 2007 and 2006, the amount of short term assets of Akkök Group exceeding its short term liabilities is as follows:

31 December 2007	423,974,573
31 December 2006	444,100,785

(f) Inventories:

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

(g) Financial Assets:

Akkök Group has classified its financial assets as available for sale financial assets. Available for sale financial assets, in which Akkök Group has controlling interest below 20% or interest above 20% where Akkök Group does not have a significant influence or which are immaterial to the consolidated financial statements and do not have a quoted market price in an active market and whose fair value cannot be readily measured are carried at cost restated to the measuring unit current at 31 December 2005 less any provision for diminution in value. In addition to this, available for sale financial assets that are actively traded in organized financial markets and whose fair value can be measured realiably are measured at fair value in the consolidated financial statements. Gains and losses, net of deferred tax, arising from change in fair value is recognised in the consolidated statement of changes in equity. In the event that the negative differences between the acquisition cost and fair value of the available for sale financial assets are permanent, they are recognised in the consolidated statement of income.

(h) Intangible Assets:

Intangible assets are measured at cost restated to the measuring unit current at 31 December 2005 less accumulated amortization and any impairment losses, if any. Amortisation period for intangible assets is 3-49 years.

(i) Tangible Assets:

Tangible assets are measured at cost restated to the measuring unit current at 31 December 2005 less accumulated depreciation and any impairment losses, if any.

The cost of depreciable assets is depreciated using the straight-line method at rates based on the estimated useful lives of assets. The depreciation rates are as follows:

	%
Land improvements	4-20
Buildings	2-4
Machinery, plant and equipment	5-20
Motor vehicles	10-20
Furniture and fixtures	10-20

(j) Provision for Termination Indemnity:

Under Turkish Labour Law Article 25/II, the Company is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary for each year of service. This entitlement is limited to TRY 2,030.19 in respect of each year of service as of 31 December 2007 (31 December 2006-TRY 1,857.44).

In the accompanying consolidated financial statements, Akkök Group has reflected a liability in accordance with the recognition and valuation principles stated in IAS 19-“Employee Benefits” (As Akrom Ak-Al Textile Romania SRL has no liability for termination indemnity per the legislation of Romania, no liability for termination indemnity has been reflected in the consolidated financial statements as of 31 December 2006). As the characteristics of the termination indemnity liabilities are similar to the “Post Employment Benefit Plans” stated in this Standard, these liabilities are calculated and stated in the financial statements on the basis of below mentioned “Proposed Unit Loan Method” and other various assumptions.

- The dates that the employees will gain their pension rights are determined with respect to the prevailing social security laws with consideration to their past employment durations.

- In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the lower of the current salaries/wages and the value of the termination indemnity upper limit determined by the Labour Law for 31 December 2007 and 2006 to remain constant for restatement purposes, and later on, this value is reduced by the actual discount rate of 5.71% (31 December 2006-5.71%) calculated upon the assumption that the expected annual inflation rate will be 5% (31 December 2006-5%) and the expected discount rate will be 11% (31 December 2006-11%), which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the termination indemnity liability at the balance sheet date.

- Actuarial calculation is required to determine the effect of quitters that have not received termination indemnity payment on the provision for termination indemnity. This calculation is made through determining the ratio of the number of quitters without termination indemnity in the past to the total number of personnel.

As of 31 December 2007 and 2006 actuarial assumptions used for calculating termination indemnity liability are as follows:

	31 December 2007	31 December 2006
Discount rate	5.71%	5.71%
The ratio of the number of employees who have gained the right to receive termination indemnity in the prior years to the total number of employees	100%	100%

As of 31 December 2007 and 2006 provisions for termination indemnity consist of the following (TRY):

	31 December 2007	31 December 2006
Beginning of the period	19,756,101	19,557,559
Charge for the current year	1,562,482	198,542
Provision for long term termination indemnity at the end of the period	21,318,583	19,756,101

(k) Earnings/(Loss) Per Share:

Earnings/(loss) per share has been calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

(l) Foreign Currency Transactions:

Foreign currency assets and liabilities are translated into New Turkish Lira at the rates prevailing as of the balance sheet dates. Foreign currency transactions are translated into New Turkish Lira at the exchange rates prevailing at transaction dates. Gains and losses resulting from such translations are included in the consolidated statements of income.

(m) Deferred Taxes:

Deferred taxes are recognised in respect of timing differences arising from different treatment of items for accounting and taxation purposes.

While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated based on the assumption that Akkök Group will have taxable income during the future periods.

(n) Related Parties:

The shareholders, members of Board of Directors, management such as the general manager, their families and the companies controlled or participated by them are referred to as related parties.

(o) Mergers:

The provisions stated in IFRS 3 (Business Combinations) are not applied to the legal mergers realized between the subsidiaries of Akkök. Therefore, no negative or positive goodwill is calculated in such mergers. The mergers within the scope of IFRS 3 are accounted for using the purchase method. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognised as goodwill in the consolidated financial statements. The goodwill recognised as a result of business combination is not subject to amortization. Instead, goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired. Where the recoverable amount of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of business combination, the difference is recognised in the consolidated statement of income.

(p) Impairment of Assets:

Where the carrying amount of an asset exceeds its recoverable amount, the carrying value of asset is written down to its recoverable amount and impairment loss is recognised in the statement of income.

On the other hand, the recoverable amount of cash generating units is the higher of an asset's net selling price and the value in use. The value in use of those assets represents the net present value of net future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted by a reasonable discount rate.

(r) Accounting Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(s) Subsequent Events:

Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting event) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

(t) Contingent Assets and Liabilities:

Assets and liabilities that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are not included in the financial statements and are evaluated as contingent liabilities and assets.

(u) Assets Held for Sale:

The carrying values of assets held for sale are classified as other current assets if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and the depreciation on such assets is ceased. The assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

(v) Borrowing Costs:

Borrowing costs are recognised as expense. Borrowing costs that are directly attributable to the qualifying assets are capitalised as part of the cost of that asset. Capitalisation of borrowing costs cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. As of 31 December 2007, net amount of TRY (8,019,558) (31 December 2006-TRY (6,308,376)), is deducted from the cost of the related asset, which is calculated by deducting interest expenses from the foreign exchange gains that are directly attributable to the construction in progress.

(y) Segment Reporting:

The activities of Akkök Group are classified under six sectors, namely, investment (holding), chemistry, textile, energy, investment properties and others. The other sector includes port management, restaurant management, insurance agency, marketing and foreign trade operations. As the volumes of the companies within this group are low, they are not considered as separate reportable sectors.

(z) Government Incentives and Aids:

The government incentives utilized by Akkök Group includes government incentives related to income and are recognised in the statement of income.

4. Cash and Cash Equivalents

Cash and cash equivalents are as follows (TRY):

	2007	2006
Cash	506,078	473,747
Cheques received	19,888,055	16,516,335
Banks		
- TRY demand deposit	9,093,490	6,134,996
- Foreign currency demand deposit	6,542,963	5,166,900
- TRY time deposit *	67,939,499	94,495,248
- Foreign currency time deposit **	147,223,667	160,045,908
	251,193,752	282,833,134

* As of 31 December 2007, the net interest rates on TRY time deposits at banks vary between 16.0% and 19.0% (31 December 2006: net 21.5%-14.8%).

** As of 31 December 2007, the net interest rates on Euro time deposits at banks vary between 4.9% and 5.3% and USD deposits vary between 4.5% and 5.9%. The net interest rate on GBP deposits is 5.6% (31 December 2006: Euro net 3.1%-4.0%, USD net 4.3%-5.8%, GBP 5.8%).

5. Trade Receivables

Trade receivables are as follows (TRY):

	2007	2006
Trade receivables	225,022,080	261,813,850
Notes receivable and post dated cheques	202,619,674	237,528,669
Doubtful receivables	5,164,039	7,138,730
Other trade receivables	104,907	98,520
Provision for doubtful receivables	(5,164,039)	(7,138,730)
Rediscount on receivables	(5,959,303)	(9,138,311)
	421,787,358	490,302,728

6. Due from Related Parties

Due from related parties are as follows (TRY):

	2007	2006
GAC Gayrimenkul Yatırımı A.Ş.	4,045,724	-
Garanti Koza Akiş Adi Ortaklığı	552,051	-
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	281,608	462,201
Bozüyük Orman Ürünleri A.Ş.	-	172,954
Other	32,682	95,380
	4,912,065	730,535

7. Inventories

Inventories are as follows (TRY):

	2007	2006
Raw materials and supplies	128,261,315	97,577,613
Work in process	16,857,784	17,803,943
Finished goods	36,682,874	40,700,965
Trade goods	372,207	573,524
Goods sent for contract manufacturing	-	9,267,708
Other inventories	276,643	2,266,518
Advances given	18,646,407	23,910,930
Allowance for net realizable value of inventories (-)	-	(1,124,457)
	201,097,230	190,976,744

8. Other Current Assets

Other current assets are as follows (TRY):

	2007	2006
Fixed assets held for sale	116,818,591	29,697,517
VAT subject to export restrictions	20,660,726	27,516,956
Deferred VAT	18,308,346	17,478,667
Other VAT	8,598,391	49,441,937
Deductible VAT	-	8,434
Prepaid taxes and funds	5,445,891	3,580,842
Prepaid expenses related to future months	2,281,710	2,798,287
Personnel advances	1,912,012	1,286,932
Other current assets	2,149,998	9,334,307
Decrease in value for the fixed assets held for sale (-)	(89,448,141)	(17,288,880)
	86,727,524	123,854,999

9. Financial Assets

Financial assets available for sale are as follows (TRY):

	2007	2006
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (1)	61,284,775	56,377,207
T. Sınai Kalkınma Bankası A.Ş. (2)	102,301	101,770
T. Vakıflar Bankası Anonim Ortaklığı (2)	386	386
Yapı Kredi Bankası A.Ş. (2)	16,853,063	13,971,948
Akçansa A.Ş. (2)	322,277	385,737
Toplu Konut Holding A.Ş. (2)	313	313
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş. (1)	121,268	121,268
Aksu Textiles E.A.D. (1)	754,391	754,391
S.S.Yeşil Çevre Arıtma Tesisi Kooperatifi (2)	-	9,812
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (1)	106,767	104,151
Fitco BV (1)	7,898,232	7,898,232
Bozüyük Orman Ürünleri A.Ş. (1)	8,880,389	8,880,389
Akgirişim Kimya ve Ticaret A.Ş. (1)	98,000	-
Akrom Ak-Al Textile Romania SRL (1)	20,567,508	-
Aken BV (1)	2,079,342	2,079,342
Aksa Egypt Acyrlic Fiber Industrie SAE (1)	80,527	56,674
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş. (1) (3)	3,500	11,623,750
GAC Gayrimenkul Yatırımı A.Ş. (1)	625,000	-
Garanti Koza-Akiş Adi Ortaklığı(1)	2,500	-
	119,780,539	102,365,370
Less: Provision for impairment (-)	(20,567,508)	(3,863,081)
	99,213,031	98,502,289

(1) Indirect participation rates are stated in Note 3(a).
(2) Participation rate is below 1%.
(3) Akkök has acquired 3,500 shares of Saf Gayrimenkul A.Ş. as at 5 October 2006 at a total price of USD 7,700,000, building a 7% interest in the said subsidiary. This subsidiary has subsequently been sold to Akiş Gayrimenkul Yatırımı A.Ş. at a total price of TRY 11,627,000 with respect to the expertise report dated 10 April 2007 nr. 2007/2566.

10. Other Non-Current Assets

Other non-current assets are as follows (TRY):

	2007	2006
Long term notes receivable and post dated cheques	-	10,679,749
Prepaid expenses for the future years	221,014	137,557
Deposits and guarantees given	62,196	360,255
Other long term assets	139	58,069
Rediscount on long term notes receivable and post dated cheques	-	(1,040,678)
	283,349	10,194,952

11. Intangible Assets

Intangible assets consist of the following (TRY):

	Opening 1 January 2007	Effect of subsidiaries included in the consolidation*	Effect of change in investments**	Assets ready for sale	Additions	Transfers and Disposals	31 December 2007
Rights	42,680,094	111,337	-	(131,292)	223,986	354,928	43,239,053
Leasehold improvements	14,315,294	-	-	(267,172)	509,288	518,598	15,076,008
Other	3,153,286	75,368	(105,420)	-	33,475	17,934	3,174,643
Accumulated amortisation (-)	(19,062,931)	(33,053)	89,958	374,693	(3,024,603)	2,671	(21,653,265)
	41,085,743	153,652	(15,462)	(23,771)	(2,257,854)	894,131	39,836,439

	Opening 1 January 2007	Effect of subsidiaries included in the consolidation*	Effect of change in investments**	Assets ready for sale	Additions	Transfers and Disposals	31 December 2007
Rights	42,337,988	-	(182,694)	-	165,627	359,173	42,680,094
Leasehold improvements	12,464,599	-	(506,711)	-	21,422	2,335,984	14,315,294
Other	2,865,488	-	12,425	-	195,835	79,539	3,153,287
Accumulated amortisation (-)	(16,144,842)	-	(14,209)	-	(3,470,169)	566,288	(19,062,932)
	41,523,233		(691,189)		(3,087,285)	3,340,984	41,085,743

* Represents the net effect of intangible assets of Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. included in the consolidation as of 31 December 2007.

** Represents the net effect of Akrom Ak-Al Textile Romania S.R.L. (in liquidation), which is not included in the consolidation as of 31 December 2007.

*** Represents the net effect of the intangible assets and the translation differences of the financial statements denominated in foreign currency related to Akkur Enerji Üretim Tic. ve San. A.Ş. included in the consolidation as of 31 December 2006, and the net effect of Tasfiye Halinde Ak-Al Dış Ticaret A.Ş. (in liquidation) and Tasfiye Halinde Ak-Al Tekstil Pazarlama A.Ş. (in liquidation) which are not included in the consolidation as of 31 December 2006.

12. Tangible Assets

Tangible assets consist of the following (TRY):

	Opening 1 January 2007	Effect of subsidiaries included in the consolidation *	Effect of change in investments **	Assets ready for sale	Additions	Transfer and Disposals	Consolidation eliminations	31 December 2007
Land	79,184,578	-	(544,770)	(3,508,849)	765,728	(47,460)	-	75,849,227
Land improvements	138,432,143	-	-	(22,093,865)	1,584,642	1,017,969	-	118,940,889
Buildings	169,213,834	-	(1,712,623)	(326,248)	146,490	1,445,656	-	168,767,109
Machinery, plant and equipment	1,639,207,895	42,829	(614,756)	(137,128,641)	13,516,642	(41,372,495)	(1,084,984)	1,472,566,490
Motor vehicles	73,962,269	28,423	(1,757,070)	(144,083)	484,222	(1,340,224)	-	71,233,537
Furniture and fixtures	49,543,470	369,307	(44,126)	(2,787,628)	1,549,003	(435,194)	-	48,194,832
Other tangible assets	275,598	-	-	-	-	(265,982)	-	9,616
Construction in progress	83,780,678	1,175,336	-	-	173,029,342	(30,858,383)	-	227,126,973
Advances given	42,285,173	235,509	-	-	51,043,641	(46,011,442)	-	47,552,881
Sub total	2,275,885,638	1,851,404	(4,673,345)	(165,989,314)	242,119,710	(117,867,555)	(1,084,984)	2,230,241,554
Accumulated depreciation (-)	(1,200,543,114)	(55,082)	1,997,127	49,194,494	(100,698,830)	45,105,404	1,893,313	(1,203,106,688)
Total	1,075,342,524	1,796,322	(2,676,218)	(116,794,820)	141,420,880	(72,762,151)	808,329	1,027,134,866
Provision for impairment (-)	(32,205,635)	-	802,598	-	-	-	-	(31,403,037)
Total	1,043,136,889	1,796,322	(1,873,620)	(116,794,820)	141,420,880	(72,762,151)	808,329	995,731,829

* Represents the net effect of the tangible assets of Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş., Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. and Akiş Gayrimenkul Yatırımı A.Ş. as of 31 December 2007.

** Represents the net effect of the translation differences in financial statements denominated in foreign currency and the net effect of Tasfiye Halinde Akrom Ak-Al Textile Romania S.R.L. (in liquidation) which is not included in the consolidation as of 31 December 2007.

	1 January 2006	Effect of Changes in Investments*	Additions	Transfers and Disposals	Consolidation Eliminations	31 December 2006
Land	79,216,860	-	34,262	(66,544)	-	79,184,578
Land improvements	136,865,283	-	48,507	1,518,353	-	138,432,143
Buildings	178,131,737	3,953,476	1,099,461	(13,970,840)	-	169,213,834
Machinery, plant and equipment	1,649,362,537	6,372,495	2,360,652	(18,887,789)	-	1,639,207,895
Motor vehicles	75,701,658	664,812	349,688	(2,753,889)	-	73,962,269
Furniture and fixtures	42,563,127	361	1,769,002	5,210,980	-	49,543,470
Other tangible assets	275,598	-	-	-	-	275,598
Construction in progress	72,154,768	(227,962)	85,252,472	(73,398,600)	-	83,780,678
Advances given	18,475,734	-	68,315,833	(44,506,394)	-	42,285,173
	2,252,747,302	10,763,182	159,229,877	(146,854,723)	-	2,275,885,638
Accumulated depreciation (-)	(1,130,685,644)	(3,504,672)	(110,761,160)	44,340,297	68,065	(1,200,543,114)
	1,122,061,658	7,258,510	48,468,717	(102,514,426)	68,065	1,075,342,524
Provision for Impairment**	(32,716,531) **	510,896	-	-	-	***(32,205,635)
Total	1,089,345,127	7,769,406	48,468,717	(102,514,426)	68,065	1,043,136,889

* Represents the net effect of the translation differences in financial statements denominated in foreign currency and the net effect of Akkur Enerji Üretim Tic. ve San. A.Ş., which is included in the consolidation as of 31 December 2006 and the net effect of Tasfiye Halinde Ak-Al Dış Ticaret A.Ş. (in liquidation) and Tasfiye Halinde Ak-Al Tekstil Pazarlama A.Ş. (in liquidation), which are not included in the consolidation as of 31 December 2006.

** As of 31 December 2005 provision for impairment in tangible assets is made for the subsidiaries Ak-Al Tekstil Sanayii A.Ş., Akenerji Elektrik Üretim A.Ş. and Akrom Ak-Al Textile Romania S.R.L in the amount of TRY 12,898,274, TRY 16,917,698, and TRY 2,900,559, respectively.

*** As of 31 December 2006, provision has been made for impairment in tangible assets in the subsidiaries Akenerji Elektrik Üretim A.Ş. and Akrom Ak-Al Textile Romania S.R.L in the amount of TRY 31,403,037 and TRY 802,598, respectively.

13. Positive Goodwill

Positive goodwill consist of the following (TRY):

	Opening 1 January 2007	Additions	Disposals	Closing 31 December 2007
Positive goodwill				
Akkur Enerji Üretim Ticaret ve Sanayi A.Ş.	22,548,997	-	-	22,548,997
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	-	14,209,894	-	14,209,894
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş.	-	11,623,500	-	11,623,500
	22,548,997	25,833,394	-	48,382,391

	Opening 1 January 2006	Additions	Disposals	Closing 31 December 2006
Positive goodwill				
Akkur Enerji Üretim Tic. ve San. A.Ş.	-	22,548,997	-	22,548,997
	-	22,548,997	-	22,548,997

14. Short Term Financial Liabilities

Short term financial liabilities consist of the following:

		2007		2006	
	Foreign Currency	Currency Amount	TRY	Currency Amount	TRY
Loans in foreign currency	USD	80,540,648	94,256,721	98,534,761	139,170,497
Loans in New Turkish Liras			20,734,805		29,492,821
Short term portion of long term loans (Note 20)			14,202,472		16,149,986
Interest accrual of short term loans			1,932,825		2,561,932
Interest accrual of long term loans			1,060,863		477,257
			132,187,686		187,852,493

15. Trade Payables

Trade payables are as follows (TRY):

	2007	2006
Trade payables	169,602,183	165,310,587
Notes payable	-	1,565,892
Other trade payables	154,252	4,450
Precount on payables	(1,540,026)	(2,001,850)
	168,216,409	164,879,079

16. Due to Related Parties

Due to related parties are as follows (TRY):

	2007	2006
Akhan Bakım Yön. Ser.Hiz.Tic. A.Ş.	612,199	244,549
Bozüyük Orman Ürünleri A.Ş.	242,843	-
Expert Contab SRL Suceava	-	4,217
Aksa Egypt Acrylic Fiber Industry SAE	-	69,920
Due to shareholders	1,641,640	89,755
	2,496,682	408,441

17. Income Taxes

Corporate earnings are subject to corporation tax at a rate of 20%. If the investment allowance is deducted from corporate tax base, same as with other corporate tax exempt income, no withholding tax is required in cases where such earnings are not distributed. However in case the investment allowance used is based on the supplementary articles 1 and 6 of the Income Tax Law (ITL) which have been annulled by Law nr 4842, income tax withholding, whether distributed or not, is calculated at a rate of 19.8% according to the Provisional Articles 61 and 69 of ITL. Whether exempted or not, dividends paid in cash to real persons with full liabilityand real persons and entities with limited liability (non-residents) are subject to income tax withholding at a rate of 15%. However, income tax withholding is not applicable to the dividends arising from 1998 and prior years' profits and from the exempt profits relating to the years 1999, 2000, 2001 and 2002 as well as income and profits corresponding to the above mentioned investment allowance taxed at the rate of 19.8%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

Further, temporary tax is paid at a rate of 20% over the tax bases declared for interim periods during the year to be deducted from the corporation tax.

For those benefiting from investment allowance according to the provisional article 69 of the Income Tax Law, the corporation tax and temporary tax rate is 30%.

With respect to the article 298 (bis) of the Tax Law amended by Law 5024, the application of inflation accounting which started in 2004 has ended as the increase in the wholesale price indices for the last 36 months and the last 12 months period ended March 2005 are below 100% and 10%, respectively. As the criteria of meeting the requirements 100% and 10% in Producer Price Index (PPI) have not been met, the application of inflation accounting has been ceased.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for a maximum period of five years. Tax losses cannot be carried back to offset against profits from previous periods.

As of 31 December 2007 and 2006, income tax provisions have been made in accordance with the prevailing tax legislation.

As of 31 December 2007 and 2006 taxes payable and tax income and expenses in the balance sheet and statement of income are summarized as follows (TRY):

	31 December 2007	31 December 2006
Statement of Income;		
Current period corporation tax	(4,159,063)	(23,922,441)
Deferred tax income (Note 19)	55,485,955	67,917,044
Total tax income, net	51,326,892	43,994,603
Balance Sheet;		
Current period corporation tax	4,159,063	23,922,441
Prepaid taxes	(3,227,014)	(20,486,947)
Total taxes payable	932,049	3,435,494
Deferred tax liability (Note 19)	50,292,162	104,381,370

18. Other Current Liabilities

Other current liabilities are as follows (TRY):

	2007	2006
Other V.A.T.	8,598,390	49,441,937
Advances received	7,642,429	18,174,900
Taxes and funds payable	5,981,518	5,007,433
Social security premiums payable	2,395,266	3,304,905
Provision for cost expenses	3,178,332	3,338,425
Expense accruals	1,990,828	906,908
Other advances received	585,150	-
Provisions for other debts and expenses	2,664,029	2,609,219
Unearned income	294,401	10,982,997
Due to personnel	407,495	606,163
Provision for TRT share	2,754,469	2,513,794
Other current liabilities	320,993	158,423
	36,813,300	97,045,104

19. Deferred Taxes

Deferred tax liabilities are as follows (TRY):

	2007	2006
Adjustments		
Adjustments for rediscount interest expenses	7,432,767	11,233,378
Adjustments for termination indemnity	21,017,285	19,756,101
Provision for vacation pay liabilities	1,042,143	-
Adjustments for provisions for doubtful receivables	960,960	843,508
Accrued expenses	1,691,674	1,016,567
Expensing of investments	36,698	36,698
Consolidation adjustments	-	797,381
Adjustment for valuation of foreign currency balances	1,942,204	2,297,884
Tax loss carried forward *	88,733,743	63,571,0
Sub total of deferred tax assets base	122,857,474	99,552,612
Sub total of deferred tax assets	24,571,495	19,910,522
Provision for impairment in investments	15,849,438	3,863,081
Sub total of deferred tax asset	3,169,888	772,616
Deferred tax assets **	27,741,383	20,683,138
Adjustments		
Adjustments for precount interest income	1,455,968	1,933,428
Consolidation adjustments	186,484	-
Difference between the tax basis and carrying value of tangible and intangible assets	332,036,848	573,884,420
Sub total of deferred tax liability base	333,679,300	575,817,848
Sub total of deferred tax liability	66,735,860	115,163,570
Adjustments on investments	56,488,427	49,504,690
Sub total of deferred tax liability	11,297,685	9,900,938
Deferred tax liability **	78,033,545	125,064,508
Deferred tax liability (net) (Note 17)	50,292,162	104,381,370

* Tax losses of Akenerji Elektrik Üretim A.Ş. for the year 2006 and 2005 are considered in the deferred tax calculation as per Akkök management's assumptions, it is probable that future taxable profit will be available, against which the unused losses and credits may be utilised.

** As of 31 December 2007 and 2006, the tax rate is 20% (Note 17).

Deferred tax income/(expense) are as follows (TRY):

	2007	2006
Deferred tax liability (net)	(50,292,162)	(104,381,370)
Deferred tax liability associated with the equity	11,297,685	9,900,938
Deferred tax liability associated with the statement of income	(38,994,477)	(94,480,432)
Effect of subsidiary excluded from consolidation	-	(88)
Reversal of prior period deferred tax liability	94,480,432	162,397,564
Deferred tax income/(expense) (Note 17)	55,485,955	67,917,044

20. Long Term Financial Liabilities

Long term finacial liabilities are as follows:

		2007		2006	
	Foreign Currency	Currency Amount	TRY	Currency Amount	TRY
Foreign currency loans	USD	109,573,045	128,233,334	54,294,876	76,686,083
	EURO	56,575,078	97,218,615	40,391,525	75,144,393
	GBP	-	-	1,756,720	4,868,398
Short term portion of long term loans (Note 14)			(14,202,472)		(16,149,986)
Total			211,249,477		140,548,888

The maturities of long term bank loans as of 31 December 2007 range between 2008-2014 and as of 31 December 2006 range between 2007 to 2013. The interest rates of long term Euro loans vary between 5.3% and 6.5%; the interest rate of USD loans vary between 5.1% and 6.5%.

21. Share Capital

As of 31 December 2007 and 2006, the structure of share capital, which is composed of 13.097.521.124 shares with a nominal value of Ykr 1 each is as follows (TRY):

Name	Shareholding	Amount	Capital Adjusment	Total
A.R.D. Holding A.Ş.	33.33%	4,365,840	54,381,077	58,746,917
Ö.D. Holding A.Ş.	33.33%	4,365,840	54,381,077	58,746,917
N.D.Ç. Holding A.Ş.	33.33%	4,365,818	54,380,803	58,746,621
Others *	0.01%	23	286	309
Total	100.00%	13,097,521	163,143,243	176,240,764

* Represents shareholdings of less than 10%.

22. Retained Earnings and Legal Reserves

Retained earnings include legal reserves. In accordance with the Turkish Trade Law, Akkök Group is required to appropriate a certain percentage of its earnings as legal reserves. Legal reserves, which consist of First and Second Legal Reserves, are appropriated as below:

(a) First Legal Reserve: Appropriated out of net profits at the rate of 5% per annum until such reserve reaches 20% of the entity's paid in share capital.

(b) Second Legal Reserve: Appropriated out of net profits to be distributed at the rate of 10% per annum after providing for First Legal Reserve and dividend amount equal to 5% of share capital.

Legal reserves can only be used to offset losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects unless they exceed 50% of paid in share capital.

23. Minority Interest

The breakdown of minority interest attributable to the equity items is as follows (TRY):

	2007	2006
Share capital	542,210,699	660,188,598
Share premium	118,501,250	142,387,325
Value increase/(decrease) in financial assets, (net)	149,606	3,395
Retained earnings	212,792,849	169,425,498
Profit/(loss) for the period	(52,646,702)	19,288,156
	821,007,702	991,292,972

24. Earnings/Loss Per Share

As of 31 December 2007, loss per share of TRY 1 nominal value of each, is TRY (1,58) (31 December 2006-earnings per share TRY 1,01).

25. Foreign Currency Position

As of 31 December 2007 and 2006, the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange and foreign currency amounts stated in the assets, together with their corresponding TRY equivalents consist of the following:

	31 December 2007						Total TRY
	USD	Euro	GBP	CHF	SEK	JPY	Equivalent
Assets;							
Cash and cash equivalents;							
Parent Company;	1,090,056	4,908,444	-	-	-	-	9,664,009
Subsidiaries;	98,085,328	25,034,572	170,978	649	1,995	-	157,452,810
	99,175,384	29,943,016	170,978	649	1,995	-	167,116,819
Trade Receivables;							
Parent Company;	-	-	-	-	-	-	-
Subsidiaries;	321,649,739	26,267,689	863,263	-	1,187,198	-	421,769,787
Consolidation Eliminations	(61,018,327)	(10,638,580)	-	-	-	-	(89,262,145)
	260,631,412	15,629,109	863,263	-	1,187,198	-	332,507,642
Non-Trade Receivables;							
Parent Company;	-	-	-	-	-	-	-
Subsidiaries;	924,890	221,129	1,494	-	-	-	1,458,869
	924,890	221,129	1,494	-	-	-	1,458,869
Advances Given							
Parent Company;	-	-	-	-	-	-	-
Subsidiaries;	3,358,998	11,746,077	-	-	-	-	24,000,366
	3,358,998	11,746,077	-	-	-	-	24,000,366

	31 December 2007						Total TRY
	USD	Euro	GBP	CHF	SEK	JPY	Equivalent
Liabilities;							
Trade Payables;							
Parent Company;	-	-	-	-	-	-	-
Subsidiaries;	(101,388,140)	(1,574,051)	(7,852)	(163,207)	-	(13,213,200)	(121,683,205)
	(101,388,140)	(1,574,051)	(7,852)	(163,207)	-	(13,213,200)	(121,683,205)
Financial Liabilities;							
Parent Company;	-	-	-	-	-	-	-
Subsidiaries;	(187,999,415)	(57,411,567)	-	-	-	-	(318,671,753)
	(187,999,415)	(57,411,567)	-	-	-	-	(318,671,753)
Other Financial Liabilities;							
Parent Company;	-	-	-	-	-	-	-
Subsidiaries;	(2,852,726)	-	(4,000)	(475)	-	-	(3,348,389)
	(2,852,726)	-	(4,000)	(475)	-	-	(3,348,389)
Advances Received							
Parent Company;	-	-	-	-	-	-	-
Subsidiaries;	(2,084,113)	-	-	-	-	-	(2,439,037)
	(2,084,113)	-	-	-	-	-	(2,439,037)
Non-Trade Payables;							
Parent Company;	-	-	-	-	-	-	-
Subsidiaries;	(241,363)	-	-	-	-	-	(282,467)
	(241,363)	-	-	-	-	-	(282,467)
Net Foreign Currency Position	69,524,927	(1,446,287)	1,023,883	(163,033)	1,189,193	(13,213,200)	78,658,845

	31 December 2006						Total TRY
	USD	Euro	GBP	CHF	SEK	JPY	Equivalent
Assets;							
Cash and cash equivalents;							
Parent Company;	22,121,979	4,771,796	-	-	-	-	39,929,634
Subsidiaries;	36,824,064	36,744,529	1,870,127	667	2,075	497,190	124,949,345
	58,946,043	41,516,325	1,870,127	667	2,075	497,190	164,878,979
Trade Receivables;							
Parent Company;	1,550,000	-	-	-	-	-	2,178,679
Subsidiaries;	359,971,271	20,575,994	1,316,494	-	2,155,082	-	548,140,289
Consolidation Eliminations	(81,740,772)	(8,005,640)	(151,053)	-	-	-	(130,133,709)
	279,780,499	12,570,354	1,165,441	-	2,155,082	-	420,185,259
Non-Trade Receivables;							
Parent Company;	2,000,000	-	-	-	-	-	2,811,200
Subsidiaries;	762,884	64,651	2,392	-	-	-	1,198,604
	2,762,884	64,651	2,392	-	-	-	4,009,804
Advances Given							
Parent Company;	2,482,593	-	-	-	-	-	3,489,533
Subsidiaries;	6,652,311	3,179,291	-	-	-	-	15,236,946
	9,134,904	3,179,291	-	-	-	-	18,726,479
Liabilities;							
Trade Payables;							
Parent Company;	-	-	-	-	-	-	-
Subsidiaries;	(86,625,944)	(5,060,091)	(30,084)	(195,325)	-	-	(132,073,777)
	(86,625,944)	(5,060,091)	(30,084)	(195,325)	-	-	(132,073,777)
Financial Liabilities;	-	-	-	-	-	-	-
Parent Company;	-	-	-	-	-	-	-
Subsidiaries;	(153,534,940)	(40,604,108)	(1,758,048)	-	-	-	(297,264,711)
	(153,534,940)	(40,604,108)	(1,758,048)	-	-	-	(297,264,711
Non-Trade	-	-		-	-	-	-
Payables;	-	-		-	-	-	-
Parent Company;	-	-	-	-	-	-	-
Subsidiaries;	(124,619)	-	-	(475)	-	-	(176,562)
	(124,619)	-	-	(475)	-	-	(176,562)
Net Foreign Currency Position	110,338,827	11,666,422	1,249,828	(195,133)	2,157,157	497,190	178,285,471

26. Contingent Liabilities

Contingent liabilities consist of the following:

	Foreign Currency	2007 Currency Amount	2007 TRY	2006 Currency Amount	2006 TRY
Guarantee letters given;					
	USD	103,926,727	121,043,459	128,406,167	180,487,709
	EURO	4,224,466	7,224,682	885,736	1,639,940
	TRY	-	103,093,268	-	86,514,841
Guarantee notes and cheques received;					
	USD	7,799,652	9,084,255	7,609,549	10,695,982
	GBP	12,945	30,109	12,945	35,688
	EURO	8,034,866	13,741,228	7,984,866	14,783,979
	TRY	-	120,237,259	-	101,929,842
Sureties given on behalf of subsidiaries;					
	USD	-	-	15,500,000	21,786,800
Export liabilities;					
	USD	14,467,000	16,849,715	22,412,250	31,502,659

27. Number of Personnel

As of 31 December 2007 the average number of personnel of Akkök Group is 3,226 (2006-4,399).

28. Amortisation and Depreciation

For the years ended 31 December 2007 and 2006, the current period amortisation and depreciation expenses are as follows (TRY):

	2007	2006
Cost of Sales	93,904,684	98,495,018
Research and Development Expenses	2,240,420	2,910,281
Marketing, Sales and Distribution Expenses	136,957	121,635
General Administration Expenses	6,100,892	8,588,610
Idle Capacity Expenses	-	2,451,794
Depreciation and amortisation expenses associated with the statement of income	102,382,953	112,567,338
Depreciation Expenses on Inventories	1,428,615	1,663,991
Total	103,811,568	114,231,329

29. Financial Income/Expenses, (net)

For the years ended 31 December 2007 and 2006 the financial income/expenses, (net) are as follows (TRY):

	2007	2006
Interest Income	29,203,291	30,480,233
Foreign Exchange Gains	94,622,866	125,164,236
Precount Income	11,722,756	10,256,914
Foreign Exchange Losses	(148,407,177)	(109,584,588)
Interest Expenses	(13,560,932)	(17,495,414)
Rediscount Expenses	(7,972,612)	(12,078,569)
	(34,391,808)	26,742,812

30. Other Income/Expenses, (net)

For the years ended 31 December 2007 and 2006 the other income/expenses, (net) are as follows (TRY):

	2007	2006
Provisions No Longer Required	8,505,724	16,971,912
Dividend Income	87,092	1,696,950
Income on Sales of Marketable Securities	10,687,166	606,790
Prior Period Income	223,642	277,868
Other Income	28,623,125	65,087,390
Provision for Fixed Assets Held for Sale	(89,448,141)	(17,288,880)
Expenses of Subsidiaries Liquidation	(20,567,508)	(43,984,809)
Commission Expenses	(3,112,413)	(3,457,208)
Provision Expenses	(64,565)	(1,416,640)
Idle Capacity Expenses	-	(2,692,849)
Prior Period Expenses	(833,087)	(137,687)
Other Expenses	(25,442,789)	(90,617,117)
	(91,341,754)	(74,954,280)

31. Subsequent Events

a) The termination indemnity ceiling which stood at TRY 2,030.19 as of 31 December 2007 has been increased to TRY 2,087.92 with effect from 1 January 2008 and to TRY 2,122.59 as of 1 July 2008 (31 December 2006-TRY 1,857.44).

b) The notice dated 31 March 2008 submitted to the Istanbul Stock Exchange by the subsidiary Akenerji Üretim A.Ş is as follows:

"This announcement is made with respect to the Capital Markets Communiqué Nr VIII/39. The power plant owned by our company having a production capacity of 45-MW and located at Ankara highway No:335 Naldöken Village, Bornova-Izmir has been transferred to Batıçim Enerji Elektrik Üretim A.Ş. with trade registry nr. Merkez-134607-K-11242 of Izmir Trade Registry Office with respect to the permission dated 14.11.2007 nr. 26527 of the Turkish Energy Markets Regulatory Board and the permission dated 22.11.2007 nr.07-87/1098-423 of the Turkish Competition Board. The transfer fee of USD 12,500,000 (VAT not included) which has been determined by TSKB Gayrimenkul Değerleme A.Ş. is collected in cash on 31.03.2008. The income on sale of the power plant has been recognised in the statement of income as per the Tax Procedures Law. The production license dated 01.04.2005 nr. EÜ-468-5/528 obtained by Batıçim Power Plant from the Turkish Energy Markets Regulatory Board has been cancelled as of 31.03.2008 upon our application by the ruling dated 25.03.2008 nr. 9101 published by the said Board."

c) At the Board of Directors meeting of the subsidiary Akenerji Elektrik Üretim A.Ş. held on 3 April 2008, resolution is made to register at Bozüyük Trade Registry Office the company operating under the name of Akenerji Elektrik Üretim Şirketi located at the 5th km of Eskişehir Road in Bozüyük district of Bilecik Provinceand to change the trade name of the company as Akenerji Elektrik Üretim A.Ş. Bozüyük Fabrikası (Tesisleri).

d) At the Board of Directors meeting of the subsidiary Akenerji Elektrik Üretim A.Ş. held on 9 April 2008, resolution is made with the intention of enhancing the company's investments and fields of activity and decreasing the production costs to amend the article 4 "Objective and Subject" of the articles of association and to receive permission from the Energy Markets Regulatory Board, the Capital Markets Board and the Ministry of Industry and Commerce in order to realize amendment in the articles of association.

e) The notice dated 5 February 2008 submitted to the Istanbul Stock Exchange by the subsidiary Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş. is as follows:

"As per the resolution made by our Board of Directors as at 05.02.2008, decision is made unanimously

1) to establish merger by transferred all assets and liabilities and through dissolution of the company under the trade name of Çerkezköy Tekstil Sanayi ve Ticaret A.Ş. registered at Istanbul Trade Registry Office by reg. nr. 573649 as per the Articles 18 and 19 of the Corporate Tax Law, the Article 451 and other related articles of the Turkish Law of Commerce, and the provisions of the Capital Markets Board Communiqué nr. I/31 "Communiqué Related to Legal Mergers" published in the Official Gazette dated 14 July 2003 nr. 25168, and

2) to start the transactions in regard to the preliminary resolution on the said merger made by our Board of Directors in respect of the Article 4 of the abovementioned Communiqué".

f) The notice dated 9 January 2008 submitted to the Istanbul Stock Exchange by the subsidiary Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. is as follows:

"This announcement is made as per the Capital Markets Board Communiqué Nr. VIII/39. By the expertise report dated 31.12.2007 nr. 2007REV406 which has been prepared and submitted to our company by Türkiye Sınai Kalkınma Bankası Gayrimenkul Değerleme A.Ş. on 03.01.2008 in accordance with the Article 41 of the Capital Markets Board Communiqué Nr. VI/11 "Communiqué Related to the Real Estate Investment Companies", the total expertise value of the real estates in our portfolio (445 independent store sections, 1 independent office floor and 27 independent apart hotel rooms) is determined as TRY 915,793,000 (VAT not included)".

g) As per the resolution of the Board of Directors of the subsidiary Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. held on 10 April 2008, decision is made not to provide 5% legal reserve from the TRY 51,181,260 of net profit for the period stated in the financial statements prepared in accordance with the provisions of the Capital Markets Board Communiqué Nr. XI/25, as the reserves made as per the Article 466 of the Turkish Law of Commerce has reached 20% of the paid in capital; to provide the First Dividend determined by the Capital Markets Board as 20% of the net profit for the period for distributing among shareholders in cash; not to allocate any share from the remaining profit to the Board Members as per the Article 30/c of the Articles of Association; to distribute among shareholders a total of TRY 33,389,395 from the profit balance in cash; to retain the remaining balance for extraordinary reserves; to appropriate as second legal reserves as per the Article 466/paragraph 2/clause 3 of the Turkish Law of Commerce, one tenth of the balance after deducting 5% of the paid in capital from the profit shares distributable to the shareholders; to distribute to the shareholders the profit share totaling TRY 43,840,000 distributable from First and Second Dividends allocated from the net profit for the period upon submission of their 2007 profit share coupons of the shares they own, as gross (=net) TRY 3.20(TRY 100 = TRY 320) in cash, at the ratio of 320% of the paid in capital, and to propose at the General Meeting to realize the profit share distribution as at 28 May 2008.

h) At the meeting of the Board of Directors of the subsidiary Akal Tekstil Sanayi A.Ş. held on 25 March 2008, decision is made to bring in the agenda of the Ordinary General Meeting to be held at 15 April 2008 the subject of resolution of transfer and merger establishment with Bozüyük Orman Ürünleri Sanayi Tesisleri Anonim Şirketi registered at the Istanbul Trade Registry by reg. nr. 158740/106164 as per the Article 451 and other related articles of the Turkish Law of Commerce, the Articles 18 and 20 of the Corporate Tax Law, and the provisions of the Capital Markets Board Communiqué nr. I/31 "Communiqué Related to Legal Mergers".

i) At the meeting of the Board of Directors of the subsidiary Akiş Gayrimenkul Yatırım Ortaklığı held on 21 January 2008, decision is made to participate in the company Akkoza Gayrimenkul Yatırım A.Ş. as the founding partner and to make a capital commitment of TRY 45,000,000 in the said company to be established.

32. Other Issues Materially Affecting the Financial Statements or Requiring Disclosure for a Proper Interpretation and Understanding of the Financial Statements

a) The notice dated 21 March 2006 submitted to the Istanbul Stock Exchange by the subsidiary Akenerji Elektrik Üretim A.Ş. is as follows:

"As appeared in the news on 20 March 2006, it is stated that a legal case is filed at the State Council with the request to cancel the production license given to Akenerji Elektrik Üretim A.Ş. regarding the operating rights of the hydroelectric power plant for a period of forty years, to cancel the related provision of the Electricity Market License Regulation which constitutes the basis of the legal case, and to cancel and suspend the execution of the "Communiqué on the Procedures Related to the Obligatory Selection in the event of Making More than One Application Regarding the Same Region and the Same Source for the purpose of Power Generation", that the execution has been suspended in regard to Çınarcık-Uluabat Power Tunnel and the hydroelectric power plant by the State Council as per the announcement of the Chamber of Electrical Engineers, and in regard to the communiqué and provision of the regulation constituting the basis of the license.

Our Company is not the defendant party at the legal case of annulment with the request of suspension of execution filed by the Chamber of Electrical Engineers with nr 2005/9346 at the State Council against the Energy Markets Regulatory Board (EMRB), but has made a request for intervention as of 06 January 2006 in the case as standing by the defendant EMRB.

At the Higher Court where our Company made a request for intervention as at 01 March 2006, decision is made to accept the request of suspension of execution made by the plaintiff Chamber of Electrical Engineers, with respect to the resolution of the same Court to suspend execution of the regulatory transactions constituting the basis of administrative act as of 08 February 2006 by file 2006/8292."

b) The legal case commenced at Ankara 1st Administrative Court with file nr. 2004/1716 by Power Generators Association together with Akenerji Elektrik Üretim A.Ş. against Turkish Radio and Television Institution (TRT Institution) with the demand to cancel the administrative act of payment of the TRT share to the TRT Institution has been declined by the said Court's resolution nr. 2005/167, however the local court resolution has been reversed by the State Council by file nr 2005/5560 and ruling nr. 2005/6151. The case resolved at the 1st Administrative Court as per the reversal decision of the State Council has been subject to general challenge and this resolution has been appealed; however the 10th Council of State acting as the court of appeal has rejected the request for appeal and approved the resolution of the local court.

While the case is pending, Turkish Radio and Television Institution has commenced a second administrative act against Akenerji Elektrik Üretim A.Ş. demanding a total of TRY 30,202,811.74 including the capital of TRY 18,592,372.90 and the related interest of TRY 11,605,438.84.With regard to this act and taking the opinion of Legal Consultants of the Company, a total of TRY 21,402,007.44 including the capital of TRY 13,913,832.09 and the related interests of TRY 7,488,175.35 has been paid to the Institution with a note of reservation upon notification ofBeşiktaş 5th Notary dated 25.04.2006 nr. 10213. The Company management has stated that the TRT share demanded as stated above has been miscalculated, that this calculation is based on issues such as wholesale, steam sales, scrap sales, equipment sales, system utilization transmission fees, and distribution fees which are not to be taken as basis, and that the statement made by the Energy Markets Regulatory Board (EMRB) expresses that accrual of the total TRY share and energy fund calculated over the transmission and distribution tariffs added onto the same tariffs is not agreeable.

In addition to the above, the company has filed for a case of suspension for execution of the TRT request in line with the resolution made to file for a separate case to cancel the administrative act. The 10th Council of State hearing the case has rejected the request for the suspension of execution by file nr 2006/3269, and the appeal made by the Company against this resolution to the Board of Administrative Acts of the State Council has not been accepted. The case is currently pending.

c) The notice dated 24 October 2007 submitted to the Istanbul Stock Exchange by the subsidiary Akenerji Elektrik Üretim A.Ş. is as follows:

"With the objectives to lower our Company's production costs below the average level in the sector and to sell the gas turbines which are mostly used in the textile sector, for the purpose of creating funds for investing in the hydroelectric, coal or wind power plants; unanimous resolution is made to receive the necessary permissions from the Energy Markets Regulatory Board as per the provisions of Electricity Market License Regulation, from the Undersecretariat of Treasury as per the Provisions of the Communiqué nr. 2006/3 in relation to the Implementation of Resolution Regarding Government Aids in Investments, and from the Competition Board as per the Provisions of the Communiqué Related to Mergers and Acquisitions subject to Permission from the Competition Board so as to accomplish business transfer together with the workers of the currently operative cogeneration electrical power generation plant with a total production capacity of 45-MW composed of seven units operating with natural gas, bearing the investment incentive document dated 20.03.2000 nr. 61965 and the 15-years production license of T.C. Energy Markets Regulatory Board dated 01.04.2005 nr. EÜ/468-5/528 together with the investment completion visa, under the ownership of our Company located in the building situated at the address of "Naldöken Village, Ankara Road, Bornova district, No: 335-Izmir" registered under the name of Batıçim Batı Anadolu Çimento Sanayi A.Ş. at Bornova 2. Region Land Registry under Section 1-2-3, Block 18927, Parsel 2, to the company Batıçim Enerji Elektrik Üretim A.Ş. registered at İzmir Trade Registry by registration number Merkez-134607-K-11242. Batıçim Enerji Elektrik Üretim A.Ş. does not have any direct or indirect relationship with our company."

d) The notice dated 1 November 2007 submitted to the Istanbul Stock Exchange by the subsidiary Akenerji Elektrik Üretim A.Ş. is as follows:

"At the Board of Directors meeting held at the head office of the Company, the following resolutions have been made:

In relation to the integration of CEZ a.s whose head office is situated at Praha 4, Duhova 2/1444, PSC 14053-Czech Republic, established and operating under the Czech Republic laws among our the shareholders of our Company, negotiations have started among the authorities of the said company and ours, and public announcements related to further developments will be made in due course."

e) The notice dated 12 November 2007 submitted to the Istanbul Stock Exchange by the subsidiary Akenerji Elektrik Üretim A.Ş. is as follows:

"At the Board of Directors meeting held at the head office of the Company, the following resolutions have been made:

With the objectives to lower our Company's production costs below the average level in the sector and to sell the gas turbines which are mostly used in the textile sector, for the purpose of creating funds for investing in the hydroelectric, coal or wind power plants; resolution is made unanimously to transfer from our natural gas operated cogeneration power plant with a total built-in capacity of ((2x10.5)+17+21,5+(5.25x2))=70.00-MW situated at Tasköprü District in Yalova, bearing the production license dated 01.04.2005 nr. EÜ/468-6/529 to our group company Aksa Akrilik Kimya Sanayi Anonim Şirketi the four units with a power of ((2x10.5)+17+21.5)=59.5 MW and to our group company Ak-Kim Kimya Sanayi ve Ticaret Anonim Şirketi the two units with a power of (5.25x2)=10,5 MW; and in order to realize the transfer operations, to receive the necessary permissions from the Energy Markets Regulatory Board as per the provisions of Electricity Market License Regulation, from the Undersecretariat of Treasury as per the Provisions of the Communiqué nr. 2006/3 in relation to the Implementation of Resolution Regarding Government Aids in Investments; to determine the transfer price and payment terms by the related parties taking as basis the value stated in the report of the valuation company determined by the Capital Markets Board; subsequent to receipt of the abovementioned permissions, to realize the transfer operations and to make all the public announcements related to the said operations."

f) As per the resolution of the Board of Directors of the subsidiary Akal Tekstil Sanayii A.Ş., Erkan Altay has been authorized to carry out the liquidation process of Akrom Akal Textile Romania S.R.L in which the Company has 100% interest.

g) The announcement made by the subsidiary Aksa Akrilik Kimya Sanayii A.Ş.to the Istanbul Stock Exchange on 18 September 2007 is as follows:

"In search of lowering the power generation cost of our company, the Board of Directors of our Company has unanimously resolved to make an application to the Energy Markets Regulatory Board within the frame of the provisions of Electricity Market License Regulation for our company to receive autoproducer license simultaneously with the application to made by our group company Akenerji Elektrik Üretim A.Ş. to the Energy Markets Regulatory Board for permission to transfer to our company the natural gas operated power plant of 59,5 MW production capacity owned by Akenerji Elektrik Üretim A.Ş. and located in the Yalova plant of our company, to receive permission from the Undersecretariat of Treasury within the frame of the Communiqué nr. 2006/3 Related to the Implementation of The Resolution on Official Support in Investments for taking over the power plant with modernization and renewal incentive with completed investment, to determine the transfer value and payment terms by both parties on the basis of the value stated in the valuation report of a valuation company approved by the Capital Market legislation, to realize the transfer operation provided that necessary permissions are received, and to make a public announcement of all information related to the said transaction."

h) The resolution made by the Board of Directors of the subsidiary Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. as at 28 December 2007 is as follows:

"1) Given the need to comply with today's conditions inevitably require a large scale renovation of the shopping mall and the parking lot sections within Akmerkez whose construction has been completed fourteen years ago, the related proposal developed by our Board as at 10.01.2007 has been evaluated by the Board of Flat Owners of Akmerkez and the necessary studies have been made thereon, subsequent to which it has been submitted for the approval of the Flat owners of the Shopping Mall and the Parking Lot Section.

The large-scale renovation we have proposed at the meeting of the Flat Owners Board of the said building on 16.11.2007 has been considered urgent and unavoidable; however, resolution is made to submit for approval at the Akmerkez Flat Owners Ordinary General Meeting an approximate total expenditure of USD 25 million as per the projected budget to be provided by our Company which owns nearly 94% of the independent sections of the said building.

2) In the event that approval is received at Akmerkez Flat Owners General Meeting for the realization of the Shopping Mall and the Parking Lot renovation Project and provided that this is to be made under the supervision of the professional manager of Akmerkez Trade Center, resolution is made for the entire amount of USD 25 million determined in the provisional budget to be paid by our Company.

3) Raif Ali Dinçkök and/or Davit Braunştayn, our Company Board members, will participate in the Ordinary General Meeting of Akmerkez Flat Owners to be held on 29.12.2007 (at the second meeting on 05.01.2008 upon failure to muster a quorum) representing our Company, and vote and make declarations towards decision making in the name of the Company as per the first and second articles of this resolution, and furthermore, the said persons are authorized to vote for resolving other items in the agenda and to sign under the meeting minutes, in the name of our Company.

4) The public announcement of the present resolution will be made on the first working day following the Ordinary General Meeting of Akmerkez Flat Owners."

33. Segment Reporting

As of 31 December 2007 segment reporting consists of the following (TRY):

	Akkök	Energy	Textile	Chemicals	Real Estate	Other	Eliminations and Classifications	Total
Cash and Cash Equivalents	35,569,969	87,618,691	34,742,172	55,137,325	23,509,508	14,616,087	-	251,193,752
Trade Receivables, net	294,189	42,793,064	65,420,000	224,358,387	959	86,218,169	2,702,590	421,787,358
Due From Related Parties	3,030,144	14,700,049	5,342,542	95,075,840	4,433,182	15,891,976	(133,561,668)	4,912,065
Inventories, net	-	7,685,068	32,306,656	157,305,861	2,853,515	1,791,517	(845,387)	201,097,230
Other Current Assets	422,323	44,297,645	1,317,990	38,753,131	24,569	1,776,873	134,993	86,727,524
Total Current Assets	39,316,625	197,094,517	139,129,360	570,630,544	30,821,733	120,294,622	(131,569,472)	965,717,929
Financial Assets, net	495,089,516	40,046,846	39,192,039	28,837,602	631,000	1,416,750	(506,000,722)	99,213,031
Positive Goodwill	-	36,758,891	-	-	11,623,500	-	-	48,382,391
Tangible Assets (net)	1,899,785	450,883,107	68,120,385	420,904,038	972,990	55,696,332	(2,744,808)	995,731,829
Intangible Assets(net)	268,684	33,488,851	942,908	1,164,624	-	3,971,372	-	39,836,439
Other Non-Current Assets	55,143	90,423	15,577	13,911	10,223	110,911	(12,839)	283,349
Total Non-Current Assets	497,313,128	561,268,118	108,270,909	450,920,175	13,237,713	61,195,365	(508,758,369)	1,183,447,039
Total Assets	536,629,753	758,362,635	247,400,269	1,021,550,719	44,059,446	181,489,987	(640,327,841)	2,149,164,968

	Akkök	Energy	Textile	Chemicals	Real Estate	Other	Eliminations and Classifications	Totals
Short Term Financial Liabilities	-	8,210,101	36,240,386	66,829,949	618,915	20,288,335	-	132,187,686
Trade Payables, net	131,029	36,208,627	9,696,339	114,226,834	40,944	3,335,387	4,577,249	168,216,409
Due to Related Parties	-	6,125,324	22,721,456	22,389,234	1,273,180	86,005,843	(136,018,355)	2,496,682
Taxes Payable	-	-	244,456	115,228	265,349	307,016	-	932,049
Other Current Liabilities	562,193	7,400,261	7,250,087	17,503,435	71,556	3,879,468	146,300	36,813,300
Total Current Liabilities	693,222	57,944,313	76,152,724	221,064,680	2,269,944	113,816,049	(131,294,806)	340,646,126
Long TermFinancial Liabilities	-	147,454,057	365,160	21,884,610	35,109,000	6,436,650	-	211,249,477
Provisions for Termination Indemnity	61,702	1,394,211	7,396,113	11,227,914	3,274	1,235,369	-	21,318,583
Deferred Tax Liabilities	11,178,098	22,288,343	(2,406,154)	20,257,322	(41,104)	(1,014,301)	29,958	50,292,162
Other Non-Current Liabilities	339	-	139	2,844,992	-	39,842	-	2,885,312
Total Non-Current Liabilities	11,240,139	171,136,611	5,355,258	56,214,838	35,071,170	6,697,560	29,958	285,745,534
Share Capital	13,097,521	88,164,250	52,066,018	117,050,000	2,991,840	33,720,000	(293,992,108)	13,097,521
Adjustment to Share Capital	163,143,245	140,631,025	256,694,092	379,235,139	-	88,207,911	(864,768,169)	163,143,243
Share Premium	-	182,984,809	32,938,383	1,537,497	-	-	(141,758,140)	75,702,549
Increase/Decrease in Value of Financial Assets(net)	44,658,786	-	531,956	-	-	-	(149,606)	45,041,136
Retained Earnings	303,796,840	117,501,627	(176,338,162)	246,448,565	3,726,492	(60,951,533)	(29,402,672)	404,781,157
Minority Interest	-	-	-	-	-	-	821,007,702	821,007,702
Total Equity	524,696,392	529,281,711	165,892,287	744,271,201	6,718,332	60,976,378	(509,062,993)	1,522,773,308
Total Liabilities and Equity	536,629,753	758,362,635	247,400,269	1,021,550,719	44,059,446	181,489,987	(640,327,841)	2,149,164,968

Notes to the Consolidated Financial Statements
for the years ended 31 December 2007 and 2006

	Akkök	Energy	Textile	Chemicals	Real Estate	Other	Eliminations and Classifications	Totals
Net Sales	7,635,072	452,074,250	172,708,155	1,093,863,665	-	418,993,595	(540,963,439)	1,604,311,298
Cost of Sales (-)	(7,830,964)	(438,301,310)	(148,716,582)	(1,001,366,512)	-	(388,556,175)	491,585,924	(1,493,185,619)
Gross Profit/(Loss)	(195,892)	13,772,940	23,991,573	92,497,153	-	30,437,420	(49,377,515)	111,125,679
Research and Development Expenses (-)	-	(262,935)	(879,609)	(5,560,309)	-	-	84,153	(6,618,700)
Marketing, Sales and Distribution Expenses (-)	-	-	(7,073,719)	(15,507,750)	-	-	5,287,440	(17,294,029)
General Administration Expenses (-)	(570,002)	(23,747,027)	(23,331,808)	(40,452,644)	(689,384)	(13,003,609)	15,667,838	(86,126,636)
Operating Profit/(Loss)	(765,894)	(10,237,022)	(7,293,563)	30,976,450	(689,384)	17,433,811	(28,338,084)	1,086,314
Financial Income/ Expenses, (net)	-	(2,819,899)	(4,078,000)	(4,496,046)	(1,904,458)	(1,214,913)	(19,878,492)	(34,391,808)
Other Income/Expenses (net)	15,410,791	(111,162,986)	(27,971,679)	(21,080,518)	7,087,216	(10,817,063)	57,192,485	(91,341,754)
Net Profit/(Loss) Before Tax	14,644,897	(124,219,907)	(39,343,242)	5,399,886	4,493,374	5,401,835	8,975,909	(124,647,248)
Taxes Payable (-)	-	-	(1,029,041)	(1,206,449)	(856,158)	(1,067,415)	-	(4,159,063)
Deferred Tax (Expense)/Income	(104,541)	35,072,041	2,890,777	17,301,275	41,104	482,072	(196,773)	55,485,955
Net Profit/(Loss)	14,540,356	(89,147,866)	(37,481,506)	21,494,712	3,678,320	4,816,492	8,779,136	(73,320,356)
Minority Interest	-	-	-	-	-	-	(52,646,702)	(52,646,702)
Net Profit/(Loss)	14,540,356	(89,147,866)	(37,481,506)	21,494,712	3,678,320	4,816,492	61,425,838	(20,673,654)

As of 31 December 2006 segment reporting consists of the following (TRY):

	Akkök	Energy	Textile	Chemicals	Other	Elimination and Classifications	Total
Cash and Cash Equivalents	74,151,701	139,541,801	18,466,396	42,257,700	8,415,536	-	282,833,134
Trade Receivables, net	2,378,203	23,464,806	82,653,176	254,932,628	114,467,670	12,406,245	490,302,728
Due From Related Parties	4,482,960	24,214,927	3,848,886	134,561,185	17,724,640	(184,102,063)	730,535
Inventories, net	3,489,533	7,608,328	31,658,392	139,093,437	9,609,404	(482,350)	190,976,744
Other Current Assets	7,828,155	15,237,364	12,995,923	84,801,635	2,661,334	330,588	123,854,999
Total Current Assets	92,330,552	210,067,226	149,622,773	655,646,585	152,878,584	(171,847,580)	1,088,698,140
Financial Assets, net	422,574,551	61,711,510	97,025,152	68,001,822	1,392,897	(552,203,643)	98,502,289
Positive Goodwill	-	-	-	-	-	22,548,997	22,548,997
Tangible Assets (net)	1,979,760	553,184,722	67,383,339	365,601,633	57,833,260	(2,845,825)	1,043,136,889
Intangible Assets (net)	621	34,649,862	1,244,096	1,038,963	4,152,201	-	41,085,743
Deferred Tax Assets	-	-	530,371	12,588,169	1,755,949	(14,874,489)	-
Other Non-Current Assets	30,786	408,372	9,715,587	23,567	16,847	(207)	10,194,952
Total Non-Current Assets	424,585,718	649,954,466	175,898,545	447,254,154	65,151,154	(547,375,167)	1,215,468,870
Total Assets	516,916,270	860,021,692	325,521,318	1,102,900,739	218,029,738	(719,222,747)	2,304,167,010

	Akkök	Energy	Textile	Chemicals	Other	Elimination and Classifications	Total
Short Term Financial Liabilities	-	13,456,807	50,032,728	108,386,534	15,976,424	-	187,852,493
Trade Payables, net	256,950	40,637,017	18,352,698	95,979,453	5,673,241	3,979,720	164,879,079
Due to Related Parties	-	6,061,134	34,810,078	25,626,485	110,535,632	(176,624,888)	408,441
Taxes Payable	-	-	301,723	2,882,991	250,780	-	3,435,494
Other Current Liabilities	483,422	5,808,565	16,964,122	61,477,027	12,311,968	-	97,045,104
Total Current Liabilities	740,372	65,963,523	120,461,349	294,352,490	144,748,045	(172,645,168)	453,620,611
Long Term Financial Liabilities	-	126,726,667	2,711,533	800,168	10,310,520	-	140,548,888
Provisions for Termination Indemnity	67,345	1,323,815	7,222,318	9,806,862	1,335,761	-	19,756,101
Deferred Tax Liabilities	9,806,780	57,360,383	885,024	50,146,766	1,223,721	(15,041,304)	104,381,370
Other Non-Current Liabilities	1,212,842	-	57,226	8,760,716	39,842	-	10,070,626
Total Non-Current Liabilities	11,086,967	185,410,865	10,876,101	69,514,512	12,909,844	(15,041,304)	274,756,985
Share Capital	13,097,521	78,340,000	42,198,228	32,906,289	33,420,000	(186,864,517)	13,097,521
Adjustment to Share Capital	163,143,245	140,626,423	278,907,984	462,078,849	88,207,910	(969,821,168)	163,143,243
Share Premium	-	182,984,809	32,938,383	1,537,497	-	(165,644,243)	51,816,446
Increase/Decrease in Value of Financial Assets(net)	39,591,679	-	12,073	-	-	(3,394)	39,600,358
Retained Earnings	289,256,486	206,696,072	(159,872,800)	242,511,102	(61,256,061)	(200,495,925)	316,838,874
Minority Interest	-	-	-	-	-	991,292,972	991,292,972
Total Equity	505,088,931	608,647,304	194,183,868	739,033,737	60,371,849	(531,536,275)	1,575,789,414
Total Liabilities and Equity	516,916,270	860,021,692	325,521,318	1,102,900,739	218,029,738	(719,222,747)	2,304,167,010

	Akkök	Energy	Textile	Chemicals	Other	Elimination and Classifications	Total
Net Sales	5,339,611	465,259,891	209,192,533	1,138,797,407	406,701,973	(621,239,936)	1,604,051,479
Cost of Sales (-)	(4,138,665)	(493,816,900)	(170,833,182)	(967,898,960)	(397,261,296)	594,776,007	(1,439,172,996)
Gross Profit/(Loss)	1,200,946	(28,557,009)	38,359,351	170,898,447	9.440.677	(26.463.929)	164.878.483
Research and Development Expenses (-)	-	(134.511)	(517.166)	(6.186.252)	-	32.136	(6.805.793)
Marketing, Sales and Distribution Expenses (-)	-	(5.417.729)	(8.522.629)	(16.880.404)	-	5.854.354	(24.966.408)
General Administration Expenses (-)	(1.926.840)	(33,740,100)	(27,784,327)	(34,064,110)	(10,976,355)	12,168,192	(96,323,540)
Operating Profit/(Loss)	(725,894)	(67,849,349)	1,535,229	113,767,681	(1,535,678)	(8,409,247)	36,782,742
Financial Income/Expenses, (net)	-	(10,636,844)	(11,430,285)	(29,183,991)	(1,908,437)	79,902,369	26,742,812
Other Income/Expenses (net)	5,484,717	(2,010,407)	(1,788,920)	(10,395,762)	10,168,495	(76,412,403)	(74,954,280)
Taxes Payable (-)	-	(110,781)	(1,184,750)	(21,584,102)	(1,042,808)	-	(23,922,441)
Deferred Tax (Expense)/Income	54,809	43,940,258	610,643	23,001,144	421,366	(111,176)	67,917,044
Net Profit/(Loss)	4,813,632	(36,667,123)	(12,258,083)	75,604,970	6,102,938	(5,030,457)	32,565,877
Minority Interest	-	-	-	-	-	19,288,156	19,288,156
Net Profit/(Loss)	4,813,632	(36,667,123)	(12,258,083)	75,604,970	6,102,938	(24,318,613)	13,277,721

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