Akkök Sanayi Yatırım ve Geliştirme A.Ş.

Annual Report 2008

AKKÖK

CONTENTS

Onward toward the future, in the direction of our strategic plan...

The Akkök Group continues to boldly move forward in the direction of its strategic plan, one that the Group adopted as a road map in 2005; it continues to closely follow the events and developments occurring in Turkey and around the world. The Group has chemical, energy, real estate, textile, port operations, information technologies and insurance sectors as its main business areas. The Group is continually investing and seeking new vistas of cooperation as it moves along its successful path.

AKKÖK GROUP OF COMPANIES

chemicals

AKSA AKRİLİK KİMYA SAN. A.Ş.
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 SANAYİ A.Ş.
AKSU İPLİK DOKUMA VE BOYA APRE FAB. T.A.Ş.
AK-TOPS TEKSTİL SAN. A.Ş.
AKSA EGYPT ACRYLIC FIBER INDUSTRY S.A.E

real estate

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

services

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

social responsibility

CULTURAL CONTRIBUTIONS
- Raif Dinçkök Cultural Center
- Yadigâr-ı İstanbul

CONTRIBUTIONS TO EDUCATION
- Raif Dinçkök Elementary School
- Aksa Technical High School and Industry Vocational School
- Güzin Dinçkök Elementary School
- Istanbul Technical University Maslak Dormitories
- İSOV Career Training Center and Social Facilities and Dinçkök Technical High School

KEY FINANCIAL AND OPERATIONAL FIGURES

The Akkök Group, with 3,080 employees, achieved combined revenues amounting to US$ 1,793 million in 2008. US$ 605 million of this represents Group exports to more than 70 countries.

Net Sales (Combined)
(US$ million)

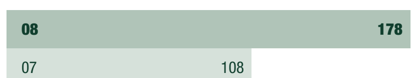
1,793

Net Sales (Consolidated)
(IFRS, US$ million)

1,242

EBITDA (Combined)
(US$ million)

178



EBITDA (Consolidated)
(US$ million)

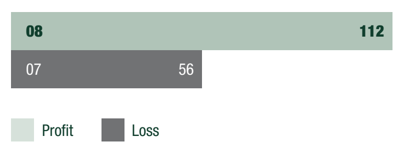
77

Net Profit (Combined)
(US$ million)

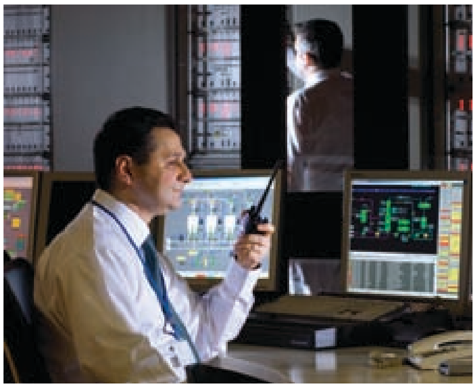
193

Net Profit (Consolidated)
(IFRS, US$ million)

112



TIMELINE AND MILESTONES



THE 1950s

1952
• Aksu established in Bakırköy, Istanbul as the Group's first industrial investment.
• Ariş established in Bakırköy, Istanbul.
1955
• Dinarsu established in Eyüp, Istanbul.

THE 1960s

1968
• Aksa established in Yalova.

THE 1970s

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 operations as Ariş Sanayi ve Ticaret T.A.Ş.
• Akmeltem established and begins 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.

THE 1980s

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.

THE 1990s

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 as the "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 the total installed capacity to 98 MW.
• Akmerkez Lokantacılık launches Paper Moon 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.

Today, owning more than 20 commercial and industrial companies and 15 production plants, the Group continues to travel the course forged by its founder Raif Dinçkök (1912-1994) in 1952.

THE 2000s

2000
• Akrom Romania Plant starts production.
• Akenerji shares are 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.

2006
• Akenerji acquires Akkur Enerji.
• Paper Moon Ankara inaugurated in September.
• Akiş founded to expand and manage the Group’s real estate investments.

2007
• Aktek founded.
• Protocol signed for the construction of Yalova Raif Dinçkök Cultural Center.
• Akiş starts construction at Akkoza.
• The book, Photographs from the Yıldız Palace Albums: Yadigâr-ı İstanbul published with the contribution of Akkök.
• Aksa selected as Turkey’s Most Responsible Company by Capital Magazine.
• Akenerji acquires Mem Enerji Elektrik Üretim Sanayi holder of licenses for Himmetli (24 MW), Gölkaya (30 MW), Saimbeyli (3 MW) and Bulam (9 MW) hydroelectric plants.

2008
• Groundbreaking ceremony for the Raif Dinçkök Cultural Center in Yalova.
• Ak-Kim starts production of sodium persulphate for the first time in Turkey.
• AkCez Konsortium, in partnership with Akkök, Akenerji and CEZ, wins the bidding initiated by the Privatization Administration for the privatization of Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ).
• Akenerji signs a strategic equal-partnership agreement with the Czech company CEZ.
• Aksa awarded KalDer’s National Quality Grand Prize.

MESSAGE FROM THE BOARD OF DIRECTORS

Corporate governance, sustainable growth and social responsibility are concepts that inevitably give direction to all our operations. Our corporate governance, defined through openness, transparency and accountability, has become even more vital in the environment of today's world.

The year 2008 etched a place for itself in history as a time of global financial crisis, a phenomenon that escalated forcefully in the last quarter of the year. Referred to by the United Nations as "the crisis of the century" and by the IMF as "the greatest financial shock the world has ever encountered since the 1930s," this crisis wreaked havoc in world financial markets and burdened the real economy in many sectors. Automotive, durable consumer goods and the construction industries were all severely damaged. While the roots of the crisis sprang from developed nations, its destructive impact quickly spread to developing countries as well.

The crisis, essentially triggered by mounting losses due to the devaluation of the subprime mortgage-related assets that fell rapidly as a recession took hold of the US housing market, forced the US, and shortly after, the countries of the EU to face a major liquidity crunch. The ensuing crashes and failures around the world, appearing one after another in the last quarter of 2008, stemmed from the fact that despite the measures taken by the governments in 2007, the liquidity problem had not been resolved.

Efforts to overcome the crisis continued to intensify throughout 2008. By the end of the year, the world's largest economies were unable to recover from the recession despite bail-out packages amounting to more than US$ 6 trillion. Even repeated interest rate reductions by the central banks designed to revitalize world economies could not bring about their desired effect.

2008 also witnessed a dramatic increase in food and energy prices that escalated until the global crisis deepened in the last quarter of the year. The price for a barrel of crude oil hit a record high US$ 150 mark in July. These prices plunged rapidly as economies fell into recession and demand subsequently wavered.

Expectations for the upcoming period are that the economies of developed countries will be shrinking and that developing economies will perform at a level far below the high growth trends they had been displaying since 2002.

It is clear that the recession assuming a quality of permanence on a global scale, will bring about an onslaught of political repercussions. The losses suffered in the conflict between Israel and Palestine that horrified the world in the Middle East in the beginning of the year seem to be evidence of this. The spectrum of current events appears to indicate that adversities in economic and political structure feed off of each other and that the world is in an alarming period of unrest at this time.

Due to the experiences drawn from the 2001 crisis in the banking sector and from having an underdeveloped home mortgaging market, the Turkish economy has received a less substantial blow from the global crisis. In addition, the rapidly falling energy prices in the last quarter of the year seem to have positively affected foreign trade and current accounts deficits. Direct foreign capital investments in Turkey in 2008 diminished by 20% compared to 2007, remaining at a level of US$ 18 billion. Despite these circumstances, the Turkish economy displayed a growth of 1.1% by the end of 2008.

It is evident that international capital seems less prone to take risks and since the effects of liquidity bottlenecks in global financial markets are still ongoing, the impact of the crisis on the Turkish economy in the period ahead will be influenced primarily by the opportunities available to access international funds. From a different perspective, however, the recession in the EU will affect Turkey's exports and developments with regard to merchandise and in this context, energy prices will be of increasing importance.

Unlike other developing countries, Turkey maintains a potential to continue its high rate of growth. However, savings level is low in Turkey and accordingly the country is in need of foreign resources. The need for foreign resources is particularly important as it forms the backbone of financing the current accounts deficit, one of the economy's most severe problems. Turkey can regain its high economic growth rate and restore an interest in foreign investments with the right policies governing crisis management and financial discipline. The step taken by the Central Bank to reduce interest rates at the end of 2008 was a positive effort in the right direction, but it will be vital to take proactive and permanent measures to counter the potential impact of the ongoing crisis.

Following the global financial crisis, strict control implementations and system regulations were intensified. We anticipate that economies will recover quickly in line with these measures and expect that preliminary indicators will be positive.

In the meantime, closely following the developments in Turkey and in the world, the Akkök Group of Companies continues to grow. The Group uncompromisingly continues along the strategic plan it accepted as its business road map in 2005. This strategic plan embraces the Group's primary business areas - chemicals, energy, real estate, textiles and port management. The success of the Akkök Group stems from its ability to steer a course that seeks new investments and cooperative ventures. There is no doubt that we will reap the benefits of our strategic plan which continues to be implemented step-by-step until 2010. The adherence to this plan will result in achieving rapid growth, higher profitability levels and added value to our shareholders' investments.

Corporate governance, sustainable growth and social responsibility guide the direction of our operations. Defined by its openness, transparency and accountability, corporate governance has become ever more vital in today's world. Sustainable growth and social responsibility remain expressions of the Group's awareness regarding the responsibility it bears towards the environment and the society in which it exists. Like so many of our companies that have been honored with valuable awards they have received in these areas, the Group acts with a full awareness of its duties as a corporate citizen and demonstrates great sensitivity and care in fulfilling this role.

Despite the conditions brought about by the global crisis, we have come to the end of a relatively good year. The greatest contribution to the achievements of the Group has come from our commited, professional staff. I would like to take this opportunity to thank our employees and management team for their hard work. Additionally, I wish to extend my gratitude to all of our economic and social stakeholders who have consistently supported the Group.

Ali R. Dinçkök
Chairman

Ömer Dinçkök
Deputy Chairman

MESSAGE FROM THE CEO

Despite the adverse effects of the global crisis, the Akkök Group, exporting to more than 70 countries, drew a combined revenue of US$ 1.793 billion, achieving its 2008 annual target with a realization rate of 104%. Domestic sales revenue, standing at US$ 1.188 billion, displayed a realization rate of 115% while exports stood at US$ 605 million, achieving 87% of their target.

The Turkish economy shrank by 6.2% due to the global crisis that emerged in developed countries in the first half of 2008 and spread to developing countries in the second half. Turkey's growth rate, which was 4.5% in 2007, dropped to 1.1% by the end of 2008. The prediction for 2009 is that the Turkish economy will not register growth. The squeeze felt in domestic and foreign markets due to restricted foreign capital financing opportunities is the predominant factor in this decline.

Despite the reduced growth rate, Turkey's high potential for long-term growth and its dynamic framework will allow it to exhibit rapid growth once the crisis is over. International capital inflow, which had slowed with the emergence of the crisis, exhibited relatively strong progress in 2008, during which direct foreign investments receded to only US$ 18 billion from a record level of US$ 22 billion in the previous year. The banking sector also remained strong. Taking advantage of what it has learned from the economic crisis in 2001, the Turkish banking system maintained a fortified stance during this crisis.

Major drop in current accounts deficit

The global trend of taking measures to avoid risk had an adverse effect on markets and in Turkey and the result was a devaluation of the Turkish lira in the last quarter of the year; market interest rates rose significantly. With the relative recovery of markets at the end of the year, the US$/TL exchange rate stood at 1.50 while Central Bank overnight borrowing rates dropped back to 15%. Value loss for the year at the Istanbul Stock Exchange stood at 50%.

Increasing inflation, spurred on by rapidly rising food and energy prices in the first half of 2008, reached a level of 12% during the year, receding to 10.1% by the end of the year. With the expectation that inflation will continue to fall, interest rates, which fell as low as 11.5%, are foreseen to decline even further in the remaining months of 2009.

The sole positive effect of the crisis on Turkey's economy has been seen in both foreign trade and current accounts deficits. The slow movement of the global economy in the last quarter of the year resulted in a fall in energy prices, particularly oil. This led to a decline in the foreign trade deficits as well as to a significant improvement in the current accounts deficit. While previous expectations suggested an excess of US$ 50 billion by the end of the year, the current account deficit stood at US$ 41 billion at year's end. In the upcoming period, the tendency toward lower merchandise prices and the improvement in foreign account balances are expected to continue.

The Group's financial performance

Despite the adverse effects of the global crisis, the Akkök Group, exporting to more than 70 countries, drew a combined revenue of US$ 1.793 billion, achieving its 2008 annual target with a realization rate of 104%. Domestic sales revenue, standing at US$ 1.188 billion, displayed a realization rate of 115% while exports stood at US$ 605 million, achieving 87% of their target.

The determining factor in the increase in domestic sales and its ensuing revenue was the situation in the energy sector. After many years of economically unrealistic energy prices, prices finally reached their real levels in August 2007, when Electricity Market Balancing and Reconciliation Regulations (DUY) came into force. Increased prices and the prices determined within the framework of DUY caused an increase of 34% over the previous year in the energy sector turnover. Since the increase in DUY prices was higher than the increase in natural gas prices in 2008, profitability was positively affected and the gross profit margin of the energy sector recorded a change of 12%. On the other hand, oil and commodity prices, which had recorded a major decline in the last quarter of 2008, caused a decrease in chemical sector main input costs, creating a 3% improvement in the gross profit margin compared to the previous year.

The movement of the Turkish lira during the year, influenced by exports and particularly by domestic sales in foreign currencies, had an impact on sales income and consequently on profitability. Financial performance was adversely affected while the Turkish lira, compared with the previous year, remained at a higher value for the first nine months of 2008. However, the approximate 21% average loss of value in the last quarter of the year brought about an increase in income from sales and the Group earned a total net TL 122 million from foreign exchange rate differences.

The Akkök Group expanded its operations in the real estate sector in 2008, adding new companies to the organization as well as enhancing its area of activities with new investments at its existing companies. Due to the relative newness of these operations, these ventures into the real estate sector negatively affected Group profitability in 2008.

The performance of the Group's consolidated turnover and profitability was similar to the year before. In 2008, the Akkök Group's consolidated EBITDA stood at US$ 77 million while consolidated net profit recorded a level of US$ 112 million.

EXECUTIVE BOARD

Raif A. Dinçkök
(Member)

Ayça Dinçkök
(Member)

Mehmet Ali Berkman
(President)

Energy: Major steps toward the Group's strategic target

In 2008, Akkök Holding took two major steps toward its strategic target in the energy sector:

The AkCez Consortium, a partnership of Akenerji, CEZ, one of the leading energy companies in Central and Eastern Europe and the Akkök Group of Companies, won the bidding opened by the Privatization Administration in July 2008 for the privatization of the electricity distribution company Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ). SEDAŞ serves the provinces of Sakarya, Kocaeli, Bolu and Düzce. The Consortium's winning bid of US$ 600 million for the enterprise has made SEDAŞ a private enterprise offering public services. The Company will be distributing eight billion/KW of electrical energy to 1,300,000 customers in these four heavily industrialized provinces in Turkey. Akenerji has reinforced its leadership in the sector with the takeover of SEDAŞ; it has started to provide services for end-users.

Another important step taken in 2008 was the signing of a strategic equal-partnership agreement on October 8, 2008 between Akenerji and CEZ. With its experience in energy production, boasting of an installed power capacity of over 14,000 MW in 12 countries, and its expertise in distribution, CEZ has taken its place among Europe's largest energy enterprises in terms of installed power and customer portfolio. Akenerji, in partnership with CEZ, aims to reach an investment level of US$ 3 billion and a 3,000 MW target of installed power by 2013.

Carbon fiber investment of US$ 85 million

Holding 12.5% of the world acrylic fiber production market, Aksa will be completing its carbon fiber project in 2009. This project, which was launched with the objective of generating new business in industrial products of added value, is expected to start production in June 2009. The Company has planned an investment of US$ 85 million for the production of carbon fiber, used in space, aviation, defense, construction and sports equipment industries. Contributing to the science of composite materials and polymers with its carbon fiber investments, Aksa continues to invest in R&D and in the manufacturing of super-water-absorbent polymers.

Having adopted Total Quality Management since the 1990s, Aksa was awarded with the 2008 National Grand Prize of the Turkish Quality Association.

Ak-Kim produces sodium persulphate, a first in Turkey

Achieving 20-25% of its sales abroad in a highly competitive market from China to Canada, Ak-Kim has followed up its production of ammonium persulphate and potassium persulphate with the production of sodium persulphate, manufactured now for the first time in Turkey.

Two giant real estate projects

Akiş, together with its partners in the sector, continues to work on two major projects.

The Akasya Project, which will be built on the former Ford Otosan plot in Acıbadem, is recognized as one of the most outstanding projects on the Anatolian side of Istanbul. Situated on three plots of land totaling 182,000 m^2, Akasya will have 1,500 residential units, a shopping center and 85,000 m^2 of rentable space. The opening date for the Akasya Shopping Center has been set for September 2012.

Another ongoing project that is currently under construction is Akkoza at Esenyurt, Istanbul. Designed for multidimensional lifestyles, Akkoza encompasses 5,500 residential units, a school, hospital, social facilities, a shopping center and parks. Akkoza Shopping Center is projected to be inaugurated in September 2011. A total of 1,250 of the 1,962 apartments that make up part of the project were sold by the end of 2008.

Textiles merge under the Ak-Al roof

The textiles sector, where profit margins have dropped in recent years and opportunities to create new markets and investment areas have diminished significantly, has been one of the sectors most affected by the crisis. Monitoring these developments closely, the Akkök Group has decided to merge its two representative companies in the textiles sector, Ak-Al and Aksu, under the title of Ak-Al. The merger is based on the foresight that diversifying products, increasing productivity and improving costs will be essential in overcoming the problems originating from the dynamics within this sector.

Akport: Connecting West Anatolia to Europe

In 2008, investments continued at Akport to expand the capacity of the facility through increases in port depth, number of terminals and berth length. A total of US$ 15.5 million has been allotted to second-phase investments as well as the railway link planned to be completed at the end of 2009. Fifty-five percent of the investment has been completed. When construction is finished, Akport will boast of an additional 14 meter draft, 700 meter berth length and 20,000 m^2 of terminal area. Total berth area at the facility will have reached two kilometers and have a terminal area of 130,000 m^2.

With the completion of the Tekirdağ-Muratlı railway in June 2009, Akport will be the sole port on the European side benefiting from a direct railway link, thus directly connecting Europe to both Western Anatolia and to the Far East.

Our young enterprise in the high-tech sector, Aktek, has completed its process of institutionalization. Having now consolidated its operations in information technologies with other Group companies, Aktek has begun to use its accumulation of knowledge in its business with non-Group companies as well.

Dinkal, whose long years of experience have provided Group companies with beneficial insurance services, continues in its determination to forge ahead to share the knowledge it has gained in recent years with channels outside of the Group.

Our greatest wealth: our human resources

The management model was created as part of the initiated reorganization and was implemented within the Group. Since 2005, the model has been adopted by all Group companies. Akkök Holding has the responsibility of providing strategic guidance, monitoring and control.

With the awareness that the most valuable capital investment a corporation can make is its investment in people, the Akkök Group makes a constant and continuous effort to develop its human resources. The work carried out in this context in 2008 includes the following:

- efforts to create and develop an inventory of executive competencies as part of the ongoing process of providing a backup for executive management
- adding experienced personnel from SEDAŞ, the company acquired from the Privatization Administration, to the ranks of Group staff
- drawing up competency profiles for middle management at Group companies and providing coaching for improvement and focusing
- measuring development, securing feedback and monitoring

As we near the end of the construction of the Raif Dinçkök Cultural Center…

Integrating its awareness of corporate social responsibility and its interest in education and culture, the Group continued its social and cultural investments in 2008. Construction of the Raif Dinçkök Cultural Center in Yalova, intended to host a variety of cultural activities, was initiated at an official protocol signing on November 30, 2007 at Yalova Yürüyen Köşk. Groundbreaking for the Center took place in February 2008 with participation of the Minister of Culture and Tourism. The license for construction was obtained in June 2008 and the initial construction work on the Center was completed in February 2009. The venue is expected to open its doors at the end of 2009.

Safe and sure steps toward our strategic goals

As signatory to the Global Compact in 2007, seeking to fulfill its corporate responsibility in complying with universal norms, the Akkök Group moved forward with safe and sure steps in the direction of strategic goals set out for itself at the beginning of 2005. The Akkök Group's strong capital structure, its determination to succeed, and its superior human resources - the best in the sector - are the backbone of the security it represents.

The investments of the companies within our Group between 2003 and 2008 totaled US$ 1.0 billion. An investment of more than US$ 3 billion is planned for the upcoming four years.

I would like to thank all of our employees, business partners, shareholders and esteemed customers on behalf of the Executive Board for their contributions to this year's achievements.

Sincerely,

Mehmet Ali Berkman
Chief Executive Officer

chemicals

being strong in production, pioneering with sensitivity

AKSA
AKRİLİK KİMYA SANAYİİ A.Ş.

AK-KİM
KİMYA SANAYİİ VE TİCARET A.Ş.

AKMELTEM
POLİÜRETAN SANAYİİ VE TİCARET A.Ş.

A world brand based on its production quality and market share

World market share (%)

12.5

Aksa's mission is to be the world's first choice for acrylic-based textiles and technical fiber industry; a manufacturer that is productive and in harmony with the environment, always operating with an innovative, customer-focused approach. Operating under the tenets of this mission, the Company's share in the world market, which was 8.25% in 2003, reached 12.5% at the end of 2008.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Factory
Denizçalı Köyü/Yalova

Production Capacity
308,000 tons/year

World Market Share
12.5%

Staple Products
All kinds of raw white and dyed, bright, semi-dull, quarter-dull and light-dull fibers from 0.8 dtex-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, microfiber, low-residue fiber, antibacterial fiber, rectangular and circular cross-section fiber, chenille, open-end and super-polished

Number of Employees
609

Exports in 2008 (FOB)
US$ 250 million

Revenue in 2008
US$ 685 million

A world market share of 12.5%

The year 2008 was a period in which the world acrylic fiber market was confronted with a major decline in consumption. Parallel to the increases in oil and raw material prices, the acrylic fiber raw material ACN suffered price fluctuations. With the impact of the global crisis, consumption was estimated to have fallen by 20% by the end of 2008.

China, the world's largest acrylic fiber market, leads the decline with a 30% reduction in demand. The only regions in the world that were able to maintain its consumption level in 2008 were Central and South America. The Middle East Region, including Turkey, faced a reduction in consumption as well, albeit a minor one.

With efforts to minimize the effect of economic adversity around the globe and in the sector, Aksa succeeded in focusing on process improvements, technological and product development investments, and thus maintained its competitive and profitable foundation during 2008. Spread out over five continents and serving the industries of more than 50 countries, Aksa's mission is to be the first choice for the global acrylic-based textiles and technical fiber industry. Aksa aims to be a manufacturer that works productively and in harmony with the environment alongside an innovative, customer-focused approach. Operating under the tenets of this mission, the Company's share in the world market, which had been 8.25% in 2003, rose to 12.5% by the end of 2008.

Despite the drop in global acrylic fiber consumption in 2008, Aksa succeeded in reaching its revenue targets.

Decreasing costs to increase competitive strength...

Aksa's success lies in its resolve to create different and special products at low cost. This determination has positioned Aksa as a productive company in the sector able to boast of a wide range of products.

Aksa increased its 290,000 ton/year installed capacity to 308,000 tons/year in 2007 with new technology implemented with its investments. The share of special products in total sales in 2008 was 7%. Through its ongoing fast-paced product development and in line with the five-year strategic plan accepted in 2007, this rate is targeted to be 11% in 2012.

Conducting 99 projects in the strategic fields set in 2008, Aksa realized investments amounting to US$ 87,771,445.

In addition, in an effort to reduce energy costs and to increase competitive power, the Company has worked on researching alternative energy production methods, completing the necessary feasibility studies in this matter. As a result of these efforts, the required permission was obtained for the establishment on the Yalova plant site of a 100 MW-capacity energy production facility running on a fuel system that uses alternative blends. Work on this facility began in December 2008. Aksa will be setting aside a budget of US$ 135 million for this investment, which is projected to be completed by the end of 2010.

Among the projects undertaken in 2008, a majority focused on carbon fiber production. The Carbon Fiber Pilot Production Machinery Project, which started in 2007, was commissioned in 2008 and the resulting products of the first carbon fiber experimental production have begun to be sent out to users. The 1,500 ton/year-capacity Carbon Fiber Production Machinery investment project continues; it is expected to be completed and commissioned in 2009.

Aksa continued in 2008 to conduct research on the production of special fiber. Work is underway to produce physically and chemically enduring fiber, as well as polymer fiber suitable to be used as a filter capable of separating dust particles of under 10 microns from hot chimney gases at temperatures of up to 130°C. Launching the Hot Gas Filtration Project is a part of the Company's plans for 2009. The production of fiber with a physically and chemically high endurance is planned for 2010.

Adding polymers to fibers as salable products will not only allow the Company to make more efficient use of its infrastructure but will have an important impact in terms of increasing the value added products in its total portfolio. Continuing in this direction, Aksa is also targeting the manufacturing of Super Absorbent Polymer (SAP) used in human health and personal care items (pads), diapers, cable insulation, food packaging, the pharmaceutical sector and agriculture. An R&D budget of US$ 1,000,000 has been set aside for this purpose, to be utilized beginning January 2009. Expected to be completed by the end of the year, laboratory research carried out within the scope of this investment involves the creating of formulas that will be transformed into pilot products.

National Quality Award

One of Aksa's main strategic goals is to seek excellence in corporate governance. Adopting Total Quality Management as a management model in the 1990s, the Company engaged in self-assessment processes each year in line with the EFQM Model of Excellence. Constantly and systematically reviewing, evaluating and improving itself, Aksa has become a benchmark partner for many enterprises.

Restructuring its Process Management System in 2007, Aksa focused on working to achieve integration between the different functions and processes during 2008.

Aksa's accomplishments through journey into excellence in corporate governance was acknowledged by the Turkish Quality Association, KalDer, with the National Quality Grand Prize. This is a prestigious recognition in Turkey and one of the most respected awards in Europe. The award has been given every year since 1993 to promote widespread adoption of the concept of excellence in Turkey. To recognize successful examples of achievement and to provide an opportunity to share experiences, the National Quality Grand Prize was presented to Aksa in 2008.

2009: Continuing with investments to develop new products and processes

It is expected that the global crisis, which deepened in 2008, will continue to have adverse effects on developed economies throughout the world in 2009. Aksa foresees a diminished demand in 2009, predicting a capacity utilization rate, particularly in the first half of the year, will be in the vicinity of 70-75%.

Aksa expects that the adversities of the financial crisis will be overcome in 2009. The Company will be lowering production cost while increasing efficiency. Focuses will be on energy production, the increases of carbon fiber and the continuation of operational excellence projects in its production.

Exploring new areas of business, Aksa has focused on the production of carbon fiber used in aviation, space, sports and commercial industries. The Company's work in this area has been ongoing since 2006 and maintained the same pace in 2008.

KİMYA SANAYİ VE TİCARET A.Ş.

One step ahead of the competition with its extensive range of products

Share of the exports in total sales (%)

25

Attaining 20-25% of its total sales abroad, Ak-Kim's domestic market share varies from 15% to 100% depending upon the particular product group. Sales abroad are predominantly to Canada, the EU, China and South Korea.

AK-KİM KİMYA SANAYİ VE TİCARET A.Ş.

Factories
Taşköprü Mevkii/Yalova, Çerkezköy/Tekirdağ

Production Capacity
380,000 tons/year

Products
Inorganic and organic chemicals, textile additives, paper chemicals and concrete additives

Number of Employees
330

Investments in 2008
US$ 10 million

Exports in 2008 (FOB)
US$ 27.3 million

Revenues in 2008
US$ 133 million

From basic chemicals to integrated end-products...

Producing more than 100 inorganic and organic chemicals in two different factories in Yalova and in Çerkezköy, Ak-Kim supplies the needs of clientele from multiple industries.

While Ak-Kim has expanded from the manufacturing of basic chemicals to creating diversity in its product range as it moved on to end-products, its potential customers have grown alongside. Currently the Company's major customers are enterprises active in the textiles, energy, food, petrochemicals, paper, drinking water and industrial water purification sectors.

Ak-Kim products are needed in almost all industrial sectors. Basic substances such as caustic and hydrochloric acid are essential for energy, metal and textile industries. Sodium metabisulphite is needed in food, leather and textile industries. Polyaluminum chloride is needed for water purification and used in paper industries. Demethylacetamide is used in the drug and textile industries. Demethylformamide is needed in electronic and textile industries.

For the first time in Turkey: sodium persulphate production

The Chlor-Alkali Plant at Yalova produces chlorine, sodium hydroxide, sodium hypocloride (from hydrogen and chlorine), hydrochloric acid, ferric trichloride, polyaluminum chloride, monochloride-acetic acid, trimethylamine hydrochloride as well as sodium metabisulfide and sodium thiosulphate. The peroxide plant produces hydrogen peroxide and sodium percarbonate at the ratio 30-70%. The Company also produces methylamines, ethylamines, oil-amines, dimethylacetamide, carbon monoxide and hydrogen at its Organic Production Plant and has started on the production of izopropylamin. Sharing the same area, the Company has another plant that produces textile, paper and concrete additives.

Ammonium, potassium and sodium persulphate are produced at the Persulphate Plant in Çerkezköy. In 2008, Ak-Kim added sodium persulphate to its production line, which comprises ammonium persulphate and potassium persulphate. This was the first time sodium persulphate was produced in Turkey.

A wide export network ranging from Canada to South Korea

Attaining 20-25% of its total sales abroad, Ak-Kim's domestic market share varies from 15% to 100% depending upon the particular product group. Sales abroad are predominantly to Canada, the EU, China and South Korea. Ak-Kim competes in international markets with world conglomerate manufacturers such as BASF, Kemira, Degussa and Solvay.

Aktem Uluslararası Mümessillik ve Ticaret A.Ş.

Engaging in the import of many chemical products, such as various raw materials used in the paints, food and textile sectors, Aktem started operations in 1989 as a subsidiary of Ak-Kim.

Turnkey delivery plant installation services

In addition to the production of chemicals, another Ak-Kim activity is to provide companies abroad with basic and detailed engineering and technology, along with turnkey delivery of installation services. To this date, the Company has provided delivery services at a chlor-alkali plant (NCI). It has installed a chlor-alkali plant in Jordan (JBC) and has completed the rendering of engineering services to a hydrogen peroxide plant in Pakistan (Sitara).

Ak-Kim's design and engineering projects in 2008:

- A complete chlor-alkali plant with a caustic soda capacity of 50,000 tons/year was constructed and installed on a turnkey delivery basis in the industrial region of Jubail, Saudi Arabia. All engineering, machinery, equipment, supplies, field fabrication and assembly work was completed on the plant commissioned in July 2008.
- In the industrial city of Yanbu, Saudi Arabia, a complete chlor-alkali plant with a 45,000 tons/year capacity, as well as a brine preparation plant corresponding to a caustic capacity of 75,000 tons/year, was installed on a turnkey delivery basis. All engineering, equipment and instrument supply, on-site construction, fabrication and assembly work has been completed on this project; the plant became operational in April 2008.
- An agreement has been signed with a Saudi Arabian firm for the construction of a hydrogen peroxide plant with a capacity of 50,000 tons/year. Work on this project has begun.
- An agreement has also been reached for the supply of all engineering and purchasing services for a chlor-alkali plant with a 25,000 tons/year capacity in Algeria; work on this project is ongoing.

Performance in 2008

In 2008, chemicals and energy price increases reached unprecedented levels. As a producer of auxiliary industrial products, Ak-Kim was unable to incorporate these increases in its product prices. This led to a fall in profitability and a decrease in working capital. The spread of the US-based financial crisis over the rest of the world in the last part of the year resulted in a failure to meet planned targets.

One of the first companies to implement the Responsible Care Commitment

Always transparent in its approach to suppliers, employees and customers, Ak-Kim implements an active and participatory management model.

Ak-Kim was among the first companies in Turkey to participate in and implement the Responsible Care Commitment, a voluntary initiative by companies operating in the chemicals industry, pledging to give precedence to the environment, human health and technical safety.

This commitment has been attested to by the BVQI ISO 9001:2000 certificate, the BVQI ISO 14001:2004 Environmental Systems Certificate, the TS 937/April 2001 chlorine standard, the TS EN 888/April 2000 ferric trichloride standard, the TS EN 883/February 1999 polyaluminum chloride standard and the TS EN 90½.12.2004 sodium hypochlorite standard certifications.

2009: More investments and seeking new horizons

A reduction in demand is expected in 2009, a byproduct of the global crisis, ensuing a fall in product sales.

Ak-Kim will continue the efforts initiated in 2008 to increase capacity, to modernize and work on new products. The sale of technology and the installation of new plants will also be ongoing activities of the Company.

AKMELTEM POLİÜRETAN SANAYİ VE TİCARET A.Ş.

An expanding customer base thanks to new investments

Increase in capacity (%)

40

For Akmeltem, 2008 was a successful year in which significant expansions were made in its capacity, sales and profitability levels. Akmeltem was able to complete in 2008 the investments that had been initiated in previous years, despite the harsh competitive conditions that appeared in 2007. The Company achieved a 40% increase in capacity this year.

AKMELTEM POLİÜRETAN SANAYİ VE TİCARET A.Ş.

Factory
Pendik/Istanbul

Production Capacity
484,000 tons/year

Product
Polyurethane foam

Number of Employees
40

Revenue in 2008
TL 12 million

A leader in the sector

Akmeltem was established in 1976 to produce polyurethane foam for furniture-mattress manufacturers, cleaning and textile enterprises. Boasting a robust capital structure and an extensive range of products, Akmeltem manufactures every kind of foam used in the furniture sector. Benefiting from the superior position of the Akkök Group, particularly in terms of raw material supply and financing, the Company has quickly succeeded in reaching its clientele in Istanbul and surrounding cities. It has become a vanguard in its field. With a deep and vast array of experience, employees with superior skill and know-how, quality products and rapid delivery, Akmeltem is a reputable company that commands the respect of its suppliers and customers alike.

2008: Increases in capacity, sales and product variety

For Akmeltem, 2008 was a successful year in which significant expansion was experienced with regard to its capacity, sales and profitability levels. Akmeltem was able to complete investments that had been initiated in previous years, despite the harsh competitive conditions that existed during 2008. The Company achieved a 40% increase in capacity this year and with the new investment and the quality based improvements made, a 50% increase was gained in product variety, as well as in number of customers and turnover. The operational success and performance of the Company has been reflected in its financial results and in profit levels for 2008.

2009: A year in which the benefits of investment will be reaped

In 2009, Akmeltem expects to reap the benefits of the investments initiated in previous years. Following the purchase of new machinery, Akmeltem aims to expand its range of products in 2009. The Company is now well prepared to deal with the possible repercussions of the global crisis in the market with its prudent approach.

energy

sign of progress
in industry

AKENERJİ
ELEKTRİK ÜRETİM A.Ş.

An enterprise that is an active player in energy privatization projects...

Increase in sales (%)

34

Akenerji achieved a turnover level of US$ 467 million in 2008 and a 34% increase in sales over the same period of 2007.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

Power Plants
Yalova I, Yalova II, Çerkezköy, Bozüyük, Gürsu, Uşak, Denizli, Çorlu, Izmir Kemalpaşa

Production Capacity
496 MW/year electricity
1,040 tons/hour/steam

Active Power Plants
Çerkezköy (98 MW), Bozüyük (132 MW), Izmir Kemalpaşa (127.6 MW), Yalova I-II (70 MW),

Activities
Production of electricity and steam

Number of Employees
229

Investments in 2008
US$ 142 million

Turnover in 2008
US$ 467 million

Turkey's first private sector electricity producer

Becoming operational in 1989 as an auto-production group in the electricity sector, Akenerji is Turkey's first private sector enterprise to generate electricity. The Company has become the largest independent electric power producer, accounting for 10% of Turkey's total electric power production. Akenerji generates power for medium and large-scale industrial enterprises, organized industrial regions and companies subject to the provisions of the DUY (Electricity Market Balancing and Reconciliation Regulations) system.

With nine natural gas conversion plants in its portfolio, Akenerji not only keeps abreast of opportunities concerning privatization projects and its renewable energy investments, but also of investment possibilities in different energy resources. Currently generating electricity from only natural gas resources, the Company in recent years has focused on diversifying its energy sources by investing in renewable energy.

2008: Moving forward, in leaps and bounds...

Akenerji achieved a level of turnover of US$ 467 million in 2008 and a 34% increase in sales over the same period of 2007.

Akenerji contributed its 20 years of experience in the energy sector to the formation of a consortium with CEZ, the leading energy company in Central and East Europe (Akkök 5%, Akenerji 45%, CEZ 50%). Operating under the title of AkCez, the consortium won the bidding for the privatization of Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) at a cost of US$ 600 million. An exemplary model in the energy sector with the success it achieved in distributing quality and uninterrupted electricity to 1,300,000 customers in the Sakarya, Bolu, Düzce, and Kocaeli regions of the country, Akenerji reinforced its leadership position in the energy sector with the privatization of SEDAŞ, demonstrating its potential as an active player in the energy sector privatization projects. The Company has also obtained a preliminary competency license for the bidding of the privatization of AYEDAŞ (representing the Istanbul Anatolian-side Distribution Area).

Another significant step taken in 2008 was the signing of a strategic equal-partnership agreement with CEZ. With its fully integrated facilities that represent a total market value of EUR 30 billion, CEZ is among Europe's most profitable and leading energy companies. The agreement signed on October 8, 2008 created a 50%-50% strategic partnership with Akenergy in non-publicly traded shares, initiating a major foreign capital inflow for Turkey.

An installed capacity of 3,000 MW in five years

Licenses have been obtained for the following nine hydroelectric power plants, representing a total capacity of 373 MW: Çınarcık Dam and Uluabat Power Tunnel (100 MW), Erikli-Akocak hydroelectric power plant (81 MW), Feke I (30 MW), Feke II (70 MW), Burç Reservoir (28 MW), Bulam Regulator and hydroelectric power plant project (7 MW), Himmetli (24 MW), Gökkaya (30 MW) and Saimbeyli (3 MW). Construction work continues at full speed. In addition, the Ayyıldız wind power plant construction, planned as a facility with 15MW of installed power, is nearing completion. The power plants are targeted to be commissioned gradually between the third quarter of 2009 and 2012.

On November 1, 2007, Akenerji made an application for two additional 170 MW wind power plants. In 2008, Akenerji also obtained licenses for five separate geothermal resource areas in Bursa and Izmir.

Concurrently with the investments in hydroelectric, wind, geothermal, thermal and renewable energy resources, Akenerji also explores other potential investment opportunities in Turkey. The Company targets to reach an installed capacity of 3,000 MW within the next five years. Akenergy is closely monitoring privatization developments in nuclear energy and electric power production and their investment opportunities.


AKENERJİ

With Akenerji's hydraulic and wind power plants becoming operational and representing a total energy capacity of 388 MW, the Company will be committing itself to preventing the emission of more than an annual one million tons of carbon dioxide, becoming a leader in emissions trading in Turkey.

2009: The synergy created by a strategic partnership

Since the first day of its establishment, Akenerji has approached its activities in the energy sector with a long-term vision. With the synergy created by its strategic partnership, the Company has followed its performance in the distribution tender by exploring the possibilities presented by privatization and new projects. The energy know-how of CEZ combined with the knowledge and experience of Akenerji is a guarantee of future achievements in this field.

Also a leader in emissions trading

Standing out with its renewable energy investments geared to prevent the emission of one million tons of carbon each year, Akenerji has signed a carbon credit agreement with Global Tan Energy. With Akenerji's hydraulic and wind power plants becoming operational and representing a total energy capacity of 388 MW, the Company has committed itself to preventing the emission of more than an annual one million tons of carbon dioxide, becoming a leader in emissions trading in Turkey.

Simply stated, emissions trading is the sale of a certificate that indicates the amount of CO_2 emissions that is prevented by a facility using renewable energy. Projects that contribute to the reduction of emissions are rewarded with carbon credits.

As a corporation that assumes the leading position in every aspect of the energy sector, Akenerji has also served as a model for similar companies.

A reference company in the sector

Apart from its robust capital structure, Akenerji owes its position in the sector to the invaluable knowledge and experience that the Company has gathered from its operations in the energy industry for approximately 20 years. The largest organization among private sector producers, Akenerji employs a proactive approach to its strategic decision making. It is the combination of these characteristics that allows the Company to act with speed and flexibility and consequently gives it a competitive edge in the sector.

Positive trends

About 83% of installed electric power in Turkey today, as well as a majority of distribution activities, is under state control. There is no free market mechanism to which electricity prices can respond on a supply and demand basis. Beyond the disadvantages of feeling the weight of the government in this sector, there are important opportunities that the process of liberalization can offer companies that have the necessary knowledge and experience.

2008 was a year in which conditions began to show a change in a positive direction. The transfer to the private sector of the large electric power distribution areas of Menderes, Sakarya, Başkent, Meram and Aras as well as of the ADÜAŞ production facilities was an important step in transition to a cost-based price mechanism in electricity and natural gas. It is a move forward in the creation of a free market in this sector.

textiles

strong competitive power in world markets

AK-AL
TEKSTİL SANAYİİ A.Ş.

AKSU
İPLİK DOKUMA VE BOYA APRE FAB. T.A.Ş.

AK-TOPS
TEKSTİL SANAYİ A.Ş.

AKSA EGYPT
ACRYLIC FIBER INDUSTRY S.A.E.

Making a prestigious, powerful and productive organization sustainable

Share of exports in total production (%)

50

Ak-Al meets domestic market needs with 50% of its production while exporting the rest. Seeking diversification with its products and customers, the Company aims to increase the share of exports in total sales.

AK-AL TEKSTİL SANAYİİ A.Ş.

Factory
Alaplı/Zonguldak

Production in 2008
8,400 tons/year

Products
Worsted yarn

Number of Employees
584

Exports in 2008 (FOB)
US$ 22.4 million

Turnover in 2008
US$ 49 million

A prestigious and well-respected brand in world markets

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

Ak-Al inaugurated new plants in Yalova, Bozüyük, Alaplı and Romania between 1974-2000. These factories produce acrylic yarn as well as hand-knit, open-end and fancy yarns. With its 3,000 employees, Ak-Al has now attained an annual production capacity of 30,000 tons of yarn.

Proactive measures

Closely monitoring changes in the world while considering the dynamics of the textiles sector, Ak-Al made a strategic decision in 2005 and signed over its plants in Yalova and Bozüyük where hand-knit, semi-worsted, open-end and fancy yarns are produced. The main reason behind this decision was that the production process of these products started to become inefficient. Ak-Al also terminated the production in Romania at the end of 2006, selling off its assets there. Today, the Company's only production facility is the Alaplı factory. It is the most productive factory and it is able to respond the quickest to market demands with quality products and state-of-the-art technology.

Production and sales

The Alaplı factory produces 100% acrylic and acrylic-wool blend worsted yarn. Ak-Al continued with new product development in 2008, introducing to the market silicone wool yarn and anti-pill acrylic yarns. Both add value to Ak-Al's production line.

Ak-Al's distinction over the competitors is the quality of its yarn and the capability of its dye house to provide rapid service for small batches. Its superior production capabilities are recognized with certifications such as the ISO 9001:2000, Oeko-Tex Standard 100 and OHSAS 18001. On average Ak-Al develops 5,000 new colors annually at its Alaplı plant dye house.

Ak-Al caters to the demand of the domestic market with 50% of its output while exporting the remaining 50%. Seeking diversification in its products and customers, the Company aims to increase the share of exports in total sales.

2008: Strong and innovative

Thanks to the success of restructuring initiated in 2008, Ak-Al was able to overcome adversities experienced during the year. By boosting its productivity to a competitive level, focusing on innovation and maintaining a solid financial base, Ak-Al achieved the targets it had set for itself.

2009: Operational productivity goal

Ak-Al continuously increases its operational productivity to maintain a competitive edge. Standing out as an enterprise with a creative and innovative approach, Ak-Al holds customer satisfaction foremost among its goals, seeking to attain this without compromising the quality and brand vision of its products. It is in this manner that the Company is determined to maintain its prestigious position in the textiles industry.

Focused on profitability and productivity increase, Ak-Al targets to strengthen its financial structure by minimizing risk. Through its corporate governance approach, its 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.

Towards a strategic merger

In addition to the financial crisis, domestic and international conditions constricted the generation of new markets and investment possibilities in the textile sector leading to decreased profit margins. It is anticipated that these problems can be overcome by focusing on the products with higher profitability, increasing productivity and decreasing costs. Accordingly, Ak-Al and Aksu, the textile companies of Akkök, have made the decision to merge. This merger targets an increase in existing synergy and a more competitive stance derived from lower costs.

A half-century of experience and innovation, a virtual school in the industry

aksu
since 1952

Increase in exports (%)

16

The fluctuations in demand due to the conditions of the global crisis had their effect on Aksu's domestic and international sales. Thanks to the Company's widespread international sales organization, however, an increase of 16% was achieved in exports over the previous year.

AKSU İPLİK DOKUMA VE BOYA APRE FAB. T.A.Ş.

Factory
Çerkezköy/Tekirdağ

Production Capacity
5 million m/year fabric

Products
100% wool, wool-blend worsted and woolen fabric

Number of Employees
650

Investments in 2008
US$ 365,000

Exports in 2008 (FOB)
US$ 23.7 million

Turnover in 2008
US$ 54.6 million

Annual production - 5 million meters of woolen fabric

Producing five million meters of woolen fabric annually and with a half-century of achievement behind it, Aksu has succeeded in becoming a respected brand name that is associated with quality both in domestic and international markets.

Producing fabric for women and men clothing, Aksu's most striking advantage over competitors lies in the quality product it produces; a superior quality that has become synonymous with the Aksu name. In an ever increasing competitive environment, the collections, products and sales services that Aksu provides consumers, always with a customer-focused approach, is one of the main factors that differentiates the Aksu brand from its competitors.

New products that make a difference

Garnering its competitive strength from product development, Aksu has focused on products that reflect added value and advanced know-how. Based on the latest technology, Aksu products are able to compete in world markets. New products are developed every year. These products are differentiated by design, construction and finishing processes.

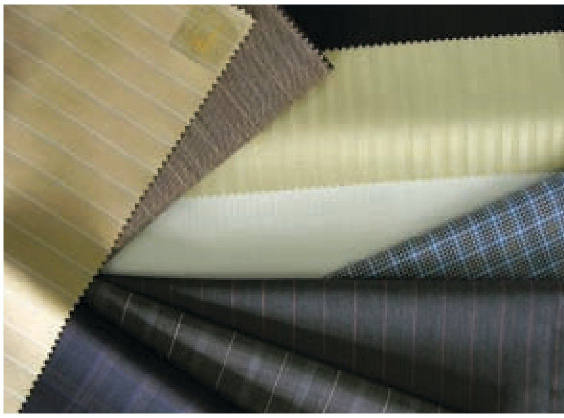
Aksu was one of the first companies to apply nanotechnology to wool fabrics. With nanotechnology, anti-bacterial, stain-resistant and breathable fabrics can be manufactured without using chemicals or changing the feel of the fabric.

2008: 16% increase in exports

Aksu focused primarily on its efforts in quality improvement in 2008. At year-end Aksu's sales stood at US$ 54.6 billion.

The fluctuations in demand, due to the conditions of the global crisis, affected Aksu's domestic and international sales. However, thanks to the Company's widespread international sales organization, an increase of 16% was achieved in exports over the previous year.

In keeping with the strategy implemented in 2005 to develop its international sales channels, Aksu has completed the structuring of its representatives in international markets. Projects are ongoing to increase sales of collection items that are popular in overseas markets and to improve service sampling processes.



Aksu has identified present and new customers that have the potential of becoming long-term business partners. Product development and production investments are being undertaken to increase the business volume of Aksu and its customers. This is consequently increasing market shares.

Foreign exchange rates, which were below expectations for the first eight months of the year, adversely affected the Company's performance as a great majority of sales are carried out in foreign currencies. This situation was directly reflected in profitability figures. The targets planned for profitability and capacity utilization, however, were successfully met.

2009 and beyond

Despite intensifying competition, Aksu is committed to maintaining its position as a leading organization in the industry through its quality product image, its modern collections, as well as with its customer-oriented production and sales services. The factors in the forefront of the Company's strategic plan for 2007-2012 are speed, flexibility and creativity.

Aksu introduces new products in its collections, exhibited twice a year, through the cooperation of its Product Development team and a British design consultant. Quality development investments aimed at further increasing customer satisfaction will continue in the forthcoming period.

With the foresight that the long-enduring problems experienced in the textile sector can be overcome with a diversification of products, an increase of productivity and improved costs, the Akkök Group of Companies has taken a decision to merge its two textile companies, Ak-Al and Aksu. This merger targets an increase in existing synergy and a more competitive stance derived from lower costs.

ak-tops
tekstil sanayi a.ş.

Increase in productivity (%)

25

Ak-Tops' new system, designed and inaugurated in 2007, to create a 10% savings in steam energy for all units of the enterprise was initiated. During 2008, an increase of more than 25% was achieved in productivity. With the investments to be completed by 2010, an even higher productivity level is expected for dyeing energy and manpower costs.

AK-TOPS TEKSTİL SAN. A.Ş.

Factory
Taşköprü Mevkii/Yalova

Production Capacity
50,000 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
245

Investments in 2008
US$ 1,757,436

Turnover in 2008
US$ 22,810,000

To be able to combine high productivity and customer satisfaction

Environmentally-sensitive production at competitive costs

Established in 1986, Ak-Tops products fall into several categories: Acrylic bleaching, acrylic and wool optic whitening, acrylic and wool dyeing, acrylic and wool tops/bumps.

Ak-Tops closely monitors technological advances to sustain market superiority for its customers in terms of both cost and quality. It gives precedence to the constant renovation and enhancement of operations.

Steadfast in its application of quality policies to all business processes, Ak-Tops was one of the first 100 enterprises in Turkey to receive the TS EN ISO 9002 Quality Management Systems Certification. Subsequently awarded the TS EN ISO 9001:2008 KYS Certificate, the Company has focused on customer satisfaction since day one of the launch of its production line. In 2006, Ak-Tops was the first in the Akkök Group of Companies to implement the TS 18001 Occupational Health and Safety Management System. The Company's sensitivity to environmental issues was proven once again when it adopted the TS EN ISO 14001 Environmental Management System. Corporate Resource Planning applications, part of the 6-Sigma business methods, are of crucial importance to the Company. Since it started the 6-Sigma applications, the Company has achieved earnings of over US$ 4,000,000.

A safe and healthy environment for employees

Ak-Tops conducts an educational program for employees to ensure the development of their competencies and professional skills. This provides employees with a first-hand opportunity to follow up on technological advances.

The Company enlists the participation of all employees in the management of potential risk and it places a great emphasis on upholding occupational health and safety practices in all production processes. In 2008, Ak-Tops' performance in terms of accident frequency rate/ratios was 25% below Turkey's Social Security Administration statistics and 75% below accident severity rate/ratios. Ak-Tops continues to work on this aspect of its operations.

The system of industrial waste elimination employed at Ak-Tops avoids risk and ensures compatibility with preserving an ecological balance. The results of weekly analyses made by the Company's purification facility reveal that there is an average need for 100-110 mg/l of chemical oxygen. With the planting of 500 trees in 2008, an equivalent emission of gas was prevented and the use of chemicals was reduced. This effort is one of the Company's social responsibility projects.

2008: Investments to increase productivity

Ak-Tops continues to invest in projects that are a part of its strategic planning for 2010. Its new system was inaugurated and applied in 2007. It was designed to create a 10% savings in steam energy for all units of the enterprise in 2008. A 25% increase was achieved in productivity. With investments to be completed by 2010, an even higher productivity level is expected with regard to dyeing, energy and manpower costs.

2009: A year to be shaped by dynamics of demand...

Ak-Tops operates in a sector of increasingly fierce competition. Despite the competitive advantage derived from its superior product quality, Ak-Tops' performance will still be shaped by the course of the financial crisis and its influence on demand. A long-term constriction in demand may adversely affect budget figures for 2009.

Placing great emphasis on upholding occupational health and safety practices in all production processes, the Company encourages all employees to participate in the management of potential risk. In 2008, Ak-Tops' performance in terms of accident frequency rate/ratios was 25% below Turkey's Social Security Administration statistics and 75% below accident severity rate/ratios. Ak-Tops continues to work on this aspect of its operations.

AKSA EGYPT

To carry its strength and reliability beyond its borders

Increase in sales (%)

32

Aksa Egypt's 2008 sales increased by 32% over the previous year despite the adverse effects of the global crisis to reach US$ 37 million.

AKSA EGYPT ACRYLIC FIBER INDUSTRY S.A.E.

Factory
Alexandria/Egypt

Production Capacity
12,000 tons/year dyed tow, 1,800 tons/year raw-white and dyed tops/bumps

Products
Dyed tow, raw-white and dyed tops/bumps

Number of Employees
75

Revenues in 2008
US$ 37 million

The Akkök Group's production base in North Africa

The investment for Aksa Egypt started in 2003 and quickly achieved an exclusive and privileged position in North Africa, particularly in Egypt. With the support of the competent and experienced staff of its parent company, Aksa Akrilik Kimya Sanayii A.Ş., it differentiated itself from its competitors by the high quality of its products. The objective in Aksa Egypt's foundation is to maintain and expand Aksa's presence in the North African textiles market.

The Aksa Egypt production plant in Alexandria, occupies a total area of 22,000 m^2 with an indoor area of 5,500 m^2. Boasting flexibility with machinery compatible to the market, Aksa Egypt produces dyed tow, tops and bumps in its 12,000 ton/year-capacity plant. Production of raw-white and dyed bumps began as of December 2008.

Growth in sales despite the crisis

Aksa Egypt's 2008 sales increased by 32% over the previous year despite the adverse effects of the global crisis to reach US$ 37 million.

Positioning itself as a strong and respected local producer that offers both quality and service, Aksa Egypt's fast-dyeing capacity has changed the look of fiber production in Egypt.

The countries of North Africa have not yet been included in Aksa Egypt's marketing activities due to various technical and logistic issues. A significant market share of 15%, however, was gained in Syria during 2008.

Goal for 2009: To become the most exclusive producer of dyed tow

Just five years after its establishment, in an effort to enhance both productivity and quality, Aksa Egypt's target is to become the market's most exclusive dyed tow producer in 2009.

The Company's goal for dyed tow in 2009 is 12,000 tons/year. With the completion of the new investment, it is projected that tops/bumps production will rise to 1,800 tons/year.

Despite the difficult global outlook, Aksa Egypt aims to increase the quality of its services in 2009 continuing to strengthen its presence in the region.

real estate

a story of success...

AKMERKEZ
GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

AK TURİZM
VE DIŞ TİCARET A.Ş.

AKİŞ
GAYRİMENKUL YATIRIMI A.Ş.

An inseparable part of life in Istanbul

AKMERKEZ
ETİLER

Occupancy rate (%)

99

In the last decade and with an average occupancy rate of 98-99%, Akmerkez has been a benchmark venture for the region. For years, the value of the buildings around Akmerkez have been determined by their degree of proximity to or view of the shopping center.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Field of Activity
Real estate investment and management

Number of Shops
246

Number of Visitors in 2008
15.32 million

Turnover in 2008
US$ 50.5 million

A multi-faceted center of life…

Inaugurated in 1993 as a joint venture of the Akkök, Tekfen and İstikbal groups, Akmerkez is a striking and pioneering venue: the successful merging of a shopping center, residence and office complex. Akmerkez rapidly succeeded in creating an exclusive customer perception. This perception turned Akmerkez into an increasingly accomplished success story recognized worldwide.

The factors contributing to the success of Akmerkez are its location in an upscale neighborhood of Istanbul, the quality of its construction, the building technology used, the diversity of its shops and its corporate management. Recent research shows that 35% of people visiting Akmerkez come to the venue more than once a week. This is an outstanding rate in the sector among both local and foreign enterprises.

A benchmarking venture…

Working in the last ten years with an average occupancy rate of 98-99%, Akmerkez is a benchmark venture for the region. For years, the value of the buildings around Akmerkez has been determined by their degree of proximity to or view of the shopping center.

Since 2005, when shares of the shopping center began trading publicly, Akmerkez has attracted the interest of many foreign investors. With its excellent performance over the years, Akmerkez contributed to the steadily increasing tendency of the Akkök Group to invest in real estate. Akmerkez's exemplary performance has been an inspiration not only for the Akkök Group but for numerous other investors who have undertaken similar investments.

Akmerkez Residence: The first example in Turkey of a residential complex lifestyle

Built for matchless comfort and making use of a contemporary management philosophy, the complex has attracted great interest since its inception. As a result, the residence has an occupancy rate of 85%, considerably higher than that of hotels. The convenience of having a shopping center in the same living complex allows Akmerkez Residence dwellers to benefit from shopping, cinema, restaurant and all other services without having to leave the complex.

2008: A structure that is always renovating itself…

In 2008, Akmerkez exhibited excellent performance in terms of operational and financial indicators such as the occupancy rates of the shops, the intensity of customer traffic, and the rental fees and non-rental income.

Akmerkez is constantly undergoing renovation in order to meet consumer demand and to maintain its competitive edge against new investments in the market. In 2007, Akmerkez management made detailed preliminary plans for a more radical change. It was decided that the physical appearance of the Center would be changed in 2008. Shops in some areas as well as the format for store integration would be revamped. Work on the physical renovation of the Center began at the beginning of the summer in 2008.

2009: Constant change for constant success…

The year 2009 will see the completion of the renovations that were started in 2008. It is planned that some changes will be made in the mixture of shops; some interior decoration work in the residence is also on the agenda for 2009. With these changes, Akmerkez will prove that it is still the leader in the sector as it has been since its inauguration 15 years ago.

AK TURİZM VE DIŞ TİCARET A.Ş.

Construction area (m²)

7,200

When evaluating its investment decisions, the primary issue for Ak Turizm has been to preserve the natural environment of Kaşık Island. With this approach in mind, only 7,600 m² of the 52,000 m² site owned by the Company has been allocated as a construction site.

AK TURİZM VE DIŞ TİCARET A.Ş.

Field of Activity
Tourism investments

Construction Area
7,600 m²

Close to the city center but still far away from the crowds...

Tourism investments on Kaşık Island...
Ak Turizm was established by the Akkök Group to carry out investments in tourism on Kaşık Island, Istanbul. While strategically close to the center of the city, Kaşık Island maintains a comfortable distance from its bustle and traffic allowing it many different investment options. Among these options, the creation of a fully equipped conference center and a healthy lifestyle community center are the top priorities.

When evaluating its investment decisions, the primary issue for Ak Turizm was to preserve the natural environment of Kaşık Island. With this approach in mind, only 7,600 m² of the 52,000 m² land owned by the Company on the island, has been allocated for construction. Additionally, the land supports a private marina for more than twenty yachts.

AKİŞ
Akiş Gayrimenkul Yatırımı A.Ş

New dimensions in your life...

2 GIANT PROJECTS

The Akkoza Project, to be constructed on a 415,000 m^2 site in Esenyurt, is one of the major ventures of Akiş and its partners in the venture, Garanti Koza and Corio. The project features 5,500 housing units and a shopping center that includes a hypermarket and 69,000 m^2 of leasable space.

AKİŞ GAYRİMENKUL YATIRIMI A.Ş.

Field of Activity
Real estate investments

The real estate sector: One of the major business lines of the Akkök Group

Having broken new ground in the Turkish real estate industry with the Akmerkez venture, the Akkök Group of Companies carries out original, large-scale real estate projects through Akiş. Taking constant socioeconomic change and evolving trends in the industry into consideration, Akiş envisages venturing into all fields of real estate through its domestic and overseas projects. Urban shopping centers remain a principal interest.

Akasya: A prestige project from Akiş

The Akasya project is located in Acıbadem on a 182,000 m^2 site and a total construction area of 400,000 m^2. The project features a shopping center with 85,000 m^2 of rental space, 1,500 upscale housing units as well as a 25,000 m^2 park that will be allotted to sports, recreation and social facilities.

Land for the project was purchased in cooperation with Ülker, Sinpaş, Doğu-Batı and the Corio Group. The work on the conceptual design, for which four international companies were commissioned, has been finalized. The contract for the final project has been awarded to the Development Design Group in Baltimore, Maryland. To act as the local builders, agreements have been signed with Mimarlar Workshop for the housing sites and Ömerler Mimarlık for the shopping center site. The preliminary project was completed in 2008; earth-moving and shoring works have started for the construction.

Akkoza: A multi-dimensional lifestyle design

The Akkoza Project, to be constructed on a site of 415,000 m^2 in Esenyurt, is one of the major ventures of Akiş in partnership with Garanti Koza and Corio.

The project features 5,500 housing units and a shopping center that includes a hypermarket and 63,000 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 belonging to the Fevziye School Foundations on a 15,000 m^2 site. Festival Park, designed to host a range of activities and Akkoza Park, a place intended to bring together the residents of Akkoza, are other venues that are being designed into the project.

The Development Design Group won the competition for project design from among the five foreign firms that participated. Akiş brought the Development Design Group together with Sehilart Mimarlık for the architectural project. To be completed in five phases, the Akkoza Project started housing unit sales in 2007. Excavation and shoring work has begun.

In 2008, excavation and shoring work was completed for the shopping center. Meanwhile, changing economic conditions were taken into consideration, a revision was carried out and plans for the project were finalized. Construction of the parts of the site that are for sale continues as planned. Despite the 2008 recession in the housing sector, 1,250 apartments were sold out of the 1,962 units that were put on the market for sale.

2009: Moving forward without slowing down…

Akiş will continue to move forward in the period ahead without slowing down despite the current effects of the global crisis, which overwhelmed many industries in the last quarter of 2008.

Construction licenses for Plots A and C of the Akasya project will be obtained and the sale of the 430 apartments on Plot B will begin in May 2009.

Construction of the parts of the Akkoza project site that are for sale continues as planned.

services

to be successful in many fields

AKMERKEZ
LOKANTACILIK GIDA SAN. VE TİC. A.Ş.

AK-PA
TEKSTİL İHRACAT PAZARLAMA A.Ş.

AKPORT
TEKİRDAĞ LİMAN İŞLETMESİ A.Ş.

AKTEK
BİLGİ İLETİŞİM TEKNOLOJİSİ SANAYİ VE TİCARET A.Ş.

DİNKAL
SİGORTA ACENTELİĞİ A.Ş.

paper moon

An exclusive restaurant for exclusive people

Number of employees
76

Paper Moon is currently one of the most select and prestigious restaurants in Istanbul. A staff of 76 is under the direction of Italian chef Giuseppe Pressani. All employees are subject to two-week appraisals of their skills by the Italian consultant Paolo Lattanzi four times a year to ensure continuity of food and service quality.

AKMERKEZ LOKANTACILIK GIDA SAN. VE TİC. A.Ş.

Field of Activity
Restaurant services

Turnover in 2008
US$ 7.3 million

Paper Moon: One of Istanbul's most select and prestigious brand names
Akmerkez Lokantacılık has been the restaurateur of Paper Moon located in Akmerkez since 1996. Acknowledged as a culinary classic in Istanbul soon after its inception, Paper Moon is today one of Istanbul's most select and prestigious brand names. A staff of 76 serves under the direction of Italian chef Giuseppe Pressani. All employees are subject to two-week appraisals of their skills by the Italian consultant Paolo Lattanzi four times a year to ensure continuity of food and service quality.

Paper Moon has meticulously retained the quality of its food and the select atmosphere it offers to its clientele over the last twelve years and remains an exclusive venue in the sector known for its architectural design, interior decoration and lighting. Paper Moon's success and quality was acknowledged in 1997 with an Interior Design Award from Restaurants and Institutions-New York and by Lumens-New York in 1998 with an award for Interior Lighting. Paper Moon has continuously increased its turnover since its opening,, has sustained this pattern in 2008 and has left behind a year of success in which goals were met.

Paper Moon Ankara
Launched in September 2006 Paper Moon Ankara added a novel and distinct taste to Ankara's culinary scene. Paper Moon Ankara ensures continuity of food and service quality with a staff of 57 working under the consultancy of Ellio Magrograssi and the management of Paolo Lattanzi. Assistant directors from Paper Moon Istanbul appraise the service quality of Paper Moon Ankara by visiting the premises on a rotating basis every week. The conditions of the crisis that became more severe in the last quarter of 2008 caused Paper Moon Ankara to fall behind in its year-end target figures.

AK-PA Tekstil İhracat Pazarlama A.Ş.

An assertive company opening out into new fields

Number of export countries

70

Ak-Pa is one of Turkey's strongest exporters of textiles. Differentiating itself by its control over world markets and by characteristics such as reliability and flexibility, Ak-Pa currently exports to over 70 countries.

AK-PA TEKSTİL İHRACAT PAZARLAMA A.Ş.

Field of Activity
Exporting-Marketing

Number of Employees
45

Number of Export Countries
70

Exports in 2008 (FOB)
US$ 280 million

Imports in 2008 (CF)
US$ 2 million

Exports to over 70 countries

Ak-Pa is one of Turkey's strongest exporters of textiles. Unique in its control over world markets and strong in its reliability and flexibility, Ak-Pa currently exports to over 70 countries.

Ak-Pa, which began trading bamboo, wool and later viscose fiber in an operational maneuver in 2007, extended the range of its products to include polyester yarn in 2008.

Non-textile fields

Setting a target previously to develop its business in non-textile fields of interest, Ak-Pa has focused on coal as an alternative energy resource in this period when all industries have been looking to diversify their energy sources due to the recent, extreme rises in natural gas and oil prices. Concentrating on work in this area in the last two years, Ak-Pa has acquired the knowledge and prepared itself to start dealing in in the coal industry. Efforts in this direction will be accelerated in 2009.

2008: A year in which the effects of the global crisis were felt

At the end of 2007, Ak-Pa had obtained the highest level of exports on an FOB turnover basis in the textile sector. Starting 2008 with the same goal, the Company planned to achieve a level of US$ 325 million (FOB) in exports.

2008 was a troubled year for the entire Turkish textiles industry due to the effects of the global financial crisis on the sector in the second half of the year and the pressure on prices deriving from competing Far Eastern products. Under the circumstances, Ak-Pa met 86% of its 2008 target.

2009: Exploring new vistas…

With the impact of the crisis on the real economy, Ak-Pa foresaw that the strain would be felt into 2009; it reviewed its goals accordingly to take the necessary measures. Ak-Pa has set its turnover target at US$ 200 million (FOB) for 2009. It is a goal it will be able to reach without compromising profitability or the size of its share in the world market.

From a small pier to an exemplary port complex…

akPORT
TEKİRDAĞ LİMAN İŞLETMESİ A.Ş.

Total berth length (m)

2,000

Akport Tekirdağ Port, with its modern equipment and experienced staff, is an exemplary port complex that occupies a total area of 130,000 m². It has a 2,000-meter berth length, an annual bulk freight capacity of three million tons and a container capacity of 250,000 TEU.

AKPORT TEKİRDAĞ LİMAN İŞLETMESİ A.Ş.

Port
Tekirdağ

Field of Activity
Port operations

Yearly Container Handling Capacity
250,000 containers

Yearly Bulk Freight and General Cargo Handling Capacity
3 million tons

Turnover in 2008
US$ 11,202,013

Main port for the region

With its modern equipment and experienced staff, Akport Tekirdağ Port is an exemplary port complex, which occupies a total area of 130,000 m². It has a 2,000-meter berth length, an annual bulk freight capacity of three million tons and a container capacity of 250,000 TEU.

The Akkök Group acquired Tekirdağ Port ten years ago through privatization. It has developed from what once was a small pier into a high-capacity, modern port to serve as the main maritime gateway in the region.

Huge progress in heavy freight and project-based loading/unloading services

Akport Tekirdağ offers many advantages to industrial enterprises wishing to benefit from port services, particularly in terms of sales costs and logistics. Local industrialists are now able to manage their production in accordance with the loading capacity of the Port, thereby increasing their exports.

The following is a brief list of services available:
- Bulk freight/general cargo/ heavy freight loading/unloading services
- Container loading/unloading services
- Ro-Ro services to Tekirdağ-South Marmara
- Piloting service
- Storage service
- Bunker services (Fuel sales exempt from SCT).

The port business has made huge progress with regard to heavy freight and project based loading/unloading services in 2008 compared to the previous year. Heavy freight coming to or transiting from the entire Southern Marmara region, with Thrace in particular, are disembarked here.

Akport Tekirdağ offers customers the following logistic benefits:
- Rapid and safe loading/unloading and vessel chartering at low cost to its clients who are involved in export/import business.
- Shipping and distribution to the hinterland of seasonal products (fertilizers, bran, etc.) that were previously transported by road.
- 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 the Marmara.

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.

2008: New agreements and investments

Akport activities in 2008 focused on the signing of new agreements, on investments for the second terminal and expanding its volume of business.

In April 2008, an agreement for container services signed with the Arkas Company immediately made Akport the stopover of the Emes and Tarros lines working with Arkas. The container traffic first initiated within Arkas lines later offered large-scale transport benefits to companies currently operating in Thrace.

An agreement to provide Ro-Ro lines between Tekirdağ-Trieste with port services was signed in the middle of the year with the company BKT Ro-Ro. Services on these routes from the port will begin soon.

In accordance to an agreement signed with companies registered on the London Metal Exchange, goods belonging to these companies started coming into the port in the second half of the year.

Work has begun on the second phase of the terminal investment; the construction is expected to be completed in the first quarter of 2009. Upon completion, the port will have an added 14-meter draft and 700-m berth length, along with an additional 20,000 m² of terminal space.

The construction of the railway line between Tekirdağ-Muratlı is near completion and will be inaugurated in June 2009. Construction of the ramp designed for this link route has begun.

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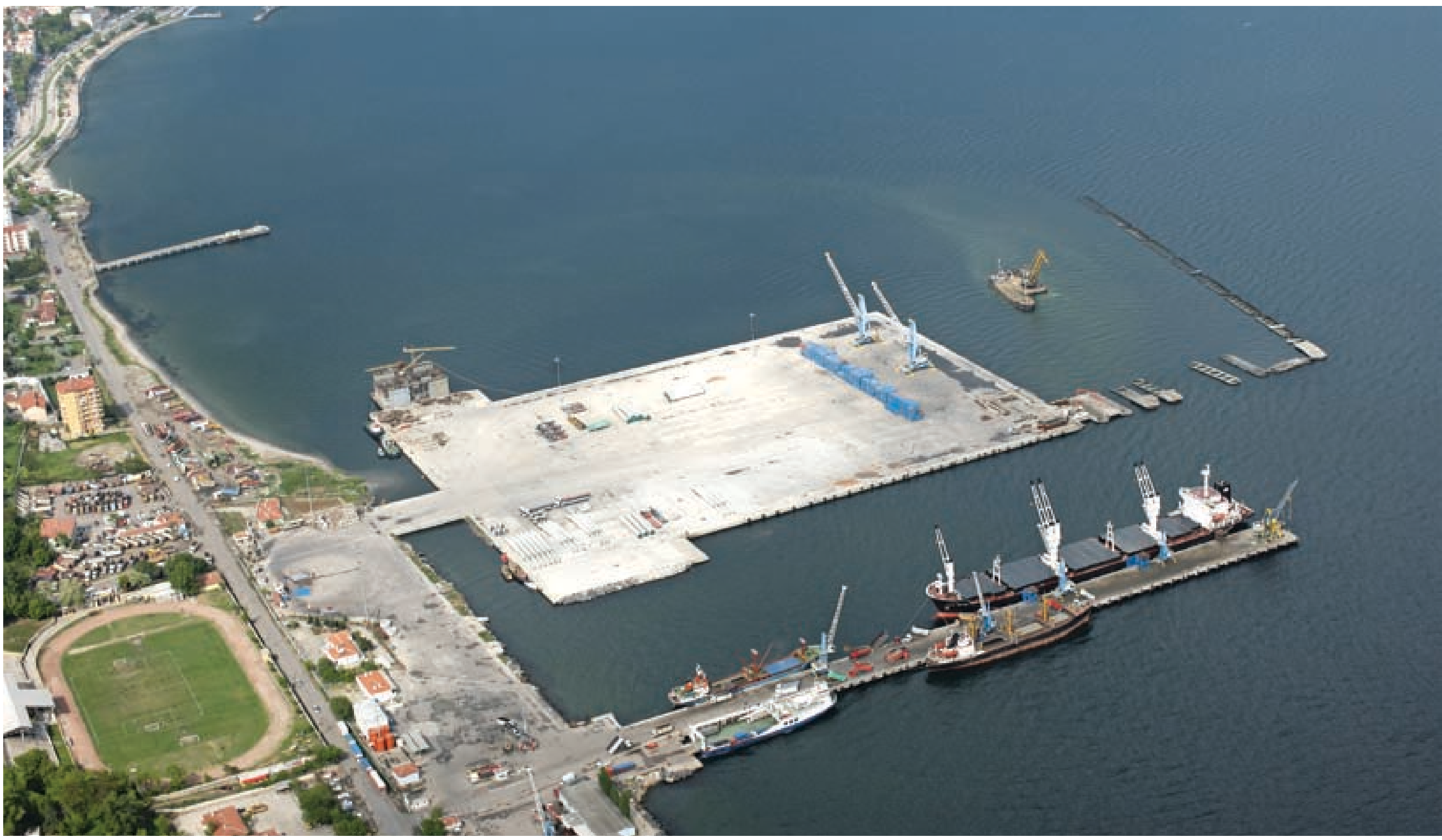


2009: Akport maintains its growth perspective despite the global crisis

Akport's projects in 2009 include the following:

• The container handling capacity of Arkas in the port will be increased and the port will become a regular stopover for other lines working on the Marmara Sea. Container services, which stood at 30,000 TEU/year in 2008, will continue to expand steadily until the end of 2009.

• With the completion of the second phase of the terminal's construction, services will be provided to deep-draft bulk and container vessels. The goal is to expand the capacity of bulk/general cargo services, which had been 1,600,000 million tons/year in 2008, to 2,000,000 million tons/year in 2009.

• With the inauguration of the Tekirdağ-Muratlı railway, expected to be finished in 2009, railroad car transport between Tekirdağ-Bandırma and Tekirdağ-Derince will be carried out via Akport beginning in June 2009.

• Ro-Ro voyages between Akport-Trieste will be extended to three times a week.

• Negotiations are underway with operator enterprise candidates to add a Tekirdağ-Gemlik route to the current internal Ro-Ro ferries between Tekirdağ-South Marmara. The opening of a Tekirdağ-Gemlik line is one of the Company's targets for 2009.

• In addition to the port, appropriate accommodations will be increased for LME warehousing services.

A newly established, rapidly growing, dynamic organization

Number of employees

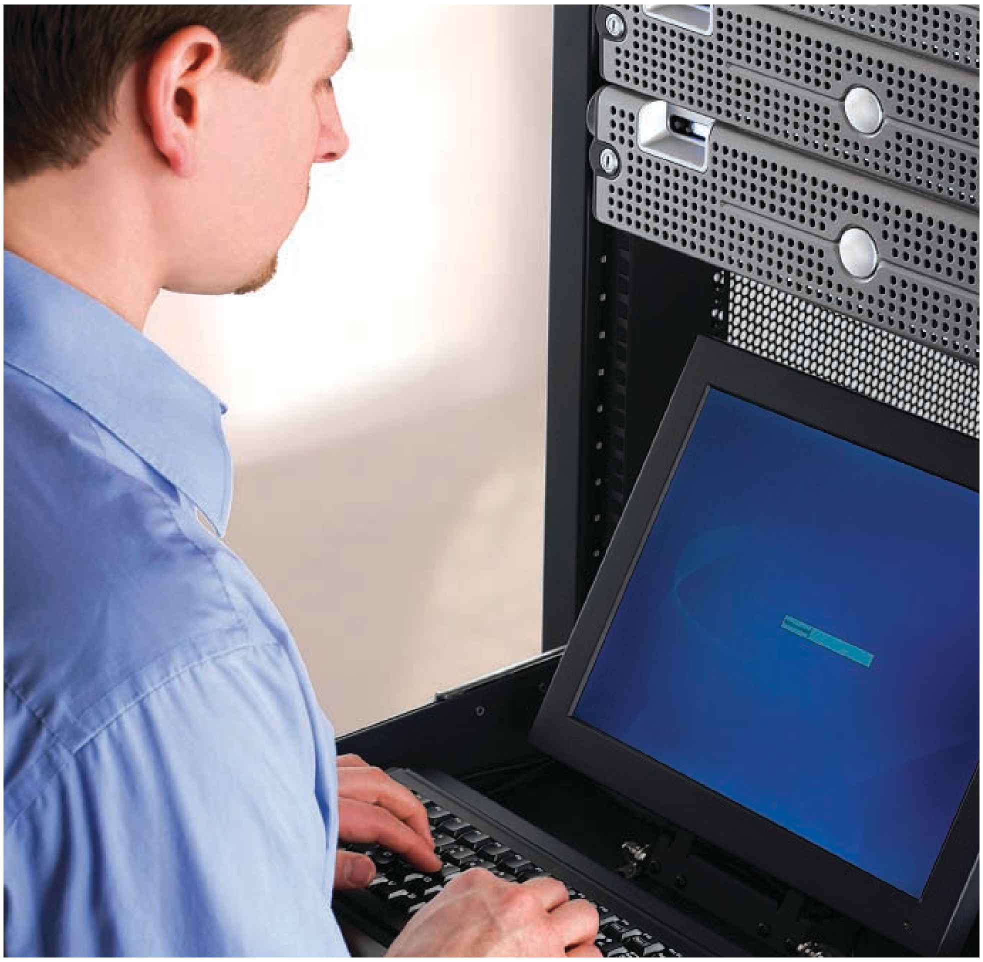
42

Acting on an investment decision stimulated by the Company's relations with Sun Microsystem in 2008, Aktek has expanded its sales and system support staff. One of the Company's goals for 2009 is to complete the training and certification of its reorganized staff ranks.

AKTEK BİLGİ İLETİŞİM TEKNOLOJİSİ SANAYİ VE TİCARET A.Ş.

Field of Activity
Information Technology

Number of Employees
42



Raising the standards of information technologies
Aktek was established in April 2007 to operate information technologies in response to the activities in which the Akkök Group of Companies has been engaged in since 2000. The Company's main objective is to create projects that will keep the technical infrastructures of Group companies updated and raise the standard of information technology within the Group.

2008: Long-term relations in the sector…
The Oracle Human Resources program upgrading and support project that Aktek completed for the Association of Capital Market Intermediary Institutions was followed by the Oracle e-Business Suite installation and support projects. This was undertaken for TETAŞ, TAV, Turkcell, Mercedes Benz, Frito Lay and Securitas. These in turn were followed by installation and virtualization projects for a variety of companies, including Securitas, TSPAKB, AIG Insurance and the House Cafe. Hardware sales and system support services were also provided to companies such as Yapı Merkezi, and Sistem Tanıtım.

2009: A rapidly growing corporate structure
Acting on an investment decision stimulated by the Company's relations with Sun Microsystem in 2008, Aktek expanded its sales and system support staff. One of the Company's goals for 2009 is to complete the training and certification of its reorganized staff ranks. The Company has achieved principal partnership status, becoming the authorized service center of Sun Microsystem's Server&Storage activities and providing services for all Sun Microsystem users in Turkey.

In 2009, the Company started on the Sakarya Elektrik Dağıtım A.Ş. and Akport projects within the Akkök Group. It also initiated solution partnerships in new projects with VM Ware, Cisco, Symantec, Websense and Microsoft to increase its references.

DİNKAL SİGORTA ACENTELİĞİ A.Ş.

Continuous growth through institutionalizing

Growth in non-Group volume of business (%)

25

Despite the growing recession in the sector, Dinkal, in line with its strategic goals, registered a growth of approximately 14% and a premium production of US$ 9.6 million. The volume of business from outside the Group expanded by 25% and brought the premium total in this category above US$ 2 million. By the end of 2008, non-Group premium production accounted for 22% of total production.

DİNKAL SİGORTA ACENTELİĞİ A.Ş.

Field of Activity
Insurance agency services

Service Branches
Fire, accident, transport, engineering, life, health, retirement

Total Number of Policies in 2008
6,900

Premium Production in 2008
US$ 9.6 million

Deep-rooted experience in the insurance sector

With its well established background of experience in the insurance sector since its foundation in 1976, Dinkal provides insurance services in all branches of coverage, particularly fire, accident (air travel included), health and transport (maritime included). Established with the aim of meeting the steadily growing insurance needs of industrial companies in the Akkök Group, Dinkal has become a strategic support for the Group as well as a dynamic part of the sector.

Customized solutions for each customer

Dinkal, with its corporate stature and the strength of its premium production, is able to offer its customers customized advantages that differentiate it from other standard solution providers within the sector.

The services Dinkal offers its customers are divided into four general areas:

Consulting services

Dinkal offers free consultation services for all insurance segments. Consulting is based on its long-standing experience, technical know-how and robust infrastructure.

Risk assessment and management services

Identifying coverable risk and conveying it accurately to insurance companies is not only crucial in terms of maintaining company safety and efficiency, but is also essential in preventing and controlling loss.

Policy management services

Examining existing policy and coverage structure to identify missing and/or excess coverage provides major advantages for its clients. Taking on this task on behalf of the clients, Dinkal ensures 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 the risk to the insurance company. It is likewise essential to ensure full repayment in the event of damage. Dinkal outlines what specific damage is assigned to which coverage, under what conditions it will be claimed and ensures that damages are paid out as soon as possible without placing the customer at a disadvantage.

25% growth in the volume of non-Group business

Despite sluggishness in the sector, Dinkal recorded an approximate 14% growth rate with a total premium production level at US$ 9.6 million. In line with its strategic goals, Dinkal exhibited a growth of 25% in the volume of non-group business, accumulating premiums in this category that exceed US$ 2 million. As of the end of 2008, non-Group premiums reached 22% of total production.

In 2008, Dinkal took some significant steps in the direction of institutionalizing, a restructuring target set the previous year. Along with bringing its office environment up to contemporary standards, the Company also added new members to its staff of specialists. It reorganized its individual and corporate coverage, differentiating between health and non-health branches. In addition, productivity within the organization has been boosted by strengthening the synergy between departments.

2009: Institutionalizing and taking determined steps in the direction of growth

It is expected that 2009 will be a difficult year for the insurance sector. Foreign capital sources that entered the sector with high expectations are predicted to play a determining role in intensifying competition in an environment troubled by internal and external factors

Another goal for 2009 will be to achieve a rapid increase in the volume of non-Group business. With this aim in mind, Dinkal is furthering relations with companies that are stakeholders of Group companies to promote an increase in insurance business.

social responsibility

an organization that considers social benefit in its activities

Since the day of its inception, the Akkök Group of Companies has acted with the awareness that added value created for the Turkish economy is only meaningful when it is coupled with a contribution to society. The Akkök Group has always been committed to working for the benefit of the community.

Akkök Group has been implementing social responsibility projects across Turkey, predominantly in the regions where the Group operates. Akkök works with a variety of non-governmental organizations as well as scientists to fulfill social responsibility projects.

Akkök has concerted its social responsibility efforts in the areas of education, culture and the environment. Akkök is acting to ensure that future generations can live healthy and well-educated lives in a clean environment. The Group believes that these social responsibilities are as essential to sustainable growth as its innovative products.

In deciding upon the investments it will undertake or the projects it will support in the area of social responsibility, the Akkök Group of Companies takes care to prioritize the needs of society. At the same time, Akkök also places great importance on ensuring that these projects are compatible with the values that constitute its corporate culture.

Another factor that is considered in the selection of social responsibility projects is its accessibility to large audiences. Keeping this objective in mind, the Akkök Group collaborates with non-governmental organizations in supporting the projects of various foundations.

SOCIAL RESPONSIBILITY

CULTURE AND THE ARTS

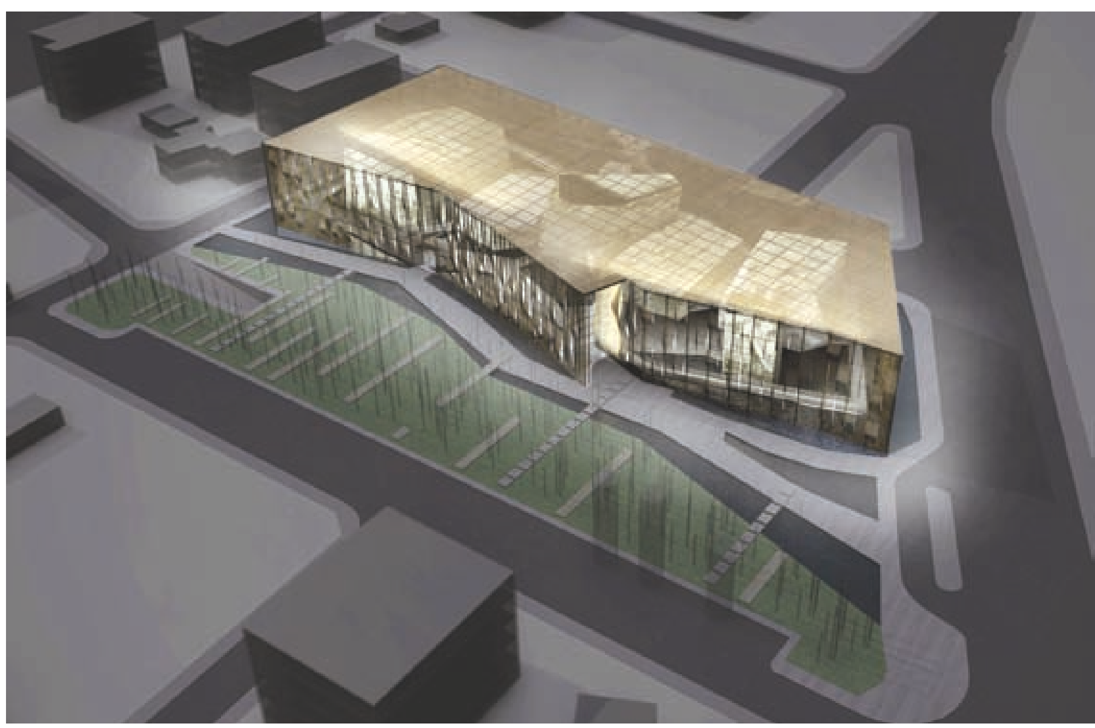
The Akkök Group of Companies has completed many significant social responsibility projects in the area of culture and the arts, including the Raif Dinçkök Cultural Center, which will be opened to the public at the end of 2009. One of the more comprehensive projects was the exhibit entitled “Turks” organized by the Royal Academy of the Arts. Another entitled the “Study of Turkey” was a project organized through a collaboration of the Republic of Turkey and Oxford University’s Islamic Research Center. Finally, “Souvenirs of Istanbul” was a book and exhibit project.

Raif Dinçkök Cultural Center

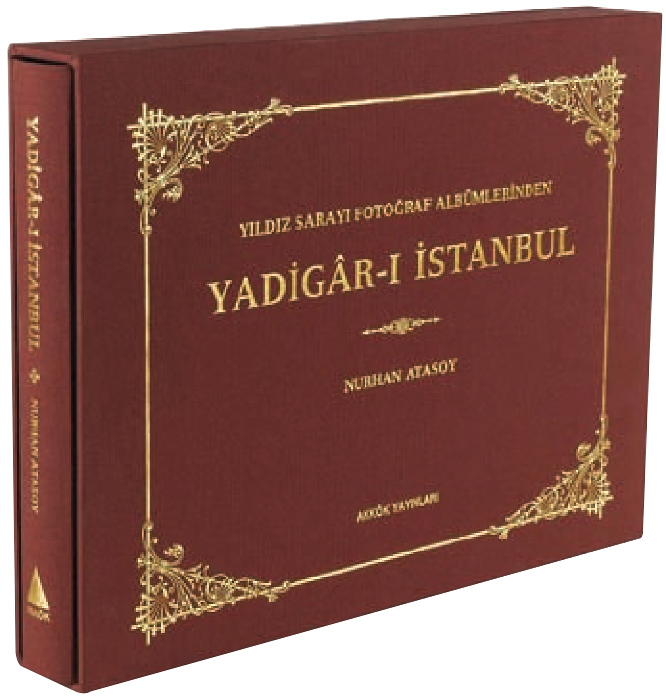
Integrating its awareness of corporate social responsibility and an interest in education and culture, the Group continued its social and cultural investments in 2008. The Raif Dinçkök Cultural Center is being constructed on a 10,000 m^2 plot of land of which 3,000 m^2 has been allotted as a green area. The project for the Center was designed by the Emre Arolat Architectural Workshop. The Center will host a variety of presentations in the field of culture and the arts and will be a significant contribution of the Akkök Group, which has been active in Yalova since 1969. The Center was launched with an official protocol signed on November 30, 2007.

The Raif Dinçkök Cultural Center comprises a multi-functional hall that can accommodate up to 600, a wedding hall for 100, a theater seating 60, a mini movie theater that seats 48, a library, exhibit halls, a cafeteria, educational rooms, a promenade, and rest and service areas. Upon its completion, the Center will host activities in the culture and arts, social events and formal educational sessions under one roof.

The Cultural Center will be four separate buildings connected by pedestrian bridges. Groundbreaking for the Raif Dinçkök Cultural Center took place on February 14, 2008 with the Minister of Culture and Tourism, Ertuğrul Günay, presiding. The ceremonies were attended by high-level local administrators and members of the Yalova community. The construction of the Center is planned to be completed by the end of 2009.



Raif Dinçkök Cultural Center



The "Yadigâr-ı İstanbul" Project

The book of photographs compiled from the photograph albums of Yıldız Palace Library, Yadigâr-ı İstanbul was published in March 2007, sponsored by Akkök under the supervision of consultant Prof. Dr. Nurhan Atasoy. The photographs in the book were carefully and individually selected by Prof. Atasoy through a process that began in the 1970s. Going back to the era of Sultan Abdülhamid, the albums in the library became a collection consisting of 36,535 photographs, the works of 430 photographers. With a selection of its photographs dating back to the time of Sultans Abdülaziz and Reşad, and a majority originating from the reign of Sultan Abdülhamid II, the book not only reflects the Istanbul of that period but also displays the Palace's perception of the city.

Yadigâr-ı İstanbul also gives insight into the emergence and spread of photography in the Ottoman Empire. The book provides new information about the introduction of photography into Ottoman life, the establishment of photography houses, the incentives and rewards given to photography, the publication of journals teaching photography, the photographic documentation of various locations throughout the country, photography in the police force, the use of photographs in identification certificates and passports, the photographic documentation of criminals, granting foreigners permission to take photos and the participation in photography exhibitions.

Yadigâr-ı İstanbul is a significant work of art in terms of the history of world photography. Sponsored by the Akkök Group of Companies, an exhibit of selected photographs from the book was presented to art enthusiasts at the Yıldız Palace Armory Building. The exhibit presented an opportunity to share Yadigâr-ı İstanbul with the public, bringing it to the attention of a wider audience. Proceeds from the sales of the book have been donated to the Turkish Education Foundation (TEV) to support its education projects.

The "Turks" Exhibit

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

"The Study of Turkey" Project

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

In deciding upon the investments it will undertake and the projects it will support in the area of social responsibility, the Akkök Group of Companies takes care to give priority to the needs of society. At the same time, Akkök also places great importance on seeing that these projects are compatible with the values that constitute its corporate culture.

EDUCATON

Education is a 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.

Contributing to projects that support education has always been one of the priorities of Akkök. So far, the Group has financed the building of the following schools:

- Aksa Technical and Vocational High School, Yalova
- Raif Dinçkök Elementary School, Çerkezköy/Istanbul
- Güzin Dinçkök Elementary School, Maltepe/Istanbul
- Istanbul Technical University, Maslak Dormitory, Maslak/Istanbul
- İSOV Career Training Center and Social Facilities Dinçkök Technical High School, Zincirlikuyu/Istanbul

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 educational environment for exceptionally gifted and talented students who have financial difficulties, helping them to progress and training them as future leaders of society.

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

THE ENVIRONMENT

Sustainable growth has become a major issue in today's world. The Akkök Group places great emphasis on developing environmental standards in the activities of all of its companies and working towards protecting the environment for the benefit of future generations. The Group develops and implements projects geared towards protecting natural resources and raising awareness of the public, including its own employees, on the issue of sustainable development.

The threat of global warming and the depletion of natural resources have led the Akkök Group to create an environmental project that was launched in 2008. The project aims to raise the consciousness of employees about measures that can be taken against global warming, both in their working processes and in their daily lives.

Aware of the special importance in raising environmental awareness in the younger generation, work continued in 2008 on the Triple Responsibility Project that had been launched in Yalova two years ago. Within this project, undertaken at the schools around Aksa, a system of waste separation was created, enabling schools to generate revenue from the recycling of disposed waste. Akkök organizes various seminars at the schools to create awareness in young people about waste management and recycling. A booklet "Solid Wastes and Recycling" was distributed in the schools.

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 that is held with the participation of Group companies and attended by schools in the city.

Transparency toward social stakeholders and accountability toward the public about the Group's activities constitutes an important aspect of Akkök corporate culture. To display this responsibility, citizens of Yalova are given access to all of the Company's business processes at the biannual Open House Days held at the Aksa plant. During Open House Days, first members of press and then the residents of Yalova and neighboring cities are hosted at Aksa facilities where they are informed about business processes, environmental management systems and Aksa's contribution to the province. Open House Day will continue in 2009.

At the Social Consultation Panel meetings, representatives from all segments of the society in Yalova are informed about Akkök Group's activities. Ranging from primary school students to tradesmen, from teachers to business partners, the participants are able to share their criticisms, opinions and suggestions through this direct participation model.

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

The Akkök Group of Companies plays an active role in all its non-governmental and professional associations of which it is a member. The Group also shares its generated knowledge for the benefit of the entire sector.

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

ISTANBUL-TURKEY

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008
AND THE INDEPENDENT AUDITORS' REPORT

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BDO

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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, 2008, 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., Akdepo Lojistik ve Dış 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 1,29% and 1,17% of total assets and total net sales in the consolidated financial statements as of 31 December 2008 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 2008 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 fair 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 2008 prepared in accordance with IFRS.

Denet A.Ş.

Istanbul,
3 April 2009

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 2008 AND 2007 (TRY)

	Notes	31 December 2008	31 December 2007
Current Assets			
Cash and cash equivalents	3, 4	263,772,817	251,193,752
Short term trade receivables, net	3, 5	599,457,732	421,691,406
Due from related parties	3, 6	79,961,822	4,912,065
Inventories, net	3, 7	174,269,888	201,097,230
Non-current assets held for sale, net	3, 8	-	27,370,450
Other current assets	9	61,900,974	59,453,026
Total Current Assets		**1,179,363,233**	**965,717,929**
Non-Current Assets			
Long term trade receivables, net	3, 5	12,915,718	-
Due from related parties	3, 6	51,904,599	-
Financial assets, net	3, 10	28,118,242	49,551,756
Investment in an Associate	3, 11	11,020,488	7,882,974
Positive goodwill	3, 15	62,974,256	36,758,891
Tangible assets, (less of accumulated depreciation)	3, 14	1,368,976,086	995,731,829
Intangible assets, (less of accumulated amortisation)	3, 13	39,714,775	39,836,439
Other non-current assets	12	655,661	283,349
Total Non-Current Assets		**1,576,279,825**	**1,130,045,238**
Total Assets		**2,755,643,058**	**2,095,763,167**

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 2008 AND 2007 (TRY)

	Notes	31 December 2008	31 December 2007
Current Liabilities			
Short term financial liabilities	3, 16	208,526,868	132,187,686
Trade payables, net	3, 17	182,738,886	168,216,409
Due to related parties	3, 18	45,722,965	2,496,682
Taxes payable	19	11,433,407	932,049
Other current liabilities	20	73,166,503	36,813,300
Total Current Liabilities		**521,588,629**	**340,646,126**
Non-Current Liabilities			
Long term financial liabilities	3, 22	507,696,816	211,249,477
Provisions for termination indemnity	3	20,244,230	21,318,583
Deferred tax liabilities	3, 19, 21	51,415,434	39,611,802
Other non-current liabilities	20	1,313,802	2,885,312
Total Non-Current Liabilities		**580,670,282**	**275,065,174**
Contingent Liabilities	**3, 27**	**-**	**-**
Equity			
Share capital	23	13,097,521	13,097,521
Adjustment to share capital	23	163,143,243	163,143,243
Share premium		75,702,467	75,702,549
Increase in value of financial assets		-	2,319,695
Retained earnings	24	460,510,004	404,781,157
Equity Attributable to Equity Holders of the Parent Company		**712,453,235**	**659,044,165**
Minority Interest	**3, 25**	**940,930,912**	**821,007,702**
Total Equity		**1,653,384,147**	**1,480,051,867**
Total Equity and Liabilities		**2,755,643,058**	**2,095,763,167**

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 2008 AND 2007 (TRY)

	Notes	31 December 2008	31 December 2007
Net sales	3	1,591,600,853	1,604,190,294
Cost of sales (-)		(1,409,612,654)	(1,493,065,652)
Gross profit		**181,988,199**	**111,124,642**
Research and development expenses (-)	28	(11,511,555)	(6,618,700)
Marketing, sales, and distribution expenses (-)	28	(19,814,658)	(17,294,029)
General administrative expenses (-)	28	(137,178,677)	(85,617,912)
Operating Profit		**13,483,309**	**1,594,001**
Shares in profit/loss of investment valued by equity method in an Associate	3, 11	6,360,833	6,699,121
Financial income/(expenses), (net)	30	114,135,199	(28,697,217)
Other income/(expenses), (net)	31	45,906,128	(104,243,153)
Net profit/(loss) before tax		**179,885,469**	**(124,647,248)**
Taxes on income (-)	19	(23,109,836)	(4,159,063)
Deferred tax income/(expense), net	3, 21	(13,408,456)	55,485,955
Net profit/(loss)		**143,367,177**	**(73,320,356)**
Profit/(Loss) attributable to Equity Holders of the Parent Company		56,088,240	(20,673,654)
Minority interest	3, 25	87,278,937	(52,646,702)
Net (loss)/profit		**143,367,177**	**(73,320,356)**
Earnings/(loss) per share of the Parent Company*	3, 26	4.28	(1.58)

* 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 2008 AND 2007 (TRY)

	Share Capital	Capital Adjustment	Share Premium	Increase/ (Decrease) in Financial Assets	Retained Earnings	Parent Company Equity	Minority Interest	Total Equity
Balances as of 1 January 2007	13,097,521	163,143,243	51,816,446	218,805	316,838,874	545,114,889	991,292,972	1,536,407,861
Capital increase (cash)	-	-	-	-	-	-	745,224	745,224
Value increase/(decrease) in financial assets, (net)	-	-	-	2,100,890	-	2,100,890	146,210	2,247,100
Effect of rate change	-	-	23,886,103	-	91,660,372	115,546,475	(115,546,475)	-
Effect of consolidation by equity	-	-	-	-	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 the 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**	**2,319,695**	**404,781,157**	**659,044,165**	**821,007,702**	**1,480,051,867**
Capital increase (cash)	-	-	-	-	-	-	595,493	595,493
Value increase/(decrease) in financing assets, (net)	-	-	-	(2,319,695)		(2,319,695)	(149,606)	(2,469,301)
Effect of rate change	-	-	(82)	-	(527,083)	(527,165)	527,165	-
Effect of consolidation by equity	-	-	-	-	2,530,682	2,530,682	-	2,530,682
Effect of subsidiaries included in the consolidation	-	-	-	-	-	-	38,322,260	38,322,260
Effect of merger	-	-	-	-	(2,319,134)	(2,319,134)	(2,789,474)	(5,108,608)
Dividend payments	-	-	-	-	-	-	(3,800,999)	(3,800,999)
Translation difference	-	-	-	-	(43,858)	(43,858)	(60,566)	(104,424)
Net profit for the period	-	-	-	-	56,088,240	56,088,240	87,278,937	143,367,177
Balances as of 31 December 2008	**13,097,521**	**163,143,243**	**75,702,467**	**-**	**460,510,004**	**712,453,235**	**940,930,912**	**1,653,384,147**

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007 (TRY)

	Notes	31 December 2008	31 December 2007
Cash flows from operating activities:			
Net profit/(loss) before tax		179,885,469	(124,647,248)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Minority interest		(87,278,937)	52,646,702
Depreciation and amortisation		95,319,611	102,382,953
Deferred tax effect of the subsidiary included in the consolidation		(987,499)	-
Provision for termination indemnity		(1,074,353)	1,562,482
Net profit before working capital changes		**185,864,291**	**31,944,889**
(Increase)/decrease in trade receivables		(190,682,044)	68,611,322
(Increase)/decrease in balances due from related parties		(126,954,356)	(4,181,530)
Deecrease/(increase) in inventories		28,454,317	(8,691,871)
Non-current assets held for sale, net		14,762,450	(14,961,813)
(Increase)/decrease in other current assets		(2,447,948)	51,993,336
Increase in trade payables		14,522,477	3,337,330
Increase in balances due to related parties		43,226,283	2,088,241
Tax payments		(12,608,478)	(6,662,508)
Increase/(decrease) in other current liabilities		36,353,203	(60,231,804)
Net cash (used in)/provided by operating activities		**(9,509,805)**	**63,245,592**
Cash flows from investing activities:			
Decrease/(increase) in financial assets		21,433,514	(7,426,674)
(Increase) in investment in an Associate		(3,137,514)	(732,708)
(Increase)/decrease in other non-current assets		(372,312)	9,911,603
(Increase) in intangible assets		(2,721,925)	(1,808,352)
(Increase) in tangible assets		(454,739,254)	(53,348,852)
Positive goodwill		(26,215,365)	(14,209,894)
Net cash (used in)/provided by investment activities		**(465,752,856)**	**(67,614,877)**
Cash flows from financial activities:			
Increase in financial liabilities		372,786,521	15,035,782
Increase/(decrease) in minority interest		119,923,210	(170,285,270)
Effects of translation differences and changes in subsidiaries		(571,023)	115,578,694
(Decrease) in long term payables		(1,571,510)	(7,185,314)
Effect of consolidation with equity		2,530,682	2,318,269
(Decrease)/increase in financial assets		(2,937,020)	2,662,665
Effect of subsidiaries excluded from consolidation		-	14,614,288
Effect of subsidiaries included in consolidation		(2,319,134)	(9,211)
Net cash provided by/(used in) financial activities		**487,841,726**	**(27,270,097)**
Increase/(decrease) in cash and cash equivalents		12,579,065	(31,639,382)
Cash and cash equivalents at the beginning of the period	3, 4	**251,193,752**	**282,833,134**
Cash and cash equivalents at the end of the period	3, 4	**263,772,817**	**251,193,752**

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

1. Organisation and Principal Activities

Akkök Sanayi Yatırım ve Geliştirme A.Ş. (Akkök) has been incorporated in Turkey 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 2008 and their principal activities are stated below:

	Principal Activity
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.- Turkey	Airshipping
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	Chemistry
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.-Turkey	Chemistry
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	Chemistry
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	Chemistry
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 Sanayi Tesisleri 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).

** The liquidation process has ended at 14 May 2008. As of 31 December 2007, since the company is in liquidation process; it is stated in the consolidated financial statements at cost.

*** Has established a merger with the subsidiary Akal Tekstil Sanayii A.Ş. at 8 October 2008 through transferring its assets and liabilities as a whole.

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

	Principal Activity
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.-Turkey	Service
Akdepo Lojistik ve Dış Ticaret A.Ş. (1)-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
Akka Elektrik Üretim A.Ş. (2) – 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
Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş. (2) – Turkey	Energy
Akkoza Gayrimenkul Yatırımı A.Ş. (2) – Turkey	Real Estate Development
Akfil Holding A.Ş. (3) – Turkey	Holding
Akfil Tekstil Turizm İnşaat Sanayi ve Ticaret A.Ş. (3) – Turkey	Textile
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. – Turkey	Information Technologies
Akgirişim Kimya ve Ticaret A.Ş. – Turkey	Chemistry

(1) The legal title of the company, which was formerly Otakçılar Turizm ve Ticaret A.Ş., has been changed as Akdepo Lojistik ve Dış Ticaret A.Ş. as at 03.11.2008.
(2) Established in 2008.
(3) Participated in 2008.

The principal activities of Akkök Group comprise of chemicals, energy, textile, real estate development and seaport 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 owns 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 496 MW per annum (31 December 2007-541,3 MW/annum). Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş. is a company whose activities are 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 recognized 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 acquired Tekirdağ Seaport from Türkiye Denizcilik İşletmeleri (Turkish Marine Administration) in 1997 and started seaport operations through establishing Akport Tekirdağ Liman İşletmeleri A.Ş.. This is the only port on the European side other than Ambarlı.

In addition to its principal activities, Akkök Group 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..

The consolidated financial statements dated 31 December 2008 are approved by Akkök management at 3 April 2009.

Akkök retains the right to amend the consolidated financial statements through the General Meeting.

The average number of employees of Akkök Group as of 31 December 2008 is 3.080 (2007 – 3.226 employees).

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 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 2008 and 2007 are calculated such that the entries until 31 December 2005 are restated until 31 December 2005, and the subsequent entries are recognized 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 2008 and 2007 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 account under the equity account group.

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(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 customers,
- Adjustments related to rediscount on notes payable and suppliers,
- Adjustments related to establishment and organization expenses,
- Adjustments related to inventory provision
- Adjustments related to derivative instruments
- Adjustments related to deferred taxes,
- Adjustment on profit on sale of affiliate,
- Adjustment on provision for rent calculated,
- Elimination of inter-company balances and transactions in accordance with the consolidation procedure,
- 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

Consolidated balance sheets as of 31 December 2008 and 2007 and notes to these balance sheets and the consolidated statements of income, cash flows and changes in equity for the years then ended have been presented comparatively. In order to comply with the presentation of the current period financial statements, the comparative information is reclassified when deemed necessary. The goodwill for Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş. amounting to TRY 11.623.500, which was included in the positive goodwill in the balance sheet as of 31 December 2007, has been reclassified to financial assets. Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş., which was presented in the financial assets in the balance sheet as of 31 December 2007 and accounted through equity method, has been reclassified to investment in an associate.

(e) The New and Revised International Accounting/Financial Reporting Standards:

Akkök Group has applied the new and revised standards that are related to its operations, which are issued by IASB in the current period and effective from 1 January 2008.

<u>The standards, revisions and interpretations issued in 2008, but are not applied by Akkök Group as they have no relation with its operations:</u>

The following standards, revisions and interpretations to the standards, which effective from 1January 2008 and for financial periods thereafter, are not relevant to Akkök Group's operations or are not preferred to be applied.

• IFRIC 11, "IFRS 2 – Group and Treasury Share Transactions"
• IFRIC 13, "Customer Loyalty Programmes"
• IFRIC 14, "IAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction",

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The standards which are not yet effective and not early adopted by Akkök Group and revisions and interpretations to current standards:

Akkök Group has not early adopted the following standards, revisions and interpretations that have been issued effective for the periods after 31 December 2008 and are encouraged to be early adopted.

IFRS 1	The first time application of the International Financial Reporting Standards -Change Brought to Investment Costs in the First Time Application of IFRS	Effective for financial periods beginning on or after 1 January 2009
IFRS 2	Share Based Payments -Change Brought to the Conditions and Reversals of Progress Payments	Effective for financial periods beginning on or after 1 January 2009
IFRS 3	Business Combinations -Comprehensive revision on applying the acquisition method	Effective for financial periods beginning on or after 1 July 2009
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations -Plan Related to the Sales of Control Share in the Subsidiary	Effective for financial periods beginning on or after 1 July 2009
IFRS 8	Operating Segments	Effective for financial periods beginning on or after 1 January 2009
IAS 1	Presentation of Financial Statements -Comprehensive Changes Related to Preparing Comprehensive Income Statement -Change in Financial Instruments with Repurchasing Option and the Disclosure of Liabilities to Arise from their Conversion into Cash -Classification of Derivative Instruments as Current/Non-Current	Effective for financial periods beginning on or after 1 January 2009
IAS 16	Tangible Assets - Recoverable Value, Sales of Assets Held for Leasing	Effective for financial periods beginning on or after 1 January 2009
IAS 19	Employee Benefits -Curtailment and Negative Past Service Cost, Plan Management Costs, Change in the Term "Matured", Guideline to Contingent Liabilities	Effective for financial periods beginning on or after 1 January 2009
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance -Government Loans bearing Interests Lower than the Market Interest Rates	Effective for financial periods beginning on or after 1 January 2009
IAS 23	Borrowing Costs -Comprehensive Changes Restricting Direct Expensing -Elements of Borrowing Costs	Effective for financial periods beginning on or after 1 January 2009
IAS 27	Consolidated and Separate Financial Statements -Measurement of subsidiary held for sale in separate financial statements	Effective for financial periods beginning on or after 1 July 2009
IAS 28	Investments in Associates - Impairment in Associates	Effective for financial periods beginning on or after 1 July 2009
IAS 31	Interests in Joint Ventures -Disclosure related to Joint Ventures whose Fair Value Changes are Recognized in the Statement of Income.	Effective for financial periods beginning on or after 1 July 2009
IAS 36	Impairment of Assets - Disclosure of estimates used to measure recoverable amount	Effective for financial periods beginning on or after 1 July 2009
IAS 39	Financial Instruments: Recognition and Measurement - Changes related to Hedgable Risk Items	Effective for financial periods beginning on or after 1 January 2009
IAS 40	Investment Property - Property under construction or development for future use as an investment property	Effective for financial periods beginning on or after 1 January 2009
	IFRICS	
IFRIC 15	Agreements for the Construction of Real Estate	Effective for financial periods beginning on or after 1 January 2009
IFRIC 17	Distribution of Non-Cash Assets to Owners	Effective for financial periods beginning on or after 1 July 2009

Akkök Group management expects that adoption of the pronouncements listed above will have no significant impact on the Group's financial statements in the future periods.

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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:

	2008	2007
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	100,00%	100,00%
Akkök Group Companies		
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	99,99%	99,99%
Ak-Al Tekstil Sanayii A.Ş. (1)	45,27%	45,29%
Ak-El Yalova Elektrik A.Ş. (1)	36,81%	36,76%
Akenerji Elektrik Üretim A.Ş. (1)	40,87%	40,87%
Ak-Kim Kimya Sanayi ve Ticaret A.Ş. (1)	42,00%	42,00%
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	50,00%	50,00%
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (2)	13,12%	13,12%
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş. (1)	43,75%	43,75%
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	76,55%	65,35%
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş. (3)	99,00%	48,11%
Akport Tekirdağ Liman İşletmeleri A.Ş.	76,19%	76,19%
Aksa Akrilik Kimya Sanayii A.Ş. (1)	39,59%	39,59%
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	71,88%	71,88%
Aksu Textiles E.A.D. (4)	71,55%	71,55%
Ak-Tem Uluslararası Mümessillik ve Ticaret A.Ş. (1)	31,52%	31,52%
Ak-Tops Tekstil Sanayi A.Ş. (1)	23,75%	23,75%
Ak Enerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş. (1)	36,78%	36,78%
Akkur Enerji Üretim Tic. ve San. A.Ş. (1)	40,46%	40,46%
Ariş Sanayi ve Ticaret A.Ş. (1)	43,37%	43,37%
Bozüyük Orman Ürünleri Sanayi Tesisleri A.Ş. (4)	-	45,05%
Dinkal Sigorta Acenteliği A.Ş.	95,53%	95,53%
Akdepo Lojistik ve Dış Ticaret A.Ş. (7)	89,61%	89,61%
Zeytinliada Turizm ve Ticaret A.Ş.	89,61%	89,61%

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	2008	2007
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş. (1)	43,37%	43,37%
İstasyon Tekstil ve Sanayi Ticaret A.Ş. (1)	43,37%	43,37%
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. (1)	40,46%	40,46%
Akka Elektrik Üretim A.Ş. (1) (5)	36,78%	-
Akiş Gayrimenkul Yatırımı A.Ş. (1)	20,00%	20,00%
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş. (4)	1,40%	1,40%
GAC Gayrimenkul Yatırımı A.Ş. (4)	5,00%	5,00%
Garanti Koza – Akiş Adi Ortaklığı (4)	5,00%	5,00%
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. (1)	20,00%	20,00%
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (3)	39,37%	43,75%
Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş. (8)	23,39%	-
Akkoza Gayrimenkul Yatırımı A.Ş. (5)	9,00%	-
Akfil Holding A.Ş. (5)	4,61%	-
Akfil Tekstil Turizm İnşaat Sanayi ve Ticaret A.Ş. (5)	3,96%	-
Akrom Ak-Al Textile Romania Srl (6)	-	26,08%
Fitco BV (4)	39,59%	39,59%
Aken BV (4)	40,87%	40,87%
Aksa Egypt Acyrlic Fiber Industrie SAE (4)	39,19%	39,19%
Akgirişim Kimya ve Ticaret A.Ş. (4)	39,76%	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 (1) above), these subsidiaries are fully consolidated in the accompanying financial statements.

Akmerkez Gayrimenkul Yatırımı A.Ş., (stated with (2) above) 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. and Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş. (stated with (3) above) as of 31 December 2008 and 2007 and the net sales for the years then ended amount to 0,1% (2007 – 0,1%) and 0,2% (2007 – 0,2%) of the total consolidated assets and net sales, respectively. Hence they are excluded from the consolidation, and they are carried at cost restated to the measuring unit current at 31 December 2005 in the consolidated financial statements.

As of 31 December 2008 and 2007, the financial assets in which Akkök has indirect shareholdings, namely, Aksu Textiles E.A.D, 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. (stated with (4) above) are carried at cost in the accompanying consolidated financial statements as they do not have significant volume of activities and significant impact on the consolidated financial statements. Bozüyük Orman Ürünleri Sanayi ve Ticaret A.Ş., which was carried at cost in the consolidated financial statements as of 31 December 2007, has merged with Akal Tekstil Sanayii A.Ş. on 8 October 2008 through transferring its assets and liabities as a whole.

Akkoza Gayrimenkul Yatırımı A.Ş. established in 2008 and Akfil Holding A.Ş. and Akfil Tekstil Turizm İnşaat Sanayi ve Ticaret A.Ş. participated in 2008 (stated (5) above) are fully consolidated as of 31 December 2008.

Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş. (stated (8) above), which is established in 2008 and in which Akkök participated through a joint venture, is carried at cost in the accompanying consolidated financial statements as it has no significant impact on the consolidated financial statements.

The legal title of the company, which was formerly Otakçılar Turizm ve Ticaret A.Ş., has been changed as Akdepo Lojistik ve Dış Ticaret A.Ş. (stated (7) above).

Akrom Ak-Al Textile Romania SRL (stated (6) above), in which Akkök has an indirect shareholding interest of 26,08%, is not consolidated as of 31 December 2007, as it is in the liquidation process. The liquidation process has ended on 14 May 2008.

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All significant transaction 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 the equity and the consolidated statement of income.

Equity Method;

Investment in an Associate is initially stated at acquisition cost.

The Parent Company's share of the increase/decrease in the equity of the associate, between the acquisition date and balance sheet date, is added or deducted from the acquisition cost. The increase and decrease in the corresponding share of the equity share, in comparison with the acquisition cost, is reflected to the income statement as profit and loss, respectively. If the change in equity arises from the equity items other than profit and loss, necessary adjustments are also made in the same equity items in the shareholders' equity of the Parent Company. The dividends received from associate are deducted from the carrying amount of the associate.

As of the date of acquisition and the subsequent acquisitions of shares, any difference between the cost of acquisition and the parent company's share of the fair values of the net identifiable assets of the associate is accounted for goodwill and included in the amount of investment in associate.

Proportionate Consolidation Method;

Assets, liabilities, and shareholders' equity and income and expenses in the financial statements of jointly controlled entities within the scope of consolidation are subject to consolidation with the shareholding interest of the Parent Company within these entities and consolidation adjustments are made accordingly and consolidated financial statements are prepared.

The Parent Company's shares within these entities is eliminated from Financial Assets of the Parent Company and the Share Capital account in the jointly controlled entities.

As of the date of acquisition and the subsequent acquisitions of shares, the acquisition cost of the shares in the subsidiaries owned by the parent company is offset against the fair value of these shares for once. The equity of the subsidiary at the acquisition date should be drawn up according to the fair value of the subsidiary's net assets at that date. The difference in favor of the carrying value is recognized 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 Akenerji Elektrik Üretim A.Ş. has acquired 99% the shares of Akkur Enerji Üretim Ticaret ve Sanayi A.Ş., with a share capital of TRY 5.000.000 (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 hydroelectric 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.

Akkoza Gayrimenkul Yatırımı A.Ş., in which Akkök has an indirect shareholding and which is consolidated to the accompanying consolidated financial statements through proportionate consolidation method, has acquired 51,0248% of the shares of Akfil Holding A.Ş., Akfil Turizm Yatırım Planlama Geliştirme ve Ticaret A.Ş., Akfil Gayrimenkul Yatırım İnşaat Geliştirme ve Ticaret A.Ş. and Akfil Tekstil Üretim ve Ticaret A.Ş., and 29,553% of the shares of Akfil Turizm İnşaat ve Yatırım Ticaret A.Ş., Akfil Tekstil Turizm İnşaat Sanayi ve Ticaret A.Ş., and Akfil Gayrimenkul ve Yatırım Ticaret A.Ş. at a total price of TRY 169.652.565 on 21 April 2008. On 25 December 2008, Akfil Holding A.Ş. has legally merged with Akfil Turizm Yatırım Planlama Geliştirme ve Ticaret A.Ş., Akfil Tekstil Üretim ve Ticaret A.Ş. and Akfil Gayrimenkul Yatırım İnşaat Geliştirme ve Ticaret A.Ş. through the transfer of all assets and liabilities as a whole. As of the same date, Akfil Tekstil Turizm İnşaat Sanayi ve Ticaret A.Ş. has legally merged with Akfil Gayrimenkul ve Yatırım Ticaret A.Ş. and Akfil Turizm İnşaat ve Yatırım Ticaret A.Ş. through the transfer of all assets and liabilities as a whole.

The financial statements of Akfil Holding A.Ş. and Akfil Tekstil Turizm İnşaat Sanayi ve Ticaret A.Ş. as of 31 December 2008, prepared in accordance with IFRS, are used in the calculation of goodwill related to the said acquisition. Accordingly, the positive goodwill amounting to TRY 26.215.365 and the negative goodwill amounting to TRY 362.215 are calculated, and the negative goodwill is recognized in the accompanying consolidated statement of income.

As the acquisition cost of the shares is higher than the value of the shares in the subsidiaries' equity as of 31 December 2007, prepared in accordance with IFRS, positive goodwill in the amount of TRY 62.974.256 (31 December 2007 – TRY 36.758.891) has been recognized (Note 15). Where there is impairment on the value of positive goodwill, the effect is recognized in the statement of income. Goodwill is tested for impairment annually.

(b) Accounting Methods:

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

(c) Recognition of Revenue/Expense:

Revenues and expenses are recorded on accrual basis. Accordingly the revenues, income and profits are recognized in comparison with the costs, expenses and losses of the same period. Therefore, revenues are recognized when services are rendered or when products are delivered and invoiced to customers.

Revenue from the sale of goods is recognized when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods, when the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, when the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the entity, and when the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income is recognized when the right to receive the dividend is established.

Interest revenue accrual is calculated over the effective interest rate. In the event that there is unpaid interest accrual before acquisition of a marketable security bearing interest, the interest collected subsequently is allocated to periods before- and after acquisition, and only the part that relates to the period after acquisition is recognized as income in the financial statements.

The rent income and expenses of Akkök Group consist of operating leases. Rent income /expenses from operating leases are recognized as income/ expense at equal intervals throughout the lease period.

Revenues and expenses related to construction contracts are recognised using the percentage of completion method. As per the said method, the costs realized in relation to the completed part of the construction projects and the accrued income are recognized in the financial statements of the same period (IAS 11). Contract costs include all direct materials, labour and those indirect costs relating to contract performance, such as indirect labour, supplies, tools, repair and depreciation costs.

(d) Financial Instruments:

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 balances and foreign currency balances. New Turkish Lira balances are valued at the recording value and the foreign currency balances are translated to New Turkish Lira at the foreign exchange rates issued by the Turkish Central Bank at the balance sheet date.

Bank balances consist of demand deposits, time deposits, and the related interests. New Turkish Lira demand deposits are stated at cost and foreign currency deposits are translated to New Turkish Lira at the foreign exchange rates issued at the balance sheet date by the Turkish Central Bank.

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

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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

As the foreign currency cash and cash equivalents are translated into New Turkish Lira at the foreign exchange rates valid at the balance sheet date, it is assumed that the fair values of these assets approximate to their book values.

The recorded values of the bank balances, cash and cheques received are assumed to approximate to their fair values as such assets are converted into cash in very short terms and they have no risk of value decrease.

ii. Trade Receivables

Trade receivables are financial assets created by Akkök Group through selling goods and services directly to the customers. Trade receivables and post-dated cheques of Akkök Group are stated in the financial statements at the discounted values as per their maturities.

Fair Value

The discounted trade receivables for which provision is made for doubtful receivables are assumed to be equivalent to their fair values.

iii. Trade Payables

Trade payables are financial liabilites formed through purchasing goods and services directly from the suppliers. Trade payables of Akkök Group are stated in the financial statements at the discounted values as per their maturities.

Fair Value

The discounted trade payables are assumed to be equivalent to fair values of the payables.

iv. Short and Long Term Bank Loans

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the balance sheet date, discounted as per the effective interest method.

Fair Value

The fair value of the short and long term bank loans are assumed to be equivalent to the values computed by adding the accrued interest liabilities calculated over the effective interest rate as of the balance sheet dates on the cost of the financial debts.

v. Financial Derivatives

Akkök Group makes foreign currency forward contracts and interest rate swap operations in order to protect itself against foreign currency risks that originate from operating and financial activities and the interest rate risk on loans. The fair values of the contracts which have not yet matured are calculated using internal pricing models and the unrealized foreign exchange income and expenses are recognized in the statement of income.

(e) Inventories:

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

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(f) Financial Assets:

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

Financial assets held for trading are those acquired for the purpose of making profit on fluctuations in market prices or similar elements constituted in the short term or those that are a part of a portfolio created solely for profit making in the short term, regardless of the reason of acquisition. The initial recognition of financial assets held for trading are made at the cost values including the transaction costs, and they are valued at their fair values in the subsequent periods. In the event that the price formations creating a basis for fair value do not materialize under the prevailing market conditions, the fair value is deemed unreliable in which case the value computed by the indicator prices published by the Turkish Central Bank is considered as the fair value. Earnings and losses, whether realized or unrealized, are recognized in the consolidated statement of income.

Financial assets available for sale are those assets other than the operating loans and receivables, held-to-maturity investments and held-for-trading investments. Financial assets available for sale represent shareholdings in which the direct and indirect votes of Akkök Group is below 20% or with insignificant influence even if above 20%, or those that do not have a material effect on consolidated financial statements, or are not traded in the active markets or whose fair values cannot be determined reliably are reflected in the financial statements at their restated cost values as of 31 December 2005, less provision for value decrease, if any. On the other hand, the financial assets available for sale which are traded at stock markets and whose fair values can be calculated reliably are recognized in the consolidated financial statements at their fair values.

Gains and losses originating from changes in the fair value of financial assets available for sale are recognized, net, in the consolidated statement of changes in equity, taking into account the deferred tax effect. When there is a decrease in the fair value of a financial asset available for sale or impartial evidence that the asset is impaired, the cumulative loss directly recognized in equity is transferred to the statement of income even if the financial asset is not derecognized.

Akkök Group classifies its financial assets at the time of acquisition and monitors the classification on regular basis.

(g) Intangible Assets:

Intangible assets are stated at cost, as adjusted for the measuring unit current at 31 December 2005 less accumulated amortisation charges and impairment loss, if any. Amortisation periods for intangible assets which approximate to the economic useful lives of the assets are 2-49 years.

(h) Tangible Assets:

Tangible assets are stated at cost, as adjusted for the measuring unit current at 31 December 2005 less accumulated depreciation and impairment loss, if any.

The depreciation rates, which are in line with the economic lives of the assets 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

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(i) 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 2.173,19 in respect of each year of service as of 31 December 2008 (31 December 2007– TRY 2.030,19).

The termination indemnity liability stated in the accompanying financial statements are determined as per the recognition and valuation principles stated in IAS 19 "Employee Benefits". 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 "Projected Unit Credit 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 current salaries and wages or the value of the termination indemnity upper limit determined by the Labour Law for 31 December 2008 to remain constant for restatement purposes, and later on, this value is reduced by the actual discount rate of 6,26% (31 December 2007-5,71%) calculated upon the assumption that the expected annual inflation rate will be 5,4% (31 December 2007-5%) and the expected discount rate will be 12% (31 December 2007-11%) 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.

As of 31 December 2008 and 2007 assumptions for calculating termination indemnity are as follows:

	December 2008	31 December 2007
Discount rate	6,26%	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 2008 and 2007, provisions for termination indemnity consist of the following (TRY):

	December 2008	31 December 2007
Beginning of the period	21.318.583	19.756.101
Provision for termination indemnity classified as short term	(1.963.205)	(782.160)
Charge for the current period	888.852	2.344.642
Long term provision for termination indemnity at the end of the period	**20.244.230**	**21.318.583**

(j) Earnings/(Loss) per Share:

Earnings/loss per share is calculated by dividing the net profit or loss for the period by the weighted average number of ordinary shares outstanding during the period.

Enterprises in Turkey can increase their capital through distributing bonus shares to their shareholders proportionate to their shareholding from retained earnings and differences arising from inflation adjustment in shareholder's equity. These bonus shares are regarded as issued shares in calculating earnings/(loss) per share. Hence, retroactive calculation is made to arrive at the weighted average number of ordinary shares in respect of the bonus shares.

(k) Assets and Liabilities in Foreign Currency:

Assets and liabilities in foreign currency are translated into New Turkish Lira at the foreign currency rates announced by the Turkish Central Bank as at the balance sheet dates. Transactions in foreign currencies during the period are translated into New Turkish Lira at the actual rates prevailing at the transaction dates. Foreign exchange gains and losses arising from these transactions are recognized in the statements of income.

(l) Deferred Taxes:

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

Deferred taxes are calculated on the temporary differences that arise between the deductible tax base and the carrying values of assets and liabilities, by using the liability method. The primary temporary differences arise from the income and expense items that are reported in different periods with respect to the IAS/IFRS and the tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated with the assumption that the Akkök Group will have taxable income during the future periods.

An enterprise should offset current tax assets and current tax liabilities if the enterprise has a legally enforceable right to set off the recognised amounts, provided that the tax assets and tax liabilities are subject to the tax legislation of the same jurisdiction.

(m) Related Parties:

A party is related to an entity if the party is a legal body or a real person which directly or indirectly controls, is controlled by, or is under common control with the entity, has an interest in the entity that gives it significant influence over the entity, and if the party is a subsidiary, an affiliate or a joint venture in which the entity is a venturer. Furthermore, members of the key management personnel of the entity, close members of the family of any individual referred to above, and parties representing post-employment benefit plan for the benefit of employees of the entity are also defined as related parties.

Transactions with related parties regarding the principal activities of Akkök Group are realized at prices that are commensurate with the prevailing market conditions.

(n) Mergers:

The provisions stated in IFRS 3 (Business Combinations) are not applied to the legal mergers realized between the Akkök subsidiaries. Therefore, there is no negative or positive goodwill calculated in case of such mergers. The mergers within the scope of IFRS 3 are accounted for as per the purchasing method. The difference between the acquisition cost of a company and the fair value of the defined assets, liabilities and contingent liabilities of the acquired company is stated as goodwill in the consolidated financial statements. The goodwill constituted during the process of merging is not subject to amortization. Instead, it is tested for impairment annually or more frequently when the prevailing conditions indicate a value decrease in the goodwill. In the event that the share of the acquirer within the fair value of the defined assets, liabilities and contingent liabilities acquired exceed the merger cost, the difference is associated with the consolidated statements of income.

(o) Impairment of Assets:

In case where the carrying values of assets exceed their recoverable values, the carrying values of the assets are reduced to their recoverable values through use of a provision account and the amount of the provision is recognized in the statement of income as expense.

On the other hand, the recoverable value of cash generating assets is deemed to be the higher of net selling price and the value in use. The value in use of those assets represents the net present value of net cash inflows to be acquired through continuous usage and sales of the assets, discounted at a reasonable discount rate.

(p) Accounting Estimates:

During the preparation of financial statements, the Company is required to disclose the carrying amount of value of the assets and liabilities stated in the financial statements as of the balance sheet date and to give explanations regarding off balance sheet liabilities, and to provide assumptions that might affect the totals of income and expense realized during the period. However, actual results may vary from these results.

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(r) Subsequent Events:

In case there are subsequent events requiring adjustment, Akkök Group adjusts the amounts stated in the financial statements with respect to the new status. In case there are subsequent events which do not require adjustment, they are disclosed in the related period, if deemed necessary.

(s) Conditional Assets and Liabilities:

Assets and liabilities that originate from past incidents and whose presence is not fully under control of the company management as it can only be confirmed upon realization of one or more indefinite events to occur in the future are not recognized in the financial statements and they are classified as conditional liabilities and assets.

(t) Non-current Assets Held for Sale:

Non-current assets held for sale can only be classified as such when their recorded values are recovered not upon usage but upon a sale transaction where the depreciation is discontinued. Non-current assets held for sale are valued by the lower of their carrying values and the value computed by deducting the sales expenses from their fair values. When non-current assets held for sale are no longer classified as such, these assets are valued at the lower of the book value determined taking into account the adjustments regarding depreciation, amortisation or revaluation that need to be considered when these assets are not classified as held for sale and the recoverable value at the day decision is made to sell the assets.

(u) Borrowing Costs:

Borrowing costs are recognized as expense. Borrowing costs related to the qualifying assets are included directly in the cost of the related qualifying asset. Upon completion of the necessary operations to make the qualifying asset ready for use or sale, the capitalization of the borrowing costs are discontinued. As of 31 December 2008, the borrowing costs directly related to the investments in progress amount to TRY 86.101.481 (31 December 2007 – (TRY 8.019.558)) and they are added to the cost of the related asset.

(v) Segment Reporting:

The activities of Akkök Group are classified under six sectors, namely, investment (Akkök), chemistry, textile, energy, investment properties and others. The other sectors include port management, restaurant management, insurance agency, marketing and foreign trade operations. The companies within this group have low commercial volume, hence they are not regarded as sectors that can be reported separately.

(y) Government Incentives and Grants:

Government incentives utilized by Akkök Group include those that are related to income and they are recognized in the statement of income.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of the following (TRY):

	31 December 2008	31 December 2007
Cash	455.423	506.078
Cheques received	22.676.449	19.888.055
Banks		
-TRY demand deposit	8.281.832	9.093.490
-Foreign currency demand deposit	5.661.413	6.542.963
-TRY time deposit *	30.708.274	67.939.499
-Foreign currency time deposit **	195.890.999	147.223.667
Other ***	98.427	-
Total	**263.772.817**	**251.193.752**

* As of 31 December 2008, the net interest rates on TRY time deposits at banks vary between 16,7% and 23,1% (31 December 2007: net 14,8%-21,5%)

** As of 31 December 2008, the net interest rates on Euro time deposits at banks vary between 4% and 7,8%; on USD time deposits vary between 3,5% and 7,5%; and on GBP time deposits vary between 5,4% and 5,6%. (31 December 2007: Euro net 3,1%-4,0%, USD net 4,3%-5,8%, GBP 5,8%).

*** Consists of pos accounts of Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.

The sum of cash, cheques received and other is stated as “Other” in the Credit Risk Table (Note 32(i)).

5. Trade Receivables

Short term trade receivables consist of the following (TRY):

	31 December 2008	31 December 2007
Trade receivables	297.521.252	225.022.080
Notes receivable and post-dated cheques	306.769.046	202.619.674
Rediscount on receivables	(5.246.618)	(5.959.303)
Doubtful trade receivables	8.311.581	5.164.039
Provision for doubtful trade receivables (Note 32 (i))	(8.311.581)	(5.164.039)
Other trade receivables	414.052	8.955
Total	**599.457.732**	**421.691.406**

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As of 31 December 2008 and 2007, the movements of provision for doubtful trade receivables are as follows (TRY):

	31 December 2008	31 December 2007
Provision for doubtful trade receivables at the beginning of the period	5.164.039	7.138.730
Collections and reversals	(437.361)	(2.795.395)
Provision made during the period	3.584.903	820.704
Provision for doubtful trade receivables at the end of the period	**8.311.581**	**5.164.039**

Long term trade receivables consist of the following (TRY):

	31 December 2008	31 December 2007
Long term notes receivable and post-dated cheques	14.464.609	-
Rediscount on long term notes receivable and post-dated cheques	(1.548.891)	-
Total	**12.915.718**	**-**

6. Due from Related Parties

Short term receivables from related parties consist of the following (TRY):

	31 December 2008	31 December 2007
GAC Gayrimenkul Yatırımı A.Ş.	5.054.626	4.045.724
Garanti Koza Akiş Adi Ortaklığı	27.429.456	552.051
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	620.129	281.608
Aken BV	5.200	-
Aksa Egypt Acyrlic Fiber Industrie SAE	16.717.124	-
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş.	228	-
Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş.	114.171	-
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	10.310	-
Akkoza Gayrimenkul Yatırımı A.Ş.	29.109.325	-
Due from shareholders	901.253	32.682
Trade receivables from related parties (Note 32(i))	**79.961.822**	**4.912.065**

Long term receivables from related parties consist of the following (TRY):

	31 December 2008	31 December 2007
Due from shareholders *	51.904.599	-

* Consists of advances given to Akfil Holding A.Ş. shareholders for acquisition of shares.

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7. Inventories

Inventories consist of the following (TRY):

	31 December 2008	31 December 2007
Raw materials and supplies	98.959.408	128.261.315
Semi-finished goods	25.219.236	16.857.784
Finished goods	50.319.246	36.682.874
Trade goods	512.338	372.207
Other inventories	1.003.289	276.643
Advances given	1.922.034	18.646.407
Inventory provisions (-)	(3.665.663)	-
Total	**174.269.888**	**201.097.230**

The movements of allowance provided for net realizable value of inventories as of 31 December 2008 and 2007 are as follows (TRY):

	31 December 2008	31 December 2007
Allowance at the beginning of the period	-	1.124.480
Effect of subsidiary excluded from consolidation	-	(1.124.480)
Arising during the period	3.665.663	-
Allowance at the end of the period	**3.665.663**	**-**

8. Non-Current Assets Held for Sale

Non-current assets held for sale consist of the following (TRY);

	Opening 1 January 2008	Additions	Transfers and Disposals	Closing 31 December 2008
Cost	166.383.489	2.404.548	(168.788.037)	-
Accumulated depreciation	(49.564.898)	(558.450)	50.123.348	-
Sub Total	**116.818.591**	**1.846.098**	**(118.664.689)**	**-**
Provisions for tangible and intangible assets held for sale	**(89.448.141)**	**(203.700)**	**89.651.841**	**-**
Net book value	**27.370.450**	**1.642.398**	**(29.012.848)**	**-**

	Opening 1 January 2007	Additions	Transfers and Disposals	Closing 31 December 2007
Cost	-	166.383.489	-	166.383.489
Accumulated depreciation	-	(49.564.898)	-	(49.564.898)
Sub Total	**-**	**116.818.591**	**-**	**116.818.591**
Provisions for tangible and intangible assets held for sale	**-**	**(89.448.141)**	**-**	**(89.448.141)**
Net book value	**-**	**27.370.450**	**-**	**27.370.450**

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9. Other Current Assets

Other current assets consist of the following (TRY):

	31 December 2008	31 December 2007
VAT subject to export restrictions	27.417.869	20.660.726
Deferred VAT	15.828.803	18.308.346
Other VAT	10.862.963	8.598.391
Prepaid taxes and funds	1.673.078	5.445.891
Prepaid expenses related to future months	2.024.186	2.281.710
Personnel advances	1.588.255	1.912.012
Other current assets	2.380.754	2.149.998
Deposits and guarantees given	125.066	95.952
Other doubtful receivables	445.064	141.876
Provision for other doubtful receivables	(445.064)	(141.876)
Total	**61.900.974**	**59.453.026**

As of 31 Decemer 2008 and 2007, the movements of the provisions for other doubtful receivables are as follows (TRY):

	31 December 2008	31 December 2007
Provision for other doubtful receivables at the beginning of the period	141.876	141.876
Collections and reversals	(3.000)	-
Provisions made during the period	306.188	-
Provision for other doubtful receivables at the end of the period (Note 32 (i))	**445.064**	**141.876**

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10. Financial Assets

Financial assets available for sale consist of the following (TRY):

	31 December 2008	31 December 2007
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş. (1), (6)	121.268	121.268
Aksu Textiles E.A.D. (1), (6)	754.391	754.391
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (1), (6)	106.767	106.767
Fitco BV (1), (6)	7.898.232	7.898.232
Bozüyük Orman Ürünleri A.Ş. (1), (3)	-	8.880.389
Akgirişim Kimya ve Ticaret A.Ş. (1), (6)	98.000	98.000
Akrom Ak-Al Textile Romania SRL (1), (4)	-	20.567.508
Aken BV (1), (6)	2.079.342	2.079.342
Aksa Egypt Acyrlic Fiber Industrie SAE (1), (6)	80.527	80.527
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş. (1)	11.627.000	11.627.000
GAC Gayrimenkul Yatırımı A.Ş. (1), (6)	625.000	625.000
Garanti Koza – Akiş Adi Ortaklığı (1), (6)	2.500	2.500
Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş. (1), (5)	-	-
T. Sınai Kalkınma Bankası A.Ş. (2)	60.294	102.301
T. Vakıflar Bankası Anonim Ortaklığı (2)	439	386
Yapı Kredi Bankası A.Ş. (2)	4.555.980	16.853.063
Akçansa A.Ş. (2)	108.189	322.277
Toplu Konut Holding A.Ş. (2)	313	313
	28.118.242	**70.119.264**
Less: Provision for impairment (-)	-	(20.567.508)
Total	**28.118.242**	**49.551.756**

(1) Indirect shareholding interest rates are stated in Note 3(a).
(2) Participation rate is below 1%.
(3) Merged with the subsidiary Ak-Al Tekstil Sanayii A.Ş. on 8 October 2008 through transferring its assets and liabilities as a whole. Therefore, the accompanying financial statements as of 31 December 2008 are prepared with respect to the said merge transaction.
(4) The liquidation process has ended at 14 May 2008. As of 31 December 2007, it is carried at cost in the consolidated financial statements as it is in the liquidation process.
(5) Established on 28 November 2008 with the participation of the subsidiary Akenerji Elektrik Üretim A.Ş. and CEZ a.s..The participation amount is TRY 112.500.000 and has not been paid yet. As the company's operations have not started as of 31 December 2008, it has not been included in the consolidated financial statements.
(6) As these companies do not have significant volume of activities and significant impact on Akkök Group's consolidated financial statements, they are not included in the consolidated financial statements.

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11. Investment In An Associate

The investment in an associate is as follows (TRY):

	Participation Rate%	31 December 2008	Participation Rate%	31 December 2007
Associate;				
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	13,12	11.020.488	13,12	7.882.974

As of 31 December 2008 and 2007, the investment in an associate is accounted for using the equity method of accounting in the accompanying consolidated financial statements. As of 31 December 2008, total assets of the investment amount to TRY 141.028.293 (2007 – TRY 129.937.608), total liabilities amount to TRY 13.222.664 (2007 – TRY 6.755.470), total equity amounts to TRY 127.805.629 (2007 – TRY 123.182.138), and the net profit for the period is TRY 48.463.491 (2007 – TRY 51.040.925). As of 31 December 2008, the book value of the investment is TRY 2.375.844 (2007 – TRY 2.375.844) and the market value is TRY 42.993.169 (2007 – TRY 69.569.456).

12. Other Non-Current Assets

Other non-current assets consist of the following (TRY):

	31 December 2008	31 December 2007
Prepaid expenses for the future years	471.811	221.014
Deposits and guarantees given	181.279	62.196
Other non-current assets	-	139
Due from personnel	2.571	-
Total	**655.661**	**283.349**

13. Intangible Assets

Intangible assets consist of the following (TRY):

Cost;	1 January 2008	Effect of Subsidiaries included in the Consolidation *	Additions	Transfers and Disposals	31 December 2008
Rights	43.239.053	7.482	1.569.545	32.597	44.848.677
Leasehold improvements	15.076.008	320.393	565.650	251.238	16.213.289
Other	3.174.643	-	54.023	-	3.228.666
Sub Total	**61.489.704**	**327.875**	**2.189.218**	**283.835**	**64.290.632**
Accumulated Amortisation;					
Rights	(8.603.257)	(5.769)	(1.492.748)	(18.001)	(10.119.775)
Leasehold improvements	(10.294.787)	(17.570)	(1.081.192)	(61.002)	(11.454.551)
Other	(2.755.221)	-	(246.310)	-	(3.001.531)
Sub Total	**(21.653.265)**	**(23.339)**	**(2.820.250)**	**(79.003)**	**(24.575.857)**
Net Book Value	**39.836.439**	**304.536**	**(631.032)**	**204.832**	**39.714.775**

* Represents the net effect of intangible assets of Akkoza Gayrimenkul Yatırımı A.Ş. included in the consolidation as of 31 December 2008.

Intangible assets consist of the following (TRY):

Cost;	1 January 2007	Effect of Subsidiaries included in the Consolidation *	Effect of Change in Subsidiaries **	Assets Available 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
Sub Total	**60.148.674**	**186.705**	**(105.420)**	**(398.464)**	**766.749**	**891.460**	**61.489.704**
Accumulated Amortisation;							
Rights	(7.118.519)	(29.070)	-	107.521	(1.563.189)	-	(8.603.257)
Leasehold improvements	(9.400.805)	(3.983)	-	267.172	(1.159.842)	2.671	(10.294.787)
Other	(2.543.607)	-	89.958		(301.572)	-	(2.755.221)
Sub Total	**(19.062.931)**	**(33.053)**	**89.958**	**374.693**	**(3.024.603)**	**2.671**	**(21.653.265)**
Net Book Value	**41.085.743**	**153.652**	**(15.462)**	**(23.771)**	**(2.257.854)**	**894.131**	**39.836.439**

* Represents the net effect of the 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.

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14. Tangible Assets

Tangible assets consist of the following (TRY):

Cost;	Opening 1 January 2008	Effect of Subsidiaries Included in the Consolidation *	Additions	Transfers and Disposals	Consolidation Eliminations	31 December 2008
Land	75.849.227	15.538.120	1.199.997	7.645.678	-	100.233.022
Land improvements	118.940.889	585.166	32.000	9.879.147	-	129.437.202
Buildings	168.767.109	14.694.040	53.904	22.366.560	-	205.881.613
Machinery, plant, and equipment	1.472.566.490	1.798.172	25.080.527	116.472.847	-	1.615.918.036
Motor vehicles	71.233.537	7.466	341.961	(988.947)	-	70.594.017
Furniture and fixtures	48.194.832	295.728	1.843.783	55.067	-	50.389.410
Other fixed assets	9.616	-	-	-	-	9.616
Construction in progress	227.126.973	-	308.094.047	(129.911.295)	-	405.309.725
Advances given	47.552.881	333.012	105.227.696	(29.712.456)	-	123.401.133
Sub total	**2.230.241.554**	**33.251.704**	**441.873.915**	**(4.193.399)**	**-**	**2.701.173.774**
Accumulated depreciation;						
Land improvements	(67.161.999)	(279.859)	(6.369.173)	(2.596.879)		(76.407.910)
Buildings	(65.829.378)	(12.424.312)	(3.618.633)	878.136		(80.994.187)
Machinery, plant, and equipment	(970.218.669)	(1.334.948)	(80.114.015)	26.982.546	114.701	(1.024.570.385)
Motor vehicles	(60.002.261)	(5.346)	(1.448.282)	984.820		(60.471.069)
Furniture and fixtures	(39.894.381)	(222.634)	(2.552.894)	657.484		(42.012.425)
Other fixed assets	-	-	-	-		-
Sub Total	**(1.203.106.688)**	**(14.267.099)**	**(94.102.997)**	**26.906.107**	**114.701**	**(1.284.455.976)**
Total Tangible Assets	**1.027.134.866**	**18.984.605**	**347.770.918**	**22.712.708**	**114.701**	**1.416.717.798**
Provision for Impairment (-)	(31.403.037)	-	-	(16.338.675)	-	(47.741.712)
Net Book Value	**995.731.829**	**18.984.605**	**347.770.918**	**6.374.033**	**114.701**	**1.368.976.086**

* Represents the net effect of tangible assets of Akkoza Gayrimenkul Yatırımı A.Ş. included in the consolidation as of 31 December 2008.

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Tangible assets consist of the following (TRY):

Cost;	Opening 1 January 2007	Effect of Subsidiaries Included in the Consolidation *	Effect of Change in Subsidiaries **	Assets Available for Sale	Additions	Transfers 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 fixed 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;								
Land improvements	(69.888.306)	-	-	11.459.091	(8.732.784)	-	-	(67.161.999)
Buildings	(62.297.633)	-	-	53.870	(3.585.615)	-	-	(65.829.378)
Machinery, plant, and equipment	(968.594.977)	-	1.997.127	34.842.714	(83.561.662)	43.204.816	1.893.313	(970.218.669)
Motor vehicles	(59.478.215)	-	-	135.156	(1.676.449)	1.017.247	-	(60.002.261)
Furniture and fixtures	(40.018.001)	(55.082)	-	2.703.663	(3.142.320)	617.359	-	(39.894.381)
Other fixed assets	(265.982)	-	-	-	-	265.982	-	-
Sub Total	**(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 Tangible Assets	**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)
Net Book Value	**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 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. included in the consolidation as of 31 December 2007.

** Represents the net effect of Akrom Ak-Al Textile Romania S.R.L., which is in liquidation process and is not consolidated as of 31 December 2007 and the translation differences in the financial statements denominated in foreign currency.

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15. Positive Goodwill

Positive goodwill consists of the following (TRY):

	Opening 1 January 2008	Additions	Disposals	Closing 31 December 2008
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
Akfil Holding A.Ş. (Note 3(a))	-	26.215.365	-	26.215.365
Total	**36.758.891**	**26.215.365**	**-**	**62.974.256**

	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
Total	**22.548.997**	**14.209.894**	**-**	**36.758.891**

Goodwill arising from acquisition of Akkur Enerji Üretim Ticaret ve Sanayi A.Ş. and Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. has been tested for impairment as of 31 December 2008. Such test has been performed by using the independent valuation reports of the above mentioned companies through comparing the recorded values with the recoverable amounts determined by using the discounted cash flows method. There is no impairment determined as a result of the test. As Akfil Holding A.Ş. has been acquired in 2008, the goodwill is not tested for impairment.

16. Short Term Financial Liabilities

Short term financial liabilities consist of the following:

		31 December 2008		31 December 2007	
	Currency	Currency Amount	TRY	Currency Amount	TRY
Loans in foreign currency	USD	68.714.917	103.917.569	80.540.648	94.256.721
Loans in foreign currency	Euro	570.000	1.220.256	-	-
Loans in New Turkish Liras			50.692.865		20.734.80
Short term portion oflong term loans (Note 22)			43.440.989		14.202.472
Interest accrual on short term loans			1.930.145		1.932.825
Interest accrual on long term loans			3.452.915		1.060.863
Factoring			3.872.129		-
Total			**208.526.868**		**132.187.686**

17. Trade Payables

Trade payables consist of the following (TRY):

	31 December 2008	31 December 2007
Suppliers	184.445.380	169.602.183
Notes payable	93.119	-
Other trade payables	228.155	154.252
Rediscount on payables	(2.027.768)	(1.540.026)
Total	**182.738.886**	**168.216.409**

18. Due to Related Parties

Balances due to related parties consist of the following (TRY):

	31 December 2008	31 December 2007
Akhan Bakım Yön. Ser.Hiz.Tic. A.Ş.	479.581	612.199
Bozüyük Orman Ürünleri A.Ş.	-	242.843
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	35.674	-
Garanti Koza Akiş Adi Ortaklığı	18.427.332	-
Garanti Koza İnşaat Sanayi ve Ticaret A.Ş.	25.389.410	-
Due to shareholders	1.390.968	1.641.640
Total (Note 32(ii))	**45.722.965**	**2.496.682**

19. 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 liability and 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.

As of 31 December 2008 and 2007, income tax provisions have been made in accordance with the prevailing tax legislation.

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As of 31 December 2008 and 2007, tax payables, tax income and expenses recognized in the balance sheet and the statement of income are summarized below (TRY):

	31 December 2008	31 December 2007
In the Statement of Income;		
Current period corporation tax	(23.109.836)	(4.159.063)
Deferred tax income/(expense) (Note 21)	(13.408.456)	55.485.955
Total tax income/(expense), net	**(36.518.292)**	**51.326.892**
In the Balance Sheet;		
Current period corporation tax	23.109.836	4.159.063
Prepaid taxes	(11.676.429)	(3.227.014)
Total taxes payable	**11.433.407**	**932.049**

The current tax charge is calculated as follows (TRY):

	31 December 2008	31 December 2007
Income before taxation per statutory books	262.134.498	39.744.534
Disallowable expenses	76.273.099	19.758.818
Tax exempt income	(65.714.616)	(9.981.133)
Prior years' losses utilized	(118.404.161)	(28.124.156)
Affiliate earnings	(4.177.007)	-
Investment allowance used	(34.591.765)	(598.276)
Sub total	**115.520.048**	**20.799.787**
Tax provision *	**23.109.836**	**4.159.063**

* Corporation tax rate is 20%. The corporation tax rates of 19,8% and 30% are used in the calculation of current tax charges of Akkök Group companies that are benefiting from investment incentives.

Under the Turkish taxation system, tax losses can be carried for a maximum period of five years following the year in which the losses were incurred.

As of 31 December 2008 the accumulated tax losses of Akkök Group carried forward to be utilized in the future years amount to TRY 110.518.082. As these accumulated losses are not considered to be recovered by the future taxable profits of Akkök Group companies having tax losses, the accumulated losses are not taken into consideration in the deferred tax calculation as of 31 December 2008.

The breakdown of unused tax losses of Akkök Group are as follows (TRY):

Years	31 December 2008	31 December 2007
2002	-	1.640.774
2003	4.971.944	4.971.944
2004	14.189.677	14.189.677
2005	15.957.974	64.824.996
2006	29.100.510	94.922.687
2007	3.808.671	7.523.634
2008	42.489.306	-
Total	**110.518.082**	**188.073.712**

20. Other Current Liabilities

Other short term liabilities consist of the following (TRY):

	31 December 2008	31 December 2007
Other VAT	10.862.962	8.598.390
Advances received	28.571.849	7.642.429
Taxes and funds payable	8.170.502	5.981.518
Social security premiums payable	2.790.564	2.395.266
Expense accruals	5.766.684	1.990.828
Other advances received	-	585.150
Unearned income	1.795.595	294.401
Provision for litigations	1.884.067	122.318
Due to personnel	463.082	407.495
Short term provisions for severance and termination pay liability	1.963.205	782.160
Provision for vacation pay liability	1.203.738	140.939
Provision for cost expenses	4.318.819	1.938.279
Provision for other debts and expenses	2.596.622	2.858.665
Provision for TRT (Turkish Radio Television) share	-	2.754.469
Provision for contingent losses related to derivative financial instruments	2.059.724	-
Other current liabilities	719.090	320.993
Total	**73.166.503**	**36.813.300**

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The movements of provisions for litigations as of 31 December 2008 and 2007 are as follows (TRY):

	31 December 2008	31 December 2007
Provision for litigation at the beginning of the period	2.967.310	8.850.081
Provisions reversed during the period	(2.394.167)	(11.866.230)
Provisions made during the period	1.310.924	5.983.459
Provision for litigation at the end of the period *	**1.884.067**	**2.967.310**

* As of 31 December 2007, provisions for litigations comprise the short and long term provisions amounting to TRY 122.318 and TRY 2.844.992, respectively.

Other non-current liabilities consist of the following (TRY):

	31 December 2008	31 December 2007
Provision for litigation	-	2.844.992
Long term expense accruals	1.229.885	-
Long term unearned income	83.917	40.320
Total	**1.313.802**	**2.885.312**

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21. Deferred Taxes

The breakdown of temporary differences and the resulting deferred tax assets, liabilities, income and expenses provided consist of the following (TRY):

	Total Temporary Differences		Deferred Tax Asset/Liability	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Adjustments related to rediscount interest expenses	4.386.123	7.432.772	877.225	1.486.554
Adjustment on provision for termination indemnity	23.411.173	22.059.428	4.682.235	4.411.886
Adjustment of provision for doubtful receivables	6.535.071	960.960	1.307.014	192.192
Expense accruals	2.278.372	1.691.674	455.674	338.335
Adjustment of allowance for net realizable value of inventories	1.416.879	-	283.376	-
Adjustment of provision for impairment in fixed assets	47.741.712	31.403.037	9.548.342	6.280.607
Provision for contingent losses related to derivative financial instruments	2.059.724	-	411.945	-
Adjustment of foreign exchange losses	-	1.942.204	-	388.441
Tax loss carried forward and utilized during the year	-	88.733.743	-	17.746.749
Adjustments related to affiliates	**626.675**	**12.799.510**	**125.335**	**2.559.902**
Deferred Tax Asset	**88.455.729**	**167.023.328**	**17.691.146**	**33.404.666**
Adjustments related to rediscount interest income	(3.560.302)	(1.455.968)	(712.060)	(291.194)
Consolidation adjustments	(5.089.300)	(186.484)	(1.017.860)	(37.297)
Difference between the tax base and the IFRS value of tangible and intangible assets	**(336.883.301)**	**(363.439.885)**	**(67.376.660)**	**(72.687.977)**
Deferred Tax Liability	**(345.532.903)**	**(365.082.337)**	**(69.106.580)**	**(73.016.468)**
Deferred Tax Asset/(Liability), Net	**(257.077.174)**	**(198.059.009)**	**(51.415.434)**	**(39.611.802)**

As of 31 December 2008 and 2007, tax rate is 20% (Note 19).

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Deferred tax income/(expense) consist of the following (TRY):

	31 December 2008	31 December 2007
Deferred tax liability (net)	(51.415.434)	(39.611.802)
Deferred tax liability attributed to equity	**-**	**617.325**
Deferred tax liability attributed to the statement of income	(51.415.434)	(38.994.477)
Effect of subsidiary included in the consolidation	(987.499)	-
Reversal of prior period deferred tax liability	**38.994.477**	**94.480.432**
Deferred tax income/(expense) (Note 19)	**(13.408.456)**	**55.485.955**

22. Long Term Financial Liabilities

Long term financial liabilities consist of the following:

		31 December 2008		31 December 2007	
	Currency	Currency Amount	TRY	Currency Amount	TRY
Loans in foreign currency	USD	265.908.566	402.133.524	109.573.045	128.233.334
	Euro	69.602.149	149.004.281	56.575.078	97.218.615
Short term portion of long term loans (Note 16)			**(43.440.989)**		**(14.202.472)**
Total			**507.696.816**		**211.249.477**

As of 31 December 2008, the maturities of long term bank loans range from 2010 to 2015, as of 31 December 2007 from 2008 to 2014. The interest rates on long term Euro loans vary between 5,5% and 6,9% (31 December 2007: 5,3%-6,5%); the interest rates on USD loans vary between 3,4% and 6,0% (31 December 2007: 5,1%-6,5%).

23. Share Capital

As of 31 December 2008 and 2007, the paid-in share capital of Akkök (the Parent Company) amounts to TRY 13.097.521 consisting of 13.097.521.124 shares of YKr 1 nominal value each. The shareholding structure of Akkök (the Parent Company) is as follows (TRY):

Name	Shareholding	Nominal Value	Capital Adjustment	Total
A.R.D. Holding A.Ş.	33,33%	4.365.840	54.381.077	58.746.917
Atlantik 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
Other **	0,01%	23	286	309
Total	**100,00%**	**13.097.521**	**163.143.243**	**176.240.764**

* The legal title of the company, which was formerly Ö.D. Holding A.Ş., has been changed as Atlantik Holding A.Ş. as of 26 September 2008.

** Represents shareholdings of less than 1%.

24. Retained Earnings and Legal Reserves

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

(a) First Legal Reserve: Appropriated out of net profits at a rate of 5% per annum until such reserve reaches 20% of 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.

25. Minority Interest

Details of minority interest attributable to the equity items are as follows (TRY):

	31 December 2008	31 December 2007
Share Capital	561.637.903	542.210.699
Share premium	118.501.332	118.501.250
Value (increase)/decrease in financial assets, (net)	-	149.606
Retained earnings	173.512.740	212.792.849
Profit/(loss) for the period	87.278.937	(52.646.702)
Total	**940.930.912**	**821.007.702**

26. Earnings/Loss per Share

As of 31 December 2008, Akkök Group's earnings per share of TRY 1 nominal value each is TRY 4,28. (31 December 2007 – loss per share TRY (1,58)).

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27. Contingent Liabilities

Contingent liabilities consist of the following:

		31 December 2008		31 December 2007	
	Currency	Currency Amount	TRY	Currency Amount	TRY
Guarantee letters given to related parties;	USD	2.500.000	3.780.750	-	-
Guarantee letters given;	USD	126.152.872	190.780.988	103.926.727	121.043.459
	Euro	3.755.355	8.039.464	4.224.466	7.224.682
	TRY	-	118.260.978	-	103.093.268
Mortgages, guarantee notes and cheques received;	USD	6.107.724	9.236.711	7.799.652	9.084.255
	GBP	25.000	55.263	12.945	30.109
	Euro	142.300	304.636	8.034.866	13.741.228
	TRY	-	272.149.157	-	196.183.133
Sureties received from related parties;	USD	30.460.950	46.066.095	-	-
Export liabilities;	USD	20.423.935	30.887.117	17.274.000	20.119.028
	TRY	-	4.000.000	-	1.000
Mortgage on immovables;	TRY	-	40.500.000	-	-

28. Operating Expenses

Research and development expenses, marketing, sales and distribution expenses; general administration expenses consist of the following (TRY):

	31 December 2008	31 December 2007
Research and development expenses	11.511.555	6.618.700
Marketing, sales, and distribution expenses	19.814.658	17.294.029
General administration expenses	137.178.677	85.617.912
	168.504.890	**109.530.641**

	31 December 2008	31 December 2007
Personnel expenses	53.162.520	52.380.033
Depreciation expenses	8.676.792	8.478.269
Taxes, duties, and fees	11.918.331	2.730.139
Representation and hospitality expenses	2.812.052	1.586.068
Outsourcing expenses	15.623.963	14.520.771
Rent, maintenance and repair expenses	8.677.583	4.384.981
Consulting fees	6.838.425	7.215.418
Transportation, communication and travel expense	5.280.416	4.659.789
Expropriation expense	4.795.844	879.152
Provision for doubtful receivables	3.891.091	820.704
Provision for litigation	1.310.924	5.983.007
Allowance for net realizable value of inventories	3.665.663	-
Rights written off as expense	12.461.441	-
Allowance for advances given for purchases	4.234.440	-
Other expenses	25.155.405	5.892.310
Total	**168.504.890**	**109.530.641**

29. Depreciation and Amortisation

Depreciation and amortisation expenses for the years ended 31 December 2008 and 2007, consist of the following (TRY):

	31 December 2008	31 December 2007
Cost of goods sold	76.641.767	93.904.684
Research and development expenses	2.714.538	2.240.420
Marketing, sales, and distribution expenses	81.441	136.957
General administration expenses	5.880.813	6.100.892
Idle capacity expenses	10.001.052	-
Depreciation and amortisation expenses attributed to the statement of income	**95.319.611**	**102.382.953**
Depreciation expenses on inventories	1.626.975	1.428.615
Total	**96.946.586**	**103.811.568**

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30. Financial Income/Expenses, (net)

Financial income/(expenses) for the years ended 31 December 2008 and 2007, consist of the following (TRY):

	31 December 2008	31 December 2007
Interest income	22.124.665	29.203.291
Foreign exchange gains	306.337.390	94.622.866
Rediscount income	7.994.789	11.722.756
Due date income	9.441.441	5.847.388
Foreign exchange losses (-)	(184.884.054)	(148.407.177)
Interest expenses (-)	(37.984.942)	(13.560.932)
Rediscount expenses (-)	(8.343.344)	(7.972.612)
Due date expenses (-)	(550.746)	(152.797)
Total	**114.135.199**	**(28.697.217)**

31. Other Income/(Expenses), (net)

Other income/(expenses), net for the years ended 31 December 2008 and 2007, consist of the following (TRY):

	31 December 2008	31 December 2007
Provisions No Longer Required	4.308.942	8.505.724
Dividend Income	107.206	87.092
Profit on Sale of Marketable Securities	3.560.386	10.687.166
Prior Period Income	2.777.900	223.642
Other Income	62.767.264	16.197.621
Provision for Impairment in Fixed Assets Held For Sale	(203.700)	(89.448.141)
Liquidation Expenses of Investment	-	(20.567.508)
Commission Expenses	(2.797.828)	(3.112.413)
Loss on Sale of Marketable Securities	(3.450.191)	-
Idle Capacity Expenses	(10.001.052)	-
Prior Period Expenses	(1.862.664)	(833.087)
Other Expenses	(9.300.135)	(25.983.249
Total	**45.906.128**	**(104.243.153)**

32. Nature and Extent of Risks Arising from Financial Instruments

The financial risks encountered by Akkök Group consist of credit risk, liquidity risk, interest rate risk, and foreign currency risk.

i. Credit Risk

The credit risk of the Akkök Group is basically attributed to its trade receivables, other receivables, interest rate swap transactions and forward transactions. Akkök Group does not foresee additional risk related to trade receivables other than the allowances provided. Risks on trade receivables risk is tried to be managed through various collaterals received from customers. These collaterals consist of bank guarantee letters, treasury bonds, mortgage, direct debit system (DDS) limits, letter of credit, Eximbank credit insurance, factoring limits, the customer cheques of customers received for the purpose of distributing the risk. Akkök Group evaluates its trade receivables by taking the past experiences into consideration and current economic outlook and provides allowances for doubtful receivables when deemed necessary.

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The following table displays the information regarding the terms overrun and warranty structure of the receivables and cash and cash equivalents of Akkök Group as of 31 December 2008 (TRY):

	Receivables						
	Trade Receivables		Other Receivables				
Current Period	Related Party	Other Party	Related Party	Other Party	Bank Deposits	Derivative Instruments	Other (1)
Maximum credit risk incurred as of 31.12.2008 (A+B+C+D+E) (2) (Notes 4,5,6 and 9)	79.961.822	612.373.450	-	71.988.817	240.542.518	-	23.230.299
- Portion of the maximum risk guaranteed through collaterals (3)	-	272.793.599	-	-	-	-	3.549.497
A. Net book value of financial assets that are not overdue or impaired	79.961.822	511.421.032	-	29.168.937	240.542.518	-	3.594.868
B. Book value of financial assets of which conditions are revised, and which otherwise would be considered as overdue or impaired.	-	-	-	-	-	-	-
C. Net book value of overdue assets but are not impaired	-	100.952.418	-	-	-	-	19.635.431
- Portion guaranteed through collaterals	-	121.189.834	-	-	-	-	3.549.497
D. Net book values of impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	8.311.581	-	445.064	-	-	-
- Impairment (-) (Notes 5,9)	-	(8.311.581)	-	(445.064)	-	-	-
- Portion of the net value guaranteed through collaterals	-	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Portion of the net value guaranteed through collaterals	-	-	-	-	-	-	-
E. Items that include off balance sheet credit risk (4)	-	-	-	42.819.880	-	-	-

1. Consists of cash, cheques received, and pos accounts included in the cash and cash equivalents.
2. In determining the amount of credit risk , factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.
3. Consists of collaterals, guarantee letters received, customer cheques and notes, treasury bonds, direct debit system limits (DDS), Eximbank limits, factoring limits, letter of credit and mortgages.
4. Guarantee letter given by the subsidiary Aksa Akrilik Kimya San. A.Ş. to get reimbursed on its VAT receivable.

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The following table displays the information regarding the terms overrun and warranty structure of the receivables and cash and cash equivalents of Akkök Group as of 31 December 2007 (TRY):

	Receivables						
	Trade Receivables		Other Receivables				
Prior Period	Related Party	Other Party	Related Party	Other Party	Bank Deposits	Derivative Instruments	Other (1)
Maximum credit risk incurred as of 31.12.2007 (A+B+C+D+E) (2) (Notes 4,5,6 and 9)	4.912.065	421.691.406	-	60.416.468	230.799.619	-	20.394.133
- Portion of the maximum risk guaranteed through collaterals (3)	-	183.136.736	-	-	-	-	-
A. Net book value of financial assets that are not overdue or impaired	4.912.065	405.078.911	-	22.109.123	230.799.619	-	18.417.490
B. Book value of financial assets of which conditions are revised, and which otherwise would be considered as overdue or impaired.	-	-	-	-	-	-	125.035
C. Net book value of overdue assets but are not impaired	-	16.612.495	-	-	-	-	1.851.608
- Portion taken under guarantee through collaterals	-	58.939.056	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	5.164.039	-	141.876	-	-	-
- Impairment (-) (Notes 5,9)	-	(5.164.039)	-	(141.876)	-	-	-
- Portion of the net value guaranteed through collaterals	-	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Portion of the net value guaranteed through collaterals	-	-	-	-	-	-	-
E. Items that include off balance sheet credit risk (4)	-	-	-	38.307.345	-	-	-

1. Consists of cash and cheques received included in the cash and cash equivalents.
2. In determining the amount of credit risk, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.
3. Consists of collaterals, guarantee letters received, customer cheques and notes, treasury bonds, direct debit system limits (DDS), Eximbank limits, factoring limits, letter of credit and mortgages.
4. Guarantee letter given by the subsidiary Aksa Akrilik Kimya San. A.Ş. to get reimbursed on its VAT receivable.

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As of 31 December 2008, aging of overdue assets but not impaired is as follows (TRY):

	Receivables				
	Trade Receivables	Other Receivables	Bank Deposits	Derivative Instruments	Other
1-30 days overrun	66.163.900	-	-	-	7.751.963
1-3 months overrun	17.275.266	-	-	-	11.812.687
3-12 months overrun	15.000.944	-	-	-	70.781
1-5 years overrun	2.512.308	-	-	-	-
More than 5 years overrun	-	-	-	-	-
Total	**100.952.418**	**-**	**-**	**-**	**19.635.431**
Portion guaranteed through collaterals	**121.189.834**	**-**	**-**	**-**	**3.549.497**

As of 31 December 2007, aging of overdue assets but not impaired is as follows (TRY):

	Receivables				
	Trade Receivables	Other Receivables	Bank Deposits	Derivative Instruments	Other
1-30 days overrun	14.371.739	-	-	-	1.851.608
1-3 months overrun	1.778.321	-	-	-	-
3-12 months overrun	357.659	-	-	-	-
1-5 years overrun	104.776	-	-	-	-
More than 5 years overrun	-	-	-	-	-
Total	**16.612.495**	**-**	**-**	**-**	**1.851.608**
Portion guaranteed through collaterals	**58.939.056**	**-**	**-**	**-**	**-**

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ii. Liquidity Risk

Liquidity risk is being able to hold sufficient cash or marketable securities, the availability of funding sources through sufficient borrowing transactions and to have the power to close market positions. The funding risk of current and future loan requirements is monitored through maintaining continuous access to sufficient number of high quality commercial credit companies and using long term investment loans.

As of 31 December 2008 and 2007, the excess portions of liquid assets (current assets – inventories) over the current term liabilities amount to TRY 483.504.716 and TRY 423.974.573, respectively.

As of 31 December 2008, the maturity distribution of financial liabilities of Akkök Group is as follows (TRY):

Maturities per Contract	Book Value	Total cash outflows per contract (=I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	Longer than 5 years (IV)
Non-Derivative Financial Liabilities	**797.836.494**	**880.141.536**	**200.774.350**	**156.710.479**	**486.640.666**	**36.016.041**
Bank loans	716.019.478	797.223.356	123.567.608	150.999.041	486.640.666	36.016.041
Trade payables	81.817.016	82.918.180	77.206.742	5.711.438	-	-
Other payables	-	-	-	-	-	-

Expected Maturities	Book Value	Total expected cash outflows	Less than 3 months	3-12 months	1-5 years	Longer than 5 years
Non-Derivative Financial Liabilities	**158.548.061**	**159.474.665**	**155.890.832**	**3.583.833**	**-**	**-**
Bank loans	204.206	204.206	-	204.206	-	-
Trade payables	100.921.870	101.848.474	98.828.764	3.019.710	-	-
Due to related parties (Note 18)	45.722.965	45.722.965	45.722.965	-	-	-
Other payables	11.699.020	11.699.020	11.339.103	359.917	-	-

Expected Maturities (or Maturities per Contract)	Book Value	Total cash outflows per contract/ expected cash outflows	Less than 3 months	3-12 months	1-5 years	Longer than 5 years
Derivative Financial Liabilities (Net)	**1.512.300**	**(5.126.403)**	**559.014**	**(2.232.328)**	**(3.453.089)**	**-**
Derivative Cash Inflows*	4.536.900	25.499.788	10.739.825	12.774.067	1.985.896	-
Derivative Cash Outflows*	(3.024.600)	(30.626.191)	(10.180.811)	(15.006.395)	(5.438.985)	-

* Fair values of the derivative transactions are taken into consideration in the calculation of derivative cash inflows and outflows. 6-month Libor interest rate as of 31 December 2008 is used for interest swap transactions, and the foreign currency buying rate issued by the Turkish Central Bank at 31 December 2008 is used in forward transactions.

As of 31 December 2007, the maturity distribution of financial liabilities of Akkök Group is as follows (TRY):

Maturities per Contract	Book Value	Total cash outflows per contract (=I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	Longer than 5 years (IV)
Non-Derivative Financial Liabilities	**441.047.189**	**486.535.408**	**183.853.150**	**78.204.547**	**199.143.354**	**25.334.357**
Bank loans	343.277.938	387.380.313	84.698.055	78.204.547	199.143.354	25.334.357
Trade payables	97.628.066	99.013.910	99.013.910	-	-	-
Other payables	141.185	141.185	141.185	-	-	-

Expected Maturities	Book Value	Total expected cash outflows	Less than 3 months	3-12 months	1-5 years	Longer than 5 years
Non-Derivative Financial Instruments	**82.208.335**	**82.362.517**	**61.968.700**	**20.393.817**	**-**	**-**
Bank loans	159.225	159.225	-	159.225	-	-
Trade payables	70.588.343	70.742.525	50.507.933	20.234.592	-	-
Due to related parties	2.496.682	2.496.682	2.496.682	-	-	-
Other payables	8.964.085	8.964.085	8.964.085	-	-	-

Expected Maturities (or Maturities per Contract)	Book Value	Total cash outflows per contract/ expected cash outflows	Less than 3 months	3-12 months	1-5 years	Longer than 5 years
Derivative Financial Liabilities (Net)	**-**	**-**	**-**	**-**	**-**	**-**
Derivative Cash Inflows	-	-	-	-	-	-
Derivative Cash Outflows	-	-	-	-	-	-

iii. Interest Rate Risk

Interest rate risk arises from the potential effects that the interest rate fluctuations may create on the financial statements. The subsidiaries, namely, Aksa Akrilik Kimya Sanayii A.Ş. and Akenerji Elektrik Üretim A.Ş. have entered into long term swap agreements for the purpose of hedging the interest risk of long term loans that they have used. As of 31 December 2008, 6-month Libor is used in computing the fair value of these transactions. The swap transactions realized by these subsidiaries as of 31 December 2008 for the purpose of hedging interest rate risk are as follows:

Bank	Loan Amounts USD	Contract Date	Maturity	Interest Rate
Garanti Bankası A.Ş.	32.500.000	16 September 2008	18 January 2015	3,57%
Garanti Bankası A.Ş.	18.500.000	2 January 2008	15 December 2014	4,18%
Akbank T.A.Ş.	13.500.000	2 September 2008	15 December 2014	4,10%
Akbank T.A.Ş.	18.000.000	27 March 2008	15 December 2014	3,47%
Garanti Bankası A.Ş.	22.500.000	2 May 2008	30 December 2013	3,75%
Garanti Bankası A.Ş.	24.930.000	14 April 2008	28 June 2013	3,20%
Garanti Bankası A.Ş.	5.472.515	21 May 2008	25 April 2012	3,64%

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The interest rate position as of 31 December 2008 and 2007 is set out in the table below (TRY):

		31 December 2008	31 December 2007
Financial instruments with fixed interest			
Financial assets	Time deposits	226.599.273	215.163.166
Financial liabilities	TRY Bank loans	32.505.733	26.288.982
Financial liabilities	Foreign currency bank loans	247.176.082	79.202.642

		31 December 2008	31 December 2007
Financial instruments with variable interest			
Financial liabilities	TRY Bank loans	19.673.933	-
Financial liabilities	Foreign currency bank loans	416.867.936	237.945.539

As of 31 December 2008, if the interest rates of TRY loans with variable interest rates were to increase/decrease by 1% with all other variables remaining constant, profit/(loss) before tax would be lower/higher by TRY 363.907 due to the change in interest expenses (31 December 2007 – TRY 152.841).

As of 31 December 2008, if the interest rates of USD and Euro loans with variable interest rates were to increase/decrease by 0,5% with all other variables remaining constant, profit/(loss) before tax would be lower/higher by TRY 509.025 (31 December 2007 – TRY 473.133) due to the change in interest expenses, and the total assets would be lower/higher by TRY1.358.568 (31 December 2007 – TRY 523.432) due to the capitalized financial cost.

iv. Foreign Currency Risk

The foreign currency balances arising from operating, investment, and financial activities are disclosed in the table below. Foreign currency risk is monitored through continuous analysis of assets and liabilities denominated in foreign currency. As of 31 December 2008, the net foreign currency position of Akkök Group is TRY (7.994.183) (31 December 2007 – TRY 80.794.219 foreign currency surplus).

The foreign currency position as of 31 December 2008 and 2007 is set out in the table below:

	31 December 2008							31 December 2007						
	TRY Equivalent (Functional currency)	USD	Euro	SEK	GBP	JPY	CHF	TRY Equivalent (Functional currency)	USD	Euro	SEK	GBP	JPY	CHF
1. Trade Receivables	506.711.783	301.569.225	22.876.928		763.417	-	-	332.507.642	260.631.413	15.629.109	1.187.198	863.263	-	-
2a. Monetary Financial Assets (Cash and Bank Accounts Included)	221.800.705	109.505.318	26.216.662	1.883	31.974	-	501	167.116.819	99.175.384	29.943.016	1.995	170.978	-	649
2b. Non-Monetary Financial Assets	776.354	356.792	74.758	-	35.000	-	-	3.067.784	2.443.850	129.477	-	-	-	-
3. Other	74.687	33.527	11.204	-	-	-	-	1.458.869	924.890	221.129	-	1.494	-	
4. Current Assets (1+2+3)	729.363.529	411.464.862	49.179.552	1.883	830.391	0	501	504.151.114	363.175.537	45.922.731	1.189.193	1.035.735	-	649
5. Trade Receivables	106.021	70.106	-	-	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-		-	-
6b. Non-Monetary Financial Assets	84.544.873	23.818.848	22.640.898	-	-	-	37.758	20.932.582	915.148	11.616.600	-	-	-	-
7. Other	2.571	1.700	-	-	-	-	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	84.653.465	23.890.654	22.640.898	-	-	-	37.758	20.932.582	915.148	11.616.600	-	-	-	-
9. Total Assets (4+8)	814.016.994	435.355.516	71.820.450	1.883	830.391	-	38.259	525.083.696	364.090.685	57.539.331	1.189.193	1.035.735		649
10. Trade Payables	145.717.722	90.313.589	4.138.261	-	-	4.804.800	137.692	121.100.453	101.388.140	1.574.051	-	7.852	13.213.200	163.207
11. FinancialLliabilities	277.437.063	168.047.086	10.883.527	-	-	-	-	141.849.377	113.633.157	5.555.396	-	-	-	-
12a. Other Monetary Liabilities	570.802	377.440	-	-	-	-	-	3.613.477	3.094.089	-	-	4.000	-	475
12b. Other Non-Monetary Liabilities	11.678.635	3.933.370	2.675.132	-	1.495	-	-	2.427.366	2.084.113	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	435.404.222	262.671.485	17.696.920	-	1.495	4.804.800	137.692	268.990.673	220.199.499	7.129.447	-	11.852	13.213.200	163.682
14. Trade Payables	-	-	-	-	-	-	-				-	-	-	-
15. Financial Liabilities	386.606.955	171.440.528	59.481.243	-	-	-	-	175.298.804	74.366.258	51.856.171	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16b. Other Non-Monetary liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	386.606.955	171.440.528	59.481.243	-	-			175.298.804	74.366.258	51.856.171				
18. Total liabilities (13+17)	822.011.177	434.112.013	77.178.163	-	1.495	4.804.800	137.692	444.289.477	294.565.757	58.985.618	-	11.852	13.213.200	163.682
19. Net Asset/ (Liability) Position of Off Balance Sheet Foreign Currency Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19a. The Amount of Off Balance Sheet Foreign Currency Derivative Instruments with Asset Nature	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19b. The Amount of Off Balance Sheet Foreign Currency Derivative Instruments with Liability Nature	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(7.994.183)	1.243.503	(5.357.713)	1.883	828.896	(4.804.800)	(99.433)	80.794.219	69.524.928	(1.446.287)	1.189.193	1.023.883	(13.213.200)	(163.033)
21. Net Foreign Currency Asset/(Liability) Position of Monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(81.714.033)	(19.033.994)	(25.409.441)	1.883	795.391	(4.804.800)	(137.191)	57.762.350	67.325.153	(13.413.493)	1.189.193	1.022.389	(13.213.200)	(163.033)
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23. Hedged Portion of Foreign Currency Assets	24.439.074	14.780.000	975.000	-	-	-	-	-	-	-	-	-	-	-
24. Hedged Portion of Foreign Currency Liabilities	3.024.600	2.000.000	-	-	-	-	-	-	-	-	-	-	-	-

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Foreign currency sensitivity analysis as of 31 December 2008 is set out in the table below (TRY):

	31 December 2008			
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
When USD changes by 10% against TRY:				
1- Net assets/liabilities in USD	28.177.275	(28.177.275)	-	-
2- Hedged portion against USD risk (-)	(1.932.719)	1.932.719	-	-
3- USD Net effect (1+2)	26.244.556	(26.244.556)	-	-
When Euro changes by 10% against TRY:				
4- Net assets/liabilities in Euro	11.159.338	(11.159.338)	-	-
5- Hedged portion against Euro risk (-)	(208.728)	208.728	-	-
6- Euro Net effect (4+5)	10.950.610	(10.950.610)	-	-
When other currencies change by 10% against TRY:				
7- Net assets/liabilities in other foreign currency	159.506	(159.506)		
8- Hedged portion against other currency risk(-)	-	-		
9- Other foreign currency assets net effect (7+8)	159.506	(159.506)		
TOTAL (3+6+9)	**37.354.672**	**(37.354.672)**		

As of 31 December 2008, if all foreign currencies were to appreciate/depreciate by 10% against TRY with all other variables remaining constant, the total assets would have been higher/lower by TRY 40.295.537 due to capitalized financial costs. (31 December 2007 – TRY 15.079.136).

Foreign currency sensitivity analysis as of 31 December 2007 is set out in the table below (TRY):

	31 December 2007			
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
When USD changes by 10% against TRY:				
1- Net assets/liabilities in USD	16.420.338	(16.420.338)	-	-
2- Hedged portion against USD risk (-)	-	-	-	-
3- USD Net effect (1+2)	16.420.338	(16.420.338)	-	-
When Euro changes by 10% against TRY:				
4- Net assets/liabilities in Euro	6.509.023	(6.509.023)	-	-
5- Hedged portion against Euro risk (-)	-	-	-	-
6- Euro Net effect (4+5)	6.509.023	(6.509.023)	-	-
When other currencies change by 10% against TRY:				
7- Net assets/liabilities in foreign currency	229.198	(229.198)	-	-
8- Hedged portion against other currency risk(-)	-	-	-	-
9- Other foreign currency assets net effect (7+8)	229.198	(229.198)		
TOTAL (3+6+9)	**23.158.559**	**(23.158.559)**	-	-

33. Financial Instruments

Akkök Group assumes that the carrying values of the financial instruments represent their fair values. Fair value is the amount for which a financial instrument could be exchanged between two willing parties in an arm's length transaction. It is primarily considered the same as the quoted value of the financial instrument; however in case there is no quoted value, the purchase or sales value of an instrument is deemed to be the fair value of the financial instrument. Significant accounting policies of Akkök Group related to financial instruments are disclosed in paragraph (d) "Financial Instruments" of Note 3 "Significant Accounting Policies".

For hedging purposes against foreign currency risk, Akkök Group has made forward transactions and the current value of the outstanding forward contracts has been calculated by referring to internal pricing models and the unrealized foreign exchange losses and gains amounting to TRY 2.406.362 and TRY 335.955, respectively, have been recognized in the statement of income (31 December 2007 - none). As of 31 December 2008, the amount, maturity, income/expense accruals of the forward contracts are as follows:

Maturity Date	Contract Date	Currency	Amount	Income Accrual Calculated (TRY)
28 January – 28 April 2009	17 November 2008	USD	1.000.000	134.022
28 January – 28 April 2009	20 November 2008	USD	1.000.000	201.933
Total Income Accruals				**335.955**

Maturity Date	Contract Date	Currency	Amount	Income Accrual Calculated (TRY)
28 January – 28 April 2009	25 November 2008	USD	1.000.000	(105.086)
28 January – 28 April 2009	24 November 2008	USD	1.000.000	(155.341)
28 January – 28 April 2009	8 October 2008	USD	1.000.000	(86.211)
				(346.638)

American knock out reverse participant forward transactions;

Maturity Date	Contract Date	Exchange Rate	Currency	Amount	Expense Accrual Calculated (TRY)
30 January – 30 March 2009	25 March 2008	2,1100 ≤ x 1,7000 ≤ x ≤2,1100 1,7000 ≥ x	x=Euro	325.000 162.500 transaction is cancelled	(30.030)
7 January – 23 September 2009	13 August 2008	1,3400 ≤ x 1,1400 ≤ x ≤1,3400 1,1400 ≥ x	x=USD	310.000 155.000 transaction is cancelled	(2.029.694)
					(2.059.724)
Total Expense Accruals					**(2.406.362)**
Grand Total					**(2.070.407)**

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34. Subsequent Events

a) The termination indemnity upper limit which was TRY 2.173,19 as of 31 December 2008 has been increased to TRY 2.260,05 with effect from 1 January 2009, and to TRY 2.365,16 with effect from 1 July 2009 (31 December 2007 – TRY 2.030,19).

b) As per the resolution of the Council of Ministers dated 4 April 2007 nr. 2007/11963, the word "New" in the "New Turkish Lira" and that in the "New Kuruş" have been cancelled with effect from 1 January 2009. Accordingly, TRY 1 (New Turkish Lira) will be equal to TL 1 (Turkish Lira).

c) As per the Board resolution of the subsidiary company Akenerji Elektrik Üretim A.Ş. dated 2 January 2009, a total loan of USD 15.000.000 will be received from Akal Tekstil Sanayii A.Ş., one of the related companies, at an interest of 9% payable at the end of the period maturing in 1 year.

d) As per the Board resolution of the subsidiary company Akenerji Elektrik Üretim A.Ş. dated 27 January 2009, a total loan of USD 68.400.000 will be received from the shareholder company Akkök Sanayi Yatırım ve Geliştirme A.Ş, at an interest of 6,125% payable at the end of the period maturing in 1 year.

e) For the purpose of participating in the tender put out by the Privatization Board related to privatization of 100% of Sakarya Elektrik Dağıtım A.Ş. shares through block sales method, Akkök has constituted a joint venture under the name of "AkCez" with the affiliate company Akenerji Elektrik Üretim A.Ş. and one of the energy producing companies of Check Republic, namely, CEZ a.s. The said joint venture group has won the tender held at 10 June 2008 and established a company under the name of Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş. (Akcez) on 28 November 2008 with a share capital of TL 250.000.000 equivalent to USD 150.000.000 where Akkök has an interest of 4,9999992%, Akenerji Elektrik Üretim A.Ş. has an interest of 45%, and CEZ a.s. has an interest of 50% as per the tender specifications. On 26 January 2009, resolution is made to increase the share capital of Akcez to TL 499.750.000. Akcez has acquired 100% of Sedaş Elektrik Dağıtım A.Ş. shares by block sales method at a total price of USD 600.000.000, half of which is down payment and the balance is payable in two years with an interest of Libor+ 2,5. The share transfer of Sedaş Elektrik Dağıtım A.Ş is realized on 11 February 2009. The following contracts have been signed on 4 February 2009 as guarantee for the balancing payment:

- A Loan Guarantee Agreement for a total of USD 300.000.000 in relation with the guarantee letters to be given in favor of Akcez to guarantee the payment of remaining balance, signed among Akcez acting as the borrower, Akenerji Elektrik Üretim A.Ş. and Cez a.s. acting as the guarantors, Akbank T.A.Ş. (Akbank) and Türkiye İş Bankası (İşbank) acting as the lender and the issuing banks;

- A General Loan Agreement for a total of USD 1.030.000 in relation to the bank guarantee letters to be given in favor of Akcez to guarantee other liabilities arising from the acquisition, signed among Akcez acting as the borrower, Akenerji Elektrik Üretim A.Ş. acting as the guarantor, and İşbank acting as the lender;

- A Side Letter disclosing the conditions of equal bidding rights of Akkök, Akenerji Elektrik Üretim A.Ş., Cez a.s. and Akcez to Akbank and İsbank and the terms of the pre-emptive rights in relation to loan agreements and/or loans that are not included in the scope of the loan agreement which can be utilized for the project.

f) At the Board meeting of Akkök held on 2 January 2009, resolution is made to grant a total loan of USD 10.000.000 to meet the financing requirement of Akenerji Elektrik Üretim A.Ş., payable at the end of one year with an annual interest of 9%.

g) At the Board meeting of Akkök held on 3 March 2009, resolution is made to transfer 112.443.750 shares with a total nominal value of TL 112.443.750 corresponding to 22,5% of the total share capital of the affiliate company Akcez from its shareholder Cez a.s. at a total price of USD 67.950.000 plus the agreed-upon interest subsequent to receiving the necessary permissions from the Energy Market Regulatory Authority, the Competition Board and the Privatization Administration.

h) As per the resolution of the Board of Directors of the subsidiary company Akiş Gayrimenkul Yatırımı A.Ş. (Akiş) dated 4 February 2009, Akiş will participate as establishing partner in Akdünya Eğitim Eğlence Sanat Yatırımları ve Dış Ticaret A.Ş., a company with TL 700.000 share capital, and a capital commitment of TL 350.000 will be made.

i) In the notice that the subsidiary company Akenerji Elektrik Üretim A.Ş. has submitted to the Istanbul Stock Exchange on 25 March 2009, it was stated that the Company participated in Egemer Elektrik Üretim A.Ş., a company registered at Ankara Trade Registry by number 252640, transferring 257.397 shares of the said company at TL 2,50 nominal value each, for a total price of TL 643.492,50, corresponding to an interest of 98,99886%.

The following resolutions have been made at the extraordinary general meeting held after the share transfer operation.

As per the ruling of the Energy Market Regulatory Authority dated 23.01.2009 nr. 1965 regarding Erzin GKÇ Power Plant, a thermal combined-cyle type power plant operating with natural gas, planned to be established by Egemer Elektrik Üretim A.Ş. at the Burnaz district of Erzin – Hatay with an installed capacity of 900 MWm/882 MWe, the articles of association of the company has been revised according to the directives of the EMRA for the power generating companies, and the share capital of the company has been increased from TL 650.000 to TL 135.000.000.

As per the Board resolution of the Company dated 25 March 2009, the pre-emptive right arising from capital increase will be used, the Company will make a cash commitment for a portion of TL 133.006.500 of the increased capital of TL 134.350.000, and the said capital commitment will be fulfilled such that ¼ of the total debt will be paid latest within three months after the date of registration, and the balance will be payable in three years as per the decisions of the Company's Board of Directors. The company acquired has no relation with the Company or any other company included in the Group.

j) Pursuant to the Board resolution of the subsidiary company Ak-Al Tekstil Sanayii A.Ş. dated 6 January 2009, it has been resolved that Aksu İplik Dokuma ve Boya Apre Fabrikaları Türk Anonim Şirketi, a company included in the Akkök Group, will be transferred to the Company with its entire rights and obligations in accordance with the Articles 18 and 19 of the Corporation Tax Law and the Article 451 and other related articles of the Turkish Commercial Code and the provisions of the Capital Markets Board Communiqué on the Principles regarding Merger Operations Nr. I/31 issued in the Official Gazette Dated 14 July 2003 Nr. 25168,and a merger will be established upon dissolution of the target company.

k) As per the Board resolution of the subsidiary company Ak-Al Tekstil Sanayii A.Ş. dated 4 February 2009 made upon shortage of demand and ambiguity experienced due to the continuing effects on the textile market of the global crisis which started as a financial crisis and later spread out to the real economy; 1- decision is made to switch from a 7 day production system to a 6 day production system at Ak-Al Alaplı plant (from 4 to 3 shift system); 2- the said shrinkage will create a 15% decrease in production, and accordingly the contracts of 60-70 employees (the exact number to be communicated upon detailed studies) will be terminated in accordance with the provisions of the Labour Law and the related legislation, and all legal disclosure obligations regarding mass layoff will be fulfilled by related authorities; 3- decision is made to disclose this resolution to the public in accordance with the Communiqué regarding the "Disclosure of Special Events to the Public".

l) The Board resolution of the subsidiary company Aksa Akrilik Kimya Sanayii A.Ş. dated 15 January 2009 for the purpose of integrating polymers in addition to fibers among the marketable products of the Company and increasing the rate of value added products within the product portfolio in order to increase infrastructural efficiency comprises of the following actions to be taken.

Regarding the manufacturing of SAP (Super Absorbent Polymer) which is an ingredient widely used in various sectors, i.e., human health, personal care, diapers, cable insulation, food packaging, pharmaceuticals, and in agriculture,

- lab analyses will be performed and formulas will be prepared;
- pilot production will be realized with the said formulas;
- a total of USD 1.000.000 will be allocated for R&D investment;
- the said investment will be started in January 2009 and completed by end 2009; and
- the entire investment will be financed through equity.

m) Pursuant to the Board resolution of the affiliate company Aksa Akrilik Kimya Sanayii A.Ş dated 13 February 2009; it has been resolved that the cogeneration-type facility of 70,004-MW power established in Yalova and operating with natural gas/naphta, whose ownership belongs to Akenerji Elektrik Üretim A.Ş. is allowed to be transferred to the Company upon retaining the subscribers of the existing busbar; Article 3 "Objective and Key Concern", Article 4 "Head Office and Branches", Article 6 "Share Capital", Article 20 "Changes in Articles of Association", Article 28 "Statutory Provisions" of the Company's Articles of Association are amended in accordance with the provisions of the Electricity Market Law and Electricity Market License Regulation so as to enable the Company to operate in the field of power generation in addition to its other key concerns within the scope of the production license application approved by the writing of Energy Market Regulatory Authority dated 07.01.2009 nr. 319; and the Article 30 "Share Transfer" and Article 31 "Merger Provisions" are added to the Articles of Association; authorization is received from the Energy Market Regulatory Authority, the Capital Markets Board, and the Ministry of Industry and Commerce for the amendment of the Articles of Association; upon receipt of the required authorizations, the amendment of the Articles of Association is submitted to the approval of the General Meeting.

n) Pursuant to the Board resolution of the subsidiary company Aksa Akrilik Kimya Sanayii A.Ş dated 31 March 2009, it has been resolved that the Company's issued capital of TL 110.000.000 included within its registered capital limit of TL 425.000.000 will be increased by TL 60.000.000 to reach a total of TL 170.000.000; the increase of TL 60.000.000 will be provided by the Positive Capital Adjustment Differences stated among the equity items in the financial statements prepared in accordance with the Tax Procedures Law, and by the Capital Adjustment Differences stated in the equity section of the consolidated financial statements prepared in accordance with the CMB Communiqué Nr. XI/29.

o) Pursuant to the Board resolution of the subsidiary company Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş dated 6 February 2009, the fabric production volume in Aksu Çerkezköy plant will be 200.000 – 250.000 meters per month, depending on the amount of orders received and due to such production shrinkage, the labor contracts of approximately 150 employees will be terminated within the frame of the provisions of the Labour Law. The legal liability for the layoff will be around TL 1.250.000.

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p) The announcement made by the affiliate company Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. to the Istanbul Stock Exchange on 22.01.2009 is as follows:

"As per the appraiser's report dated 15.01.2009 nr. 2008REV425 prepared by Türkiye Sınai Kalkınma Bankası Gayrimenkul Değerleme A.Ş. submitted to our Company on 21.01.2009 in accordance with the Article 41 of the Capital Markets Board Communiqué regarding "the Real Estate Investment Partnerships " Nr. VI/11, the appraisement value of the real estate included in our portfolio (445 independent mall sections, 1 independent office floor section and 27 independent sections of apart hotel floors) has been determined as TL 900.681.000 + VAT."

r) As per the Board resolution of the affiliate company Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. dated 26 February 2009, decision is made upon evaluation of the effects on the real estate market of the unfavorable developments encountered in the financial markets during the latest period, to make a 35% discount over the dollar-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution is valid only for the period March-August 2009 and only for those tenants who have been paying their rental fees in accordance with the conditions suggested in their rental contracts on regular basis and provided that 1 USD is not below TL 1,1.

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

a) The final court decision related to the action for rescission commenced by Akenerji Elektrik Üretim A.Ş. pointed out in the notice of the subsidiary Akenerji Elektrik Üretim A.Ş submitted to the Istanbul Stock Exchange on 21 March 2006 is as follows:

The resolution of the 13th State Council of Turkey dated 11.03.2008 Nr. 2008/3131 for the case commenced by the Chamber of Electrical Engineers by file 2005/9346 against the Energy Market Regulatory Authority, a case where the Company stands by the defendant, in regard to the 40 years production license for the Uluabat Power Tunnel and the Hydroelectric Power Plant (HEPP) granted by the Board to the Company with the request to cancel the Board decision dated 25.08.2005 nr. 540/2 related to the said grant and to cancel the "Regulation on Amendment in the Electricity Market License Regulation" published in the Official Gazette dated 26.01.2005 Nr. 25708 which constitutes the basis of the said decision, and to cancel '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' is as follows:

In relation to the plaintiff's request to cancel "Regulation on Amendment in the Electricity Market License Regulation" and "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", a separate resolution is deemed groundless for the reason being that "the Communiqué is cancelled by the resolution of the same office by file no. 2005/6292 resolution 2008/2774 dated 26.02.2008 as per the rule of the Regulation subject to the court case;

In relation to the plaintiff's request to cancel the resolution of the Energy Market Regulatory Authority dated 25.08.2005 Nr. 540/2 related to granting a 40 years production license to Uluabat Power Tunnel and Hyrdoelectric Power Plant located in Mustafa Kemal Paşa district of Bursa province, a separate resolution is deemed groundless for the reason being that a production license for a period of 48 years and 6 months has been granted in place of the former license to the Company for the Uluabat Power Plant and the HEPP in Mustafa Kemal Paşa district of Bursa province by the resolution of the Energy Market Regulatory Authority published in the Official Gazette dated 11.07.2007 nr. 26579 within the frame of the provision of the supplementary paragraph added by the Law 5625 Article 1 to the Provisional Article 3 of the "Law on establishment and operation of Electrical energy generation plants and Regulation of Energy Sales by Build-Operate Model" nr 4283, and that the plaintiff's request for suspension of execution of the said Board's resolution filed at the same Office by the plaintiff with file 2007/12033 has been rejected.

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.

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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 TL 30.202.811,74 including the capital of TL 18.592.372,90 and the related interest of TL 11.605.438,84. With regard to this act and taking the opinion of Legal Consultants of the Company, a total of TL 21.402.007,44 including the capital of TL 13.913.832,09 and the related interests of TL 7.488.175,35 has been paid to the Institution with a note of reservation upon notification of Beşiktaş 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 Market Regulatory Authority (EMRA) expresses that accrual of the total TRT 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 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 Market Regulatory Authority 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 Grants 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."

d) The shareholders of Akenerji Elektrik Üretim A.Ş. (an affiliate, hereinafter called Akenerji), namely, Akkök, Emniyet Ticaret ve Sanayi A.Ş., Ali Raif Dinçkök, Ömer Dinçkök, and Emboy Yüntaş Tekstil Sanayi ve Ticaret A.Ş. have entered into a Stock Sale Agreement with Cez a.s. on 8 October 2008 related to the sale of Akenerji shares. As per the said agreement, 2.441.194.554 shares of Akenerji corresponding to%37,36141 at a nominal value of TRY 24.411.945 will be transferred to Cez a.s. subsequent to obtaining the related permissions for a total transfer price of USD 302.627.424. The 2.441.194.554 shares to be transferred belong to the following shareholders at the respective amounts:

Shareholder	Number of Shares
Akkök	1.335.083.408
Emniyet Ticaret ve Sanayi A.Ş.	328.327.986
Ali Raif Dinçkök	378.049.980
Ömer Dinçkök	378.049.980
Emboy Yüntaş Tekstil Sanayi ve Ticaret A.Ş.	21.683.200

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36. Segment Reporting

As of 31 December 2008, segment reporting consists of the following (TRY):

	Holding	Energy	Textile	Chemistry	Real Estate	Other	Elimination	Total
Cash and Cash Equivalents	32.100.367	100.920.000	38.302.537	67.480.136	13.763.277	11.206.500	-	263.772.817
Short Term Trade Receivables	855.621	86.330.626	81.211.194	341.838.787	4.916.561	78.193.938	6.111.005	599.457.732
Due from Related Parties	22.249.529	33.895.421	6.756.485	96.846.615	61.763.730	37.345.600	(178.895.558)	79.961.822
Inventories	-	6.084.490	40.292.011	126.820.246	422	1.506.780	(434.061)	174.269.888
Other Current Assets	38.205	12.534.170	2.355.602	44.419.561	1.144.324	1.981.593	(572.481)	61.900.974
Total Current Assets	**55.243.722**	**239.764.707**	**168.917.829**	**677.405.345**	**81.588.314**	**130.234.411**	**(173.791.095)**	**1.179.363.233**
Long Term Trade Receivables	-	-	-	12.665.408	250.310	-	-	12.915.718
Due from Related Parties	-	-	-	-	51.904.599	-	-	51.904.599
Financial Assets	442.350.407	41.336.170	14.950.107	28.797.197	12.254.500	1.376.326	(512.946.465)	28.118.242
Investment in an Associate	-	-	-	-	-	-	11.020.488	11.020.488
Positive Goodwill	-	36.758.891	-	-	26.215.365	-	-	62.974.256
Tangible Assets, (net)	3.120.642	673.472.576	66.971.279	549.476.833	16.702.714	65.399.734	(6.167.692)	1.368.976.086
Intangible Assets, (net)	289.634	32.497.676	855.677	762.641	304.536	5.004.611	-	39.714.775
Other Non-Current Assets	67.478	289.901	23.426	52.212	75.652	146.992	-	655.661
Total Long Term Assets	**445.828.161**	**784.355.214**	**82.800.489**	**591.754.291**	**107.707.676**	**71.927.663**	**(508.093.669)**	**1.576.279.825**
Total Assets	**501.071.883**	**1.024.119.921**	**251.718.318**	**1.269.159.636**	**189.295.990**	**202.162.074**	**(681.884.764)**	**2.755.643.058**

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	Holding	Energy	Textile	Chemistry	Real Estate	Other	Elimination	Total
Short Term Financial Liabilities	-	34.541.857	42.699.146	107.232.909	1.743.680	22.309.276	-	208.526.868
Trade Payables	351.092	52.834.892	14.206.595	98.814.700	29.536	4.748.344	11.753.727	182.738.886
Due to Related Parties	49.322	27.300.104	21.961.187	27.059.615	62.521.580	91.416.871	(184.585.714)	45.722.965
Taxes Payable	-	976.755	-	9.681.762	448.956	325.934	-	11.433.407
Other Short Term Liabilities	589.393	9.830.650	10.036.356	45.567.686	457.283	7.094.390	(409.255)	73.166.503
Total Short Term Liabilities	**989.807**	**125.484.258**	**88.903.284**	**288.356.672**	**65.201.035**	**125.894.815**	**(173.241.242)**	**521.588.629**
Long Term Financial Liabilities	-	260.447.398	11.493.480	121.089.861	98.786.927	15.879.150	-	507.696.816
Provisions for Termination Indemnity	90.178	1.460.409	5.723.440	11.636.543	12.485	1.321.175	-	20.244.230
Deferred Tax Liabilities	(103.828)	32.155.942	(879.643)	28.062.535	(7.626.541)	(1.210.891)	1.017.860	51.415.434
Other Long Term Liabilities	-	-	-	-	-	1.313.802	-	1.313.802
Total Long Term Liabilities	**(13.650)**	**294.063.749**	**16.337.277**	**160.788.939**	**91.172.871**	**17.303.236**	**1.017.860**	**580.670.282**
Share Capital	13.097.521	89.676.750	52.114.121	117.050.000	3.000.000	34.420.000	(296.260.871)	13.097.521
Capital Adjustment	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	-	-	(141.758.222)	75.702.467
Retained Earnings	323.854.960	191.279.330	(195.268.839)	322.191.389	(29.702.894)	(63.663.888)	(88.180.054)	460.510.004
Minority Interest	-	-	-	-	59.624.978	-	881.305.934	940.930.912
Total Equity	**500.095.726**	**604.571.914**	**146.477.757**	**820.014.025**	**32.922.084**	**58.964.023**	**(509.661.382)**	**1.653.384.147**
Total Equity and Liabilities	**501.071.883**	**1.024.119.921**	**251.718.318**	**1.269.159.636**	**189.295.990**	**202.162.074**	**(681.884.764)**	**2.755.643.058**

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	Holding	Energy	Textile	Chemistry	Real Estate	Other	Elimination	Total
Net Sales	8.160.506	607.103.558	162.329.711	1.074.403.354	2.399.815	382.324.323	(645.120.414)	1.591.600.853
Cost of Sales (-)	(2.340.522)	(513.106.567)	(143.250.900)	(951.588.385)	(4.515.287)	(391.905.036)	597.094.043	(1.409.612.654)
Gross Profit/(Loss)	**5.819.984**	**93.996.991**	**19.078.811**	**122.814.969**	**(2.115.472)**	**(9.580.713)**	**(48.026.371)**	**181.988.199**
Research and Development Expenses (-)	-	(992.931)	(999.544)	(9.634.522)	-	-	115.442	(11.511.555)
Marketing, Sales, and Distribution Expenses (-)	-	(1.412.573)	(6.902.278)	(15.948.512)	(59.864)	-	4.508.569	(19.814.658)
General Administration Expenses(-)	(10.841.804)	(33.358.305)	(19.051.126)	(44.784.200)	(25.969.310)	(21.711.630)	18.537.698	(137.178.677)
Operating Profit/(Loss)	**(5.021.820)**	**58.233.182**	**(7.874.137)**	**52.447.735**	**(28.144.646)**	**(31.292.343)**	**(24.864.662)**	**13.483.309**
Shares in Profits and Losses of Investment in an Associate	-	-	-	-	-	-	6.360.833	6.360.833
Financial Income/Expenses,(net)	(619)	(10.887.283)	(20.700.830)	(31.000.850)	(19.135.450)	(1.860.734)	197.720.965	114.135.199
Other Income/Expenses,(net)	24.963.330	37.689.641	21.649.817	80.020.486	30.157.031	34.301.725	(182.875.902)	45.906.128
Net Profit/(Loss) Before Tax	**19.940.891**	**85.035.540**	**(6.925.150)**	**101.467.371**	**(17.123.065)**	**1.148.648**	**(3.658.766)**	**179.885.469**
Taxes on Income (-)	-	(1.390.237)	(583.960)	(17.814.912)	(2.494.445)	(826.282)	-	(23.109.836)
Deferred Tax Income/(Expenses),(net)	117.229	(9.867.600)	(2.552.411)	(7.805.212)	7.490.850	196.590	(987.902)	(13.408.456)
Net Profit/(Loss)	**20.058.120**	**73.777.703**	**(10.061.521)**	**75.847.247**	**(12.126.660)**	**518.956**	**(4.646.668)**	**143.367.177**
Net Profit/(Loss) attributable to equity holders of the parent company	**20.058.120**	**73.777.703**	**(10.061.521)**	**75.847.247**	**(33.429.386)**	**518.956**	**(70.622.879)**	**56.088.240**
Minority Interest	**-**	**-**	**-**	**-**	**(21.302.726)**	**-**	**(65.976.211)**	**(87.278.937)**

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

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

	Holding	Energy	Textile	Chemistry	Real Estate	Other	Elimination	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	294.189	42.743.404	65.418.066	224.320.140	959	86.212.058	2.702.590	421.691.406
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	-	7.685.068	32.306.656	157.305.861	2.853.515	1.791.517	(845.387)	201.097.230
Fixed Assets Held for Sale, net	-	27.370.450	-	-	-	-	-	27.370.450
Other Current Assets	422.323	16.976.855	1.319.924	38.791.378	24.569	1.782.984	134.993	59.453.026
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	484.409.156	40.046.846	39.192.039	28.837.602	12.254.500	1.416.750	(556.605.137)	49.551.756
Investment in an Associate	-	-	-	-	-	-	7.882.974	7.882.974
Positive Goodwill	-	36.758.891	-	-		-	-	36.758.891
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 Long Term Assets	**486.632.768**	**561.268.118**	**108.270.909**	**450.920.175**	**13.237.713**	**61.195.365**	**(551.479.810)**	**1.130.045.238**
Total Assets	**525.949.393**	**758.362.635**	**247.400.269**	**1.021.550.719**	**44.059.446**	**181.489.987**	**(683.049.282)**	**2.095.763.167**

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Holding	Energy	Textile	Chemistry	Real Estate	Other	Elimination	Total
Short Term Financial Liabilities	-	8.210.101	36.240.386	66.829.949	618.915	20.288.335	-	132.187.686
Trade Payables	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 Short Term Liabilities	562.193	7.400.261	7.250.087	17.503.435	71.556	3.879.468	146.300	36.813.300
Total Short Term 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 Term Financial 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	497.738	22.288.343	(2.406.154)	20.257.322	(41.104)	(1.014.301)	29.958	39.611.802
Other Long Term Liabilities	339	-	139	2.844.992	-	39.842	-	2.885.312
Total Long Term Liabilities	**559.779**	**171.136.611**	**5.355.258**	**56.214.838**	**35.071.170**	**6.697.560**	**29.958**	**275.065.174**
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
Capital Adjustment	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
Value Increase/Decrease in Financial Assets, (net)	1.937.345	-	531.956	-	-	-	(149.606)	2.319.695
Retained Earnings	346.518.281	117.501.627	(176.338.162)	246.448.565	3.726.492	(60.951.533)	(72.124.113)	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**	**(551.784.434)**	**1.480.051.867**
Total Equity and Liabilities	**525.949.393**	**758.362.635**	**247.400.269**	**1.021.550.719**	**44.059.446**	**181.489.987**	**(683.049.282)**	**2.095.763.167**

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

	Holding	Energy	Textile	Chemistry	Real Estate	Other	Elimination	Total
Net Sales	7.635.072	452.074.250	172.708.155	1.093.863.665	-	418.993.595	(541.084.443)	1.604.190.294
Cost of Sales (-)	(7.830.964)	(438.301.310)	(148.716.582)	(1.001.366.512)	-	(388.556.175)	491.705.891	(1.493.065.652)
Gross Profit/(Loss)	**(195.892)**	**13.772.940**	**23.991.573**	**92.497.153**	**-**	**30.437.420**	**(49.378.552)**	**111.124.642**
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)	16.176.562	(85.617.912)
Operating Profit/(Loss)	**(765.894)**	**(10.237.022)**	**(7.293.563)**	**30.976.450**	**(689.384)**	**17.433.811**	**(27.830.397)**	**1.594.001**
Shares in Profits and Losses of Investment in an Associate	-	-	-	-	-	-	6.699.121	6.699.121
Financial Income/Expenses, (net)	-	(2.819.899)	(4.078.000)	(4.496.046)	(1.904.458)	(1.214.913)	(14.183.901)	(28.697.217)
Other Income/Expenses, (net)	15.410.791	(111.162.986)	(27.971.679)	(21.080.518)	7.087.216	(10.817.063)	44.291.086	(104.243.153)
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 on Income (-)	-	-	(1.029.041)	(1.206.449)	(856.158)	(1.067.415)	-	(4.159.063)
Deferred Tax Income/(Expenses), (net)	(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)**
Net Profit/(Loss) attributable to equity holders of the parent company	**14.540.356**	**(89.147.866)**	**(37.481.506)**	**21.494.712**	**3.678.320**	**4.816.492**	**61.425.838**	**(20.673.654)**
Minority Interest	**-**	**-**	**-**	**-**	**-**	**-**	**52.646.702**	**52.646.702**

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