

**AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.**  
**İSTANBUL - TURKEY**

**Consolidated Financial Statements**  
**For The Year Ended 31 December 2006**  
**and The Independent Auditors' Report**

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## INDEPENDENT AUDITORS' REPORT

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

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, 2006, 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 balance sheet as of 31 December 2006 and the statements of income, changes in equity, and cash flows for the year then ended of Akrom Ak-AI Textile Romania Srl, an indirect subsidiary of Akkök Sanayi Yatırım ve Geliştirme A.Ş., constituting 1% of the total assets in the consolidated balance sheet and 1% of the total income stated in the consolidated statement of income, have been audited by another independent auditor. 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. and Arış Sanayi ve Ticaret A.Ş. which are included in the consolidation have not been audited (note 3 (a)). Total assets and total revenues of these companies respectively constitute 0,1% and 1,2% of the consolidated assets as of 31 December 2006 and the income 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 2006 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.
5. As stated in Note 3(a), the positive goodwill stated in the accompanying consolidated financial statements has been calculated by Akkök with regard to the IFRS balance sheet as of 31 December 2006 of the related subsidiary, instead of the current market value.

İstanbul,  
4 May 2007

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

*Denet A.Ş.*

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Consolidated Balance Sheets as of 31 December 2006 and 2005 (TRY)

	Notes	31 December 2006	31 December 2005*
<b>Current Assets</b>			
Cash and cash equivalents	3, 4	277,231,706	247,645,879
Marketable Securities	3, 5	5,601,428	33,587,545
Trade receivables	3, 6	490,302,728	387,480,954
Due from related parties	3, 7	730,535	4,993,972
Inventories	3, 8	190,976,744	138,219,611
Other assets and prepaid expenses	9	144,341,946	50,096,126
<b>Total Current Assets</b>		<b>1,109,185,087</b>	<b>862,024,087</b>
<b>Long Term Assets</b>			
Financial assets	3, 10	98,502,289	153,397,364
Other assets	11	10,194,952	12,952,254
Intangible assets, (less of accumulated amortisation)	3, 12	41,085,743	41,523,233
Tangible Assets, (less of accumulated depreciation)	3, 13	1,043,136,889	1,089,345,127
Positive goodwill	3, 14	22,548,997	-
<b>Total Long Term Assets</b>		<b>1,215,468,870</b>	<b>1,297,217,978</b>
<b>Total Assets</b>		<b>2,324,653,957</b>	<b>2,159,242,065</b>

\* Expressed in terms of the purchasing power of the New Turkish Lira as at 31 December 2005.

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 2006 and 2005 (TRY)

	Notes	31 December 2006	31 December 2005*
<b>Current Liabilities</b>			
Bank loans	3, 15	187,852,493	135,398,174
Trade payables	3, 16	164,879,079	127,769,975
Due to related parties	3, 17	408,441	527,516
Taxes payable	18	23,922,441	3,663,805
Other payables and accrued expenses	19	97,045,104	73,103,138
<b>Total Current Liabilities</b>		<b>474,107,558</b>	<b>340,462,608</b>
<b>Long Term Liabilities</b>			
Bank loans	3, 21	140,548,888	48,220,694
Long term payables		10,070,626	8,329,879
Provision for termination indemnities	3	19,756,101	19,557,559
Deferred taxes	3, 20	104,381,370	182,835,242
<b>Total Long Term Liabilities</b>		<b>274,756,985</b>	<b>258,943,374</b>
Contingent Liabilities	26	-	-
<b>Equity</b>			
Capital	22	13,097,521	13,097,521
Capital adjustment	22	163,143,243	163,143,243
Share premium		51,816,446	51,816,446
Increase in financial assets (net)		39,600,358	48,030,968
<b>Retained earnings</b>	<b>23</b>	<b>316,838,874</b>	<b>308,304,346</b>
Equity attributable to Equity Holders of the Parent Company		584,496,442	584,392,524
Minority Interest	3, 24	991,292,972	975,443,559
<b>Total Equity</b>		<b>1,575,789,414</b>	<b>1,559,836,083</b>
<b>Total Liabilities and Equity</b>		<b>2,324,653,957</b>	<b>2,159,242,065</b>

\* Expressed in terms of the purchasing power of the New Turkish Lira as at 31 December 2005.

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 2006 and 2005 (TRY)**

	Notes	31 December 2006	31 December 2005*
Net sales	3	1,604,051,479	1,342,366,294
<b>Cost of sales (-)</b>		<b>(1,439,172,996)</b>	<b>(1,302,902,645)</b>
Gross profit		164,878,483	39,463,649
Research and development expenses (-)		(6,805,793)	(3,219,551)
Marketing and selling expenses (-)		(24,966,408)	(23,688,194)
<b>General and administrative expenses (-)</b>		<b>(113,612,420)</b>	<b>(127,970,945)</b>
Operational profit/(loss)		19,493,862	(115,415,041)
Financial income/expenses, (net)	29	26,742,812	(8,218,923)
<b>Other income/expenses, (net)</b>	<b>30</b>	<b>(57,665,400)</b>	<b>(65,646,412)</b>
Net profit/(loss) before tax, monetary loss and minority interest		(11,428,726)	(189,280,376)
Taxes on Income (-)	18	(23,922,441)	(3,663,805)
<b>Deferred tax (expense)/income</b>	<b>3, 18</b>	<b>67,917,044</b>	<b>1,431,406</b>
Net profit/(loss) before monetary loss and minority interest		32,565,877	(191,512,775)
<b>Monetary loss (-)</b>		<b>-</b>	<b>(41,536,930)</b>
Net profit/(loss)		32,565,877	(233,049,705)
Attributable to Equity Holders of the Parent Company		13,277,721	(158,785,029)
Minority interest		19,288,156	(74,264,676)
<b>Net profit/(loss)</b>		<b>32,565,877</b>	<b>(233,049,705)</b>
Earnings/(loss) per share of the Parent Company**	3, 25	1.01	(12.12)

\* Expressed in terms of the purchasing power of the New Turkish Lira as at 31 December 2005.

\*\* 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 2006 and 2005 (TRY)

	Capital	Capital Adjustment	Share Premium	Increase/ (Decrease) in Financial Assets	Retained Earnings	Equity Attributable to Equity Holders of the Parent Company	Minority Interest	Total Equity
Balances as of 1 January 2005	13,097,521	163,143,243	75,073,336	(1,836,053)	310,823,012	560,301,059	1,061,046,377	1,621,347,436
Increase/decrease in financial assets, net	-	-	-	49,867,021	-	49,867,021	-	49,867,021
Effect of rate change	-	-	-	-	(206,362)	(206,362)	-	(206,362)
Effect of consolidation with equity method	-	-	-	-	(2,113,385)	(2,113,385)	-	(2,113,385)
Effect of subsidiaries								
excluded from the consolidation	-	-	-	-	142,043,668	142,043,668	-	142,043,668
Effect of capital increase in subsidiaries	-	-	-	-	(6,877,243)	(6,877,243)	-	(6,877,243)
Setting off prior year losses	-	-	-	-	(23,256,890)	23,256,890	-	-
Changes in minority interest	-	-	-	-	-	-	(85,602,818)	(85,602,818)
Translation difference	-	-	-	-	162,795	162,795	-	162,795
Net loss for the period	-	-	-	-	(158,785,029)	(158,785,029)	-	(158,785,029)
<b>Balances as of 31 December 2005*</b>	<b>13,097,521</b>	<b>163,143,243</b>	<b>51,816,446</b>	<b>48,030,968</b>	<b>308,304,346</b>	<b>584,392,524</b>	<b>975,443,559</b>	<b>1,559,836,083</b>
Increase/decrease in financial assets, net	-	-	-	(8,430,610)	-	(8,430,610)	-	(8,430,610)
Effect of rate change	-	-	-	-	(2,985)	(2,985)	-	(2,985)
Effect of consolidation with equity method	-	-	-	-	(3,566,834)	(3,566,834)	-	(3,566,834)
Effect of subsidiaries								
included to the consolidation	-	-	-	-	(21,919)	(21,919)	-	(21,919)
Effect of subsidiaries								
excluded from the consolidation	-	-	-	-	(14,440)	(14,440)	-	(14,440)
Effect of capital increase in subsidiaries	-	-	-	-	(14,861)	(14,861)	-	(14,861)
Changes in minority interest	-	-	-	-	-	-	15,849,413	15,849,413
Translation difference	-	-	-	-	(1,122,154)	(1,122,154)	-	(1,122,154)
Net profit for the period	-	-	-	-	13,277,721	13,277,721	-	13,277,721
<b>Balances as of 31 December 2006</b>	<b>13,097,521</b>	<b>163,143,243</b>	<b>51,816,446</b>	<b>39,600,358</b>	<b>316,838,874</b>	<b>584,496,442</b>	<b>991,292,972</b>	<b>1,575,789,414</b>

\* Expressed in terms of the purchasing power of the New Turkish Lira as at 31 December 2005.

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

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Statements of Cash Flows for the years ended

31 December 2006 and 2005 (TRY)

	31 December 2006	31 December 2005*
<b>Cash flows from operating activities:</b>		
Net Profit/(Loss) before taxation	(11,428,726)	(189,280,376)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Minority interest	(19,288,156)	74,264,676
Depreciation and amortisation	112,567,338	119,077,937
Monetary loss	-	(41,536,930)
Provision for debt and expenses	198,542	(17,605,928)
<b>Net profit/(loss) before working capital changes</b>	<b>82,048,998</b>	<b>(55,080,621)</b>
(Increase)/decrease in trade receivables	(102,821,774)	(70,284,881)
(Increase)/decrease in due from related parties	4,263,437	3,827,655
(Increase)/decrease in inventories	(51,093,142)	75,496,383
(Increase)/decrease in other assets and prepaid expenses	(94,245,820)	8,096,243
Increase/(decrease) in trade payables	37,109,104	(73,462,870)
(Decrease)/increase in due to related parties	(119,075)	(603,542)
Increase/(decrease) in taxes payable	(3,663,805)	(25,521,545)
Increase/(decrease) in other payables and accrued expenses	23,941,966	36,217,882
Increase/(decrease) in deferred tax liabilities	(10,536,828)	20,456,309
<b>Net cash (used in)/provided by operating activities</b>	<b>(115,116,939)</b>	<b>(80,858,987)</b>
<b>Cash flows from investing activities:</b>		
(Increase)/decrease in marketable securities	27,986,117	(14,788,802)
(Increase)/decrease in financial assets	54,895,075	(117,422,156)
(Increase)/decrease in long term other receivables	2,757,302	(12,455,171)
(Increase) in intangible assets	(3,032,679)	(43,447,897)
Property, plant and equipment acquisition	(64,552,922)	(27,757,550)
Positive goodwill	(22,548,997)	-
<b>Net cash (used in)/provided by investing activities</b>	<b>(4,496,104)</b>	<b>(215,871,576)</b>
<b>Cash flows from financing activities:</b>		
Increase/(decrease) in bank loans	144,782,513	28,263,543
(Decrease)/increase in minority interest	15,849,413	(85,602,819)
Effects of rate change and translation difference	(1,140,000)	(6,920,812)
Increase/(decrease) in long term payables	1,740,747	(2,863,684)
Effect of consolidation with equity method	(3,566,834)	(2,113,385)
Increase/(decrease) in financial assets	(8,430,610)	49,867,021
Effect of subsidiaries excluded from consolidation	(14,440)	142,043,668
Effect of subsidiaries included in consolidation	(21,919)	-
<b>Net cash (used in)/provided by financing activities</b>	<b>149,198,870</b>	<b>122,673,532</b>
Increase/(decrease) in cash and cash equivalents	29,585,827	(174,057,031)
Cash and cash equivalents at the beginning of the period	247,645,879	421,702,910
<b>Cash and cash equivalents at the end of the period</b>	<b>277,231,706</b>	<b>247,645,879</b>

\* Expressed in terms of the purchasing power of the New Turkish Lira as at 31 December 2005.

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 2006 and 2005

### 1. Organisation and Principal Activity

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

The address of Akkök is as follows:

Gümüşsuyu, Miralay Şefikbey Sokak, Akhan No:15-17 Beyoğlu-İstanbul-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 2006 and their principal areas of activity are stated below:

	Principal Activity
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. - Turkey	Air shipping
Ak-Al Tekstil Sanayii A.Ş.* - Turkey	Textile
Ak-El Yalova Elektrik A.Ş. - Turkey	Energy
Akenerji Elektrik Üretim A.Ş.* - Turkey	Energy
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş. - Turkey	Service
Ak-Kim Kimya Sanayi ve Ticaret A.Ş. - Turkey	Chemicals
Akmetem Poliüretan Sanayi ve Ticaret A.Ş. - Turkey	Chemicals
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.* - Turkey	Real estate development
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş. - Turkey	Restaurant management
Ak-Pa Tekstil İhracat Pazarlama A.Ş. - Turkey	Foreign trade
Akport Tekirdağ Liman İşletmeleri A.Ş. - Turkey	Port management
Akrom Ak-Al Tekstil Romania SRL - Romania	Textile
Aksa Akrilik Kimya Sanayii A.Ş.* - Turkey	Chemicals
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.* - Turkey	Textile
Aksu Textiles E.A.D. - Bulgaria	Textile
Ak-Tem Uluslararası Mümessillik ve Ticaret A.Ş. - Turkey	Chemicals
Ak-Tops Tekstil Sanayi A.Ş. - Turkey	Textile
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş. - Turkey	Energy
Ariş Sanayi ve Ticaret A.Ş. - Turkey	Trade
Bozüyük Orman Ürünleri A.Ş. - Turkey	Forestry
Dinkal Sigorta Acenteliği A.Ş. - Turkey	Insurance Agency
Akkur Enerji Üretim Tic. ve San. A.Ş. - Turkey	Energy
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. - Turkey	Service
Otakçılar Turizm ve Ticaret A.Ş. ** - Turkey	Tourism
Zeytinliada Turizm ve Ticaret A.Ş. ** - Turkey	Tourism
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş. ** - Turkey	Textile
İstasyon Tekstil ve Sanayi Ticaret A.Ş. ** - Turkey	Textile
Aken BV - The Netherlands	Investment
Aksa Egypt Acrylic Fiber Industrie SAE - Egypt	Textile
Fitco BV - The Netherlands	Investment

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

\*\* Established in 2005.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

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 retains globally competitive know-how. Akenerji Elektrik Üretim A.Ş. is the first and foremost private sector power manufacturer in Turkey with a power generation capacity of 541 MW per annum. Aksu İplik Dokuma ve Boya Aşre Fabrikaları T.A.Ş. is a company whose activities are mainly concentrated in production and export of woollen 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. and such activities are included among strategic operations of Akkök Group. Akkök Group has taken over Tekirdağ Seaport from Türkiye Denizcilik İşletmeleri (Turkish Marine Administration) in 1997 and started seaport operations upon establishing Akport Tekirdağ Liman İşletmeleri A.Ş. This is the only port on the European region other than Ambarlı.

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

## 2. Basis of Presentation

(a) Akkök Group maintains its books of account and prepares its statutory financial statements in accordance with commercial practices and tax legislation (quoted companies and companies stated in the consolidated financial statements of these companies in accordance with Capital Markets Board directives). 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 2006, the last three years' cumulative rate is 32.79%. Hence the accompanying consolidated financial statements are restated at the purchasing value of the New Turkish Lira as at 31 December 2005. On the other hand, the regulatory authorities in Turkey such as the Capital Markets Board and the Ministry of Finance have declared that the application of restatement in financial statements has been terminated as of 1 January 2005.

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

- The financial statements as of 31 December 2005 presented for comparative purposes have been restated at the measuring unit current at 31 December 2005 due to termination of restatement transactions as at 1 January 2006.
- Monetary assets and liabilities in the balance sheet as of 31 December 2005 are not restated because they are already expressed in terms of the unit current at that balance sheet date.
- Non-monetary assets and liabilities and equity items including share capital stated in the balance sheet as of 31 December 2006 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.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

- The effect of inflation on the overall net monetary position of Akkök Group is reflected as monetary gain or loss in the statement of income for the period ended 31 December 2005.
- 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 period ended 31 December 2006 are presented at historical values.

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

#### (b) Adjustments

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

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

As of 31 December 2005, the accumulated losses of the subsidiary Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş. as per the resolution of the General Council dated 14 April 2005 has been set off with the inflation difference in share premiums in the consolidated financial statements.

#### (c) Offsetting:

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

#### (d) Comparative Information:

Balance sheets as of 31 December 2006 and 2005 and notes to these balance sheets as well as the 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.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements for the years ended 31 December 2006 and 2005

### 3. Significant Accounting Policies

#### (a) Principles of Consolidation:

The indirectly held interests of the holding company Akkök Sanayi Yatırım ve Geliştirme A.Ş. in Akkök Group Companies for which the consolidated financial statements are prepared, are presented below:

	2006	2005
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	100.00%	100.00%
Akkök Group Companies		
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	82.97%	82.97%
Ak-AI Dış Ticaret A.Ş.*	-	30.67%
Ak-AI Tekstil Pazarlama A.Ş.*	-	30.67%
Ak-AI Tekstil Sanayi A.Ş.*	39.58%	39.58%
Ak-EI Yalova Elektrik A.Ş.*	14.93%	14.93%
Akenerji Elektrik Üretim A.Ş.*	27.82%	27.82%
Ak-Kim Kimya Sanayi ve Ticaret A.Ş.*	42.00%	42.00%
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	50.00%	50.00%
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.**	13.12%	13.12%
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.*	43.75%	43.75%
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	63.40%	63.40%
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş. ****	37.85%	37.85%
Akport Tekirdağ Liman İşletmeleri A.Ş.	76.19%	76.19%
Akrom Ak-AI Textile Romania Srl *	30.83%	30.83%
Aksa Akrilik Kimya Sanayii A.Ş.*	39.59%	39.59%
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	71.88%	71.88%
Aksu Textiles E.A.D. ****	71.55%	71.55%
Ak-Tem Uluslararası Mümessillik ve Ticaret A.Ş.*	31.52%	31.52%
Ak-Tops Tekstil Sanayi A.Ş.*	47.04%	47.04%
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş.*	25.04%	13.91%
Akkur Enerji Üretim Tic. ve San. A.Ş.*	16.43%	-
Ariş Sanayi ve Ticaret A.Ş.*	43.37%	43.37%
Bozüyük Orman Ürünleri A.Ş. ****	30.66%	30.66%
Dinkal Sigorta Acenteliği A.Ş.	96.55%	96.55%
İleri İplik Sanayi ve Ticaret A.Ş. ****	-	49.99%
Otakçılar Turizm ve Ticaret A.Ş. *****	89.61%	89.61%
Zeytinliada Turizm ve Ticaret A.Ş. *****	89.61%	89.61%
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş. *****	43.37%	43.37%
İstasyon Tekstil ve Sanayi Ticaret A.Ş. *****	43.37%	43.37%
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. ****	43.75%	43.75%
Fitco BV ****	39.59%	39.59%
Aken BV ****	13.91%	13.91%
Aksa Egypt Acrylic Fiber Industrie SAE ****	39.71%	39.71%
Atak Garn-und Textilhandel GmbH ****	-	30.90%

Because of the significant influence exerted by Akkök over its Subsidiaries in which it holds an interest of less than 50% (companies marked with \*), the results of these subsidiaries are also included in the group financial statements by applying the consolidation method.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements for the years ended 31 December 2006 and 2005

Akmerkez Gayrimenkul Yatırımı A.Ş. (company marked with \*\*) is included in the consolidated financial statements as of 31 December 2006 and 2005 by applying the equity method.

The total assets of Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (marked with \*\*\*\*) as of 31 December 2006 and 2005 and the income for the years then ended amount to 0.01% (2005 - 0.03%) and 1% (2005 - 0.05%) of the total consolidated assets and income respectively, hence is included in the consolidated financial statements at the restated cost value as of 31 December 2005. As of 31 December 2005, İleri İplik Sanayi ve Ticaret A.Ş. (marked with \*\*\*\*) is excluded from the scope of consolidation as it has a low operating volume and does not materially affect the consolidated financial statements and liquidation process has been completed in 2006.

The total assets of the subsidiaries which Akkök has indirectly interest in Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş., Aksu Textiles E.A.D ve Bozüyük Orman Ürünleri A.Ş., Aken BV, Aksa Egypt Acrylic Fiber Industrie SAE, Fitco BV ve Atak Garn-und Textilhandel GmbH (it was sold on 1 September 2006) (companies marked with \*\*\*\*) as of 31 December 2006 and 2005 and the income for the years then ended do not exceed 1% of the total consolidated assets and income, hence they are included in the consolidated financial statements at the restated cost value as of 31 December 2005.

Otakçılar Turizm ve Ticaret A.Ş., Zeytinliada Turizm ve Ticaret A.Ş., Çerkezköy Tekstil Sanayi ve Ticaret A.Ş. ve İstasyon Tekstil ve Sanayi Ticaret A.Ş. (marked with \*\*\*\*\*) are established within 2005, hence they are included in the consolidated financial statements as of 31 December 2005.

As of the acquisition date, the Parent Company's shareholding in its subsidiaries is set off against the portion of share capital it owns in the subsidiary's equity for once. The equity of the subsidiary at the acquisition date should be drawn up according to the market value of the subsidiary's net assets at that date. If the cost value of the Parent Company's shareholding in its subsidiary is more than the nominal value of the part of the share capital in the subsidiary's equity, the difference is recorded as positive goodwill in the consolidated balance sheet as a separate item. The difference in favor of the recorded value is stated as positive goodwill among assets in the consolidated balance sheet as a separate item. The subsidiary Akenerji Elektrik Üretim A.Ş. has acquired 99% the shares of Akkur Enerji Üretim Ticaret ve Sanayi A.Ş., a company with TRY 5,000,000 capital of which TRY 4,541,600 is unpaid, for a total 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.

The acquisition cost of the shares as stated in the equity of the acquired subsidiary is higher than the value of the subsidiary as appears in the IFRS balance sheet as of 31 December 2006; hence a positive goodwill of TRY 22,548,997 has been constituted. The effect of any value decrease that may arise in the goodwill is reflected to the statement of income. A value decrease test is applied at the same time each year in order to determine if there is any decrease in the value of goodwill.

All material transactions and balance related to the subsidiaries have been eliminated and removed from the financial statements. The shares of minority shareholders in the net assets and operating results of the subsidiaries are stated as "minority share" in the consolidated balance sheet and the consolidated statement of income.

### (b) Accounting Convention:

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

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

#### (c) Revenue Recognition:

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

Revenues and costs relating to construction contracts are recognised using the percentage of completion method by matching the contract costs incurred in reaching the stage of completion with the contract revenue accrued in 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:

Akkök Group classified their financial assets as held for trading, held - to - maturity and available for sale.

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

Financial assets held for trading are composed of public sector marketable securities such as treasury notes and government bonds subject to reverse repo and private sector marketable securities. Public sector marketable securities subject to reverse repo are valued by treating as accrued income that portion of the income to be received at the maturity date accruing for the period between the acquisition date and the balance sheet date.

Government bonds with fixed or predetermined payment conditions and fixed maturities which are meant to be held until the maturity date for which the necessary conditions including the funding capacity are fulfilled in order to be held until the maturity date are classified as financial assets to be retained until the maturity date. The initial recording of the investments to be retained until maturity is stated at cost. Investments to be held until the maturity are stated at their values discounted by using the effective interest rate method.

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

Financial assets available for sale represent shareholdings in which the direct and indirect votes of Akkök is below 20% or with insignificant influence even if above 20%, or those that do not have 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. Besides, 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.

Income or expenses after the deferred tax effect originating from the changes in the fair values of financial assets available for sale are recognized in the consolidated statement of changes in equity.

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

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

#### i. Cash and Cash Equivalents

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

Cash is composed of New Turkish Lira 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 currency buying rate issued at the balance sheet date by the Turkish Central Bank.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

Bank balances consist of demand deposits and time deposits. New Turkish Lira demand deposits are stated at cost and foreign currency accounts are translated to New Turkish Lira at the foreign currency buying rate issued at the balance sheet date by the Turkish Central Bank. New Turkish Lira demand deposits are stated at cost plus the accrued interest calculated at the effective interest rate at the balance sheet date.

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

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

#### Fair Value

Fair value is the amount for which a financial instrument could be exchanged between two willing parties in an arm's length transaction. 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 sale value of an instrument is accepted to be the fair value of the financial instrument.

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.

As cash, time deposit and demand deposit accounts are converted into cash in very short terms, and as there is no risk of value decrease, their book values are considered to approximate to their fair values.

#### ii. Trade Receivables

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

#### Fair Value

The net book value of the trade receivables is considered to be equivalent to its fair value as the receivables are discounted at their maturities and the provisions made against the risk of doubtful receivables are sufficient.

#### iii. Short and Long Term Bank Loans and Trade Payables

The short and long term bank loans of Akkök Group are stated in foreign currency and New Turkish Lira and the foreign currency loans are translated into New Turkish Lira at the rates issued by the Turkish Central Bank at the balance sheet date. The loans are stated at the value including principal amount plus interest expenses accrued as of the balance sheet date.

Trade payables are stated in the financial statements at the discounted values in accordance with their maturities.

#### Fair Value

The fair value of the short and long term bank loans are presumed to be equivalent to the recorded values computed by adding the accrued interest liabilities calculated over the prevailing interest rate as of the balance sheet dates on the cost of the mentioned financial debts. Similarly, as the trade payables are subject to discount, the discounted book values of trade payables are considered to represent their fair values.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements for the years ended 31 December 2006 and 2005

### (e) Financial Instruments and Financial Risk Management:

#### Interest Risk

91% of the bank loans used by Akkök Group comprise of long and short term bank loans in foreign currency. Interest rates of these loans are calculated by the premium rates to be added to the Libor and Eurobor rates, hence possible changes in the interest rates are at the level to create risk. The said interest risk is managed through balancing of assets and liabilities which have interest effect.

#### Foreign Currency Risk

In the event that the bank loans are denominated in foreign currency, payments in foreign currency create foreign currency risk in case of increases in foreign exchange against the New Turkish Lira. However, Akkök Group in relation to the receivables and payables denominated in foreign currency, Akkök Group analyses the foreign currency position on continuous basis, hence keeping the potential foreign currency risk at certain limits.

#### Doubtful Receivables Risk

Akkök Group have made provisions for doubtful receivables occurred until the reporting date.

#### Liquidity Risk

The consolidated short term liabilities of Akkök Group do not exceed their consolidated liquid assets (short term assets less inventories). As of 31 December 2006, the liquidity ratio of Akkök Group is 1.94 (31 December 2005 - 2.13).

### (f) Inventories:

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

### (g) Financial Assets:

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 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. Besides, 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. Income or expenses after the deferred tax effect originating from the changes in the fair values of financial assets available for sale are recognized in the consolidated statement of changes in equity. In the event that the negative differences arising between the acquisition cost and fair value of the financial assets available for sale are permanent differences, they are associated with the consolidated statement of income.

### (h) 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 period for intangible assets is 3-40 years.



# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

#### (i) 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 life 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

The economic life of the aircraft stated among the motor vehicles and estimated as 10 years in the prior periods has been changed by Akkök management as 20 years. The said net change with the deferred tax effect has increased the profit for the period by a total of TRY 4,117,818.

#### (j) Provision for Termination Indemnity:

Under Turkish Labour Law Article 25/II, the Company is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. This entitlement is limited to TRY 1,857.44 for each year of service as of 31 December 2006 (31 December 2005 - TRY 1,727.15).

Akkök Group with the exception of Akrom Ak-AI Textile Romania S.R.L have determined the termination indemnity liability stated in the accompanying financial statements as per the recognition and valuation principles stated in IAS 19 - "Employee Benefits". The subsidiary Akrom Ak-AI Textile Romania SRL has no liability to termination indemnity as per the legislation of Romania. As the characteristics of the termination indemnity liabilities are similar to the "Post Employment Benefit Plans" stated in this standard, these liabilities are calculated and stated in the financial statements on the basis of below mentioned "Proposed Unit Loan Method" and other various assumptions.

- The dates that the employees will gain their pension rights are determined with respect to the prevailing social security laws with consideration to their past employment durations.
- In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or the value of the termination indemnity upper limit determined by the Labour Law for 31 December 2006 and 2005 to remain constant for restatement purposes, and later on, this value is reduced by the actual discount rate of 5.71% (31 December 2005 - 5.49%) calculated upon the assumption that the expected annual inflation rate will be 5% (31 December 2005 - 6.175%) and the expected discount rate will be 11% (31 December 2005 - 12%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the termination indemnity liability at the balance sheet date.
- Actuarial calculation is required to determine the effect of quitters that have not received termination indemnity payment on the provision for termination indemnity. This calculation is made through determining the ratio of the number of quitters without termination indemnity in the past to the total number of personnel.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

As of 31 December 2006 and 2005 actuarial assumptions for calculating termination indemnity are as follows:

	31 December 2006	31 December 2005
Discount rate	5.71%	5.49%
Probability of paying termination indemnity to quitters	100%	100%

As of 31 December 2006 and 2005 provisions for termination indemnity consist of the following (TRY):

	31 December 2006	31 December 2005
Beginning of the period	19,557,559	37,163,487
Provision for termination indemnity in short term provisions	-	(1,498,338)
Charge for the current year	198,542	(16,107,590)
<b>Provision for long term termination indemnity at the end of the period</b>	<b>19,756,101</b>	<b>19,557,559</b>

#### (k) Earnings Per Share:

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

#### (l) Foreign Currency Transactions:

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

#### (m) Deferred Taxes:

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

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

#### (n) Related Parties:

The shareholders, board members and administrative personnel such as the general manager, their immediate relatives as well as the related companies, affiliates and partnerships of the Akkök Group are regarded as related parties.

#### (o) Legal Mergers:

The provisions stated in IFRS 3 (Business Combinations) are not applied to the legal mergers realized between the Akkök affiliates. Therefore, there is no negative or positive goodwill calculated in case of such mergers.

#### (p) Impairment of Assets:

In case where the book values of an asset exceeds its recoverable value, a provision for impairment loss is taken so as to bring the book value of the asset down to the level of its fair value and the amount of the provision is recorded in the income statement as an 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.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

#### (r) Accounting Estimates:

During the preparation of financial statements, the Company is required to disclose the balance sheet value of the assets and liabilities stated in the financial statements as of the balance sheet date and 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.

#### (s) Subsequent Events:

In case there are subsequent events requiring adjustment, the Company 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, the Company discloses them in the related period, if deemed necessary.

#### (t) Conditional Assets and Liabilities:

Assets and liabilities that originate from past incidents and whose presence is not fully under the company management control as it can only be confirmed through the realization of one or more indefinite incidents to take place in the future are not included in the financial statements and are deemed as conditional liabilities and 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. The subsidiaries Akenerji Elektrik Üretim A.Ş. and Aksu İplik Dokuma ve Boya Apre Fabrikaları A.Ş. have deducted the net balance of TRY (6,308,376) (31 December 2005- TRY 3,017,756) remaining after the deduction of foreign exchange differences from the interest expenses directly related to the investments in progress from the cost of the related asset.

#### (v) Segment Reporting:

The activities of Akkök Group are classified under five sectors, namely, investment (holding), chemistry, textile, energy and other. The other sector includes 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 separately reportable sectors.

#### (y) Government Incentives and Aids:

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

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements for the years ended 31 December 2006 and 2005

### 4. Cash and Cash Equivalents

Cash and cash equivalents are as follows (TRY):

	2006	2005
Cash	473,747	388,593
Cheques received	16,516,335	8,097,266
Banks	260,241,624	239,160,020
	<b>277,231,706</b>	<b>247,645,879</b>

### 5. Marketable Securities

Marketable securities are as follows (TRY):

	2006	2005
Financial assets held to maturity - Public notes and bonds	-	29,674,017*
Financial assets held for trading	5,601,428	3,913,528
	<b>5,601,428</b>	<b>33,587,545</b>

\* The maturities of financial assets held to maturity vary between 05.07.2006 - 13.09.2006 and their interest rates vary between 4.88% - 20.76%.

### 6. Trade Receivables

Trade receivables are as follows (TRY):

	2006	2005
Customers	261,813,850	253,486,786
Notes receivable and post dated cheques	237,528,669	139,280,720
Rediscount on receivables	(9,138,311)	(5,507,115)
Doubtful receivables	7,138,730	6,353,423
Provision for doubtful receivables	(7,138,730)	(6,353,423)
Other trade receivables	98,520	220,563
	<b>490,302,728</b>	<b>387,480,954</b>

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements for the years ended 31 December 2006 and 2005

### 7. Due from Related Parties

Balances due from related parties are as follows (TRY):

	2006	2005
Akmerkez Gayrimenkul Yatırımı A.Ş.	5,109	-
Akhan Bakım Yön. Ser.Hiz.Tic. A.Ş.	-	9,106
Fitco BV	-	3,188,331
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	462,201	454,708
Bozüyük Orman Ürünleri A.Ş.	172,954	-
Aksa Egypt Acrylic Fiber Industrie SAE	-	35,022
Atak Garn-und Textilhandel GmbH *	-	1,298,251
Aken BV	5,107	5,107
Due from shareholders	85,164	8,554
	<b>730,535</b>	<b>4,993,972</b>

\* Atak Garn-und Textilhandel GmbH are sold out of the group as of 1 September 2006.

### 8. Inventories

Inventories are as follows (TRY):

	2006	2005
Raw materials and supplies	97,577,613	78,739,481
Semi finished products	17,803,943	17,501,558
Finished products	40,700,965	31,833,474
Trade goods	573,524	1,243,773
Fasonage goods	9,267,708	-
Other inventories	2,266,518	6,945,791
Advances given	23,910,930	2,269,859
Inventory provision (-)	(1,124,457)	(314,325)
	<b>190,976,744</b>	<b>138,219,611</b>

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

#### 9. Other Assets and Prepaid Expenses

Other assets and prepaid expenses are as follows (TRY):

	2006	2005
Due from employees	373,083	417,346
VAT subject to export restrictions	27,516,956	7,465,168
Prepaid expenses related to future months	2,798,287	1,850,817
Income accruals	17,038	204,126
Deferred VAT	17,478,667	16,121,731
Deductible VAT	8,434	59,535
Other VAT	49,441,937	18,136,386
Prepaid taxes and funds	24,067,789	4,321,300
Job advances	337,255	60,480
Personnel advances	1,286,932	1,090,727
Other current assets	507,802	66,495
Other doubtful receivables	-	158,850
Provision for other doubtful receivables (-)	-	(158,850)
Other various receivables	8,099,129	302,015
Fixed assets held for sale	29,697,517	-
Decrease in value for the fixed assets held for sale (-)	(17,288,880)	-
	<b>144,341,946</b>	<b>50,096,126</b>

#### 10. Financial Assets

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

	2006	2005
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (1)	56,377,207	82,264,218
T. Sınai Kalkınma Bankası A.Ş. (2)	101,770	73,427
T. Vakıflar Bankası Anonim Ortaklığı (2)	386	386
Yapı Kredi Bankası A.Ş. (2)	13,971,948	12,544,457
Akçansa A.Ş. (2)	385,737	403,748
Toplu Konut Holding A.Ş. (2)	313	313
Atak Garn-und Textilhandel GmbH (1) (3)	-	123,018
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş. (1)	121,268	121,268
Aksu Textiles E.A.D. (1)	754,391	754,391
S.S.Yeşil Çevre Arıtma Tesisi Kooperatifi (2)	9,812	9,565
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (1)	104,151	104,151
İleri İplik Sanayi ve Ticaret A.Ş. (1) (4)	-	44,443,955
Fitco BV (1)	7,898,232	3,068,095
Bozüyük Orman Ürünleri A.Ş. (1)	8,880,389	8,880,389
Aken BV (1)	2,079,342	2,079,342
S.S.İstanbul Tekstil İmalat ve Satıcıları Toplu İşyeri Yapı Kooperatifi (5)	-	236,393
Aksa Egypt Acrylic Fiber Industrie SAE (1)	56,674	32,820
SAF Gayrimenkul A.Ş. (6)	11,623,750	-
	<b>102,365,370</b>	<b>155,139,936</b>
Less: Provision for value decrease (-) (7)	(3,863,081)	(1,742,572)
	<b>98,502,289</b>	<b>153,397,364</b>

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

- (1) Indirect participation rates are stated in note 3(a).
- (2) Participation rate is below 1%.
- (3) Sold as of 1 September 2006.
- (4) Liquidated in 2006.
- (5) Upon completion of construction in 2006, the said building is transferred to tangible assets in the accompanying consolidated financial statements.
- (6) Akkök purchased a total of 3,500 shares of Saf Gayrimenkul A.Ş. at a total of US \$ 7,700,000 on 5 October 2006. Akkök has a 7% interest in Saf Gayrimenkul A.Ş.
- (7) Financial assets available for sale originate from the decrease in market value of Yapı Kredi Bankası A.Ş..

#### 11. Other Assets

Other assets are as follows (TRY):

	2006	2005
Long term notes receivable and maturity cheques	10,679,749	13,954,720
Rediscount on long term notes receivable and maturity cheques	(1,040,678)	(1,488,497)
Deposits and guarantees given	360,255	289,565
Prepaid expenses for the future years	137,557	138,736
Other VAT	57,626	57,226
Other	443	504
	<b>10,194,952</b>	<b>12,952,254</b>

#### 12. Intangible Assets

Intangible assets consist of the following (TRY):

	1 January 2006	Effect of Changes in Investments*	Additions	Transfers and Disposals	31 December 2006
Rights	42,337,988	(182,694)	165,627	359,173	42,680,094
Special costs	12,464,599	(506,711)	21,422	2,335,984	14,315,294
Other	2,865,488	12,425	195,835	79,539	3,153,287
Accumulated amortisation (-)	(16,144,842)	(14,209)	(3,470,169)	566,288	(19,062,932)
	<b>41,523,233</b>	<b>(691,189)</b>	<b>(3,087,285)</b>	<b>3,340,984</b>	<b>41,085,743</b>

	1 January 2005	Effect of Changes in Investments**	Additions	Transfers and Disposals	31 December 2005
Rights	6,926,857	(47,780)	35,451,715	7,196	42,337,988
Special costs	13,137,454	(3,560)	68,206	(737,501)	12,464,599
Other	2,629,328	38,451	197,709	-	2,865,488
Accumulated amortisation (-)	(14,412,403)	9,368	(2,298,623)	556,816	(16,144,842)
	<b>8,281,236</b>	<b>(3,521)</b>	<b>33,419,007</b>	<b>(173,489)</b>	<b>41,523,233</b>

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

\*\* Represents the net effect of the translation differences in the financial statements denominated in foreign currency and the net effect of Kartopu Tekstil Mamulleri Pazarlama Ticaret ve Sanayi A.Ş., Dinarsu İmalat ve Ticaret A.Ş. and İleri İplik Sanayi ve Ticaret A.Ş. which are not included in the consolidation as of 31 December 2005.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

for the years ended 31 December 2006 and 2005

### 13. Tangible Assets

Tangible assets consist of the following (TRY):

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



# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

for the years ended 31 December 2006 and 2005

	1 January 2005	Effect of Changes in Investments****	Additions	Transfers and Disposals	Consolidation Eliminations	31 December 2005
Land	78,532,336	(733,925)	2,528,750	(1,110,301)	-	79,216,860
Land improvements	123,625,734	(450,031)	88,629	13,600,951	-	136,865,283
Buildings	211,745,214	(33,486,963)	5,342,825	(5,449,323)	(20,016)	178,131,737
Machinery, plant and equipment	1,582,015,403	(46,659,673)	774,944	113,231,863	-	1,649,362,537
Motor vehicles	81,030,891	(1,066,687)	147,332	(4,409,878)	-	75,701,658
Furniture and fixtures	73,711,912	(31,496,796)	983,814	(635,803)	-	42,563,127
Other tangible assets	275,598	-	-	-	-	275,598
Investments in progress	194,035,915	(10,884)	95,807,661	(217,644,737)	(33,187)	72,154,768
Advances given	1,855,733	-	31,109,906	(14,489,905)	-	18,475,734
	<b>2,346,828,736</b>	<b>(113,904,959)</b>	<b>136,783,861</b>	<b>(116,907,133)</b>	<b>(53,203)</b>	<b>2,252,747,302</b>
Accumulated depreciation (-)	(1,176,369,121)	88,374,656	(119,169,847)	76,938,044	(459,376)	(1,130,685,644)
	<b>1,170,459,615</b>	<b>(25,530,303)</b>	<b>17,614,014</b>	<b>(39,969,089)</b>	<b>(512,579)</b>	<b>1,122,061,658</b>
Provision for impairment	-	-	-	-	-	**(32,716,531)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,089,345,127</b>

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

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

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

\*\*\*\* Represents the net effect of the translation differences in financial statements denominated in foreign currency and the net effect of Kartopu Tekstil Mamulleri Pazarlama Ticaret ve Sanayi A.Ş., Dinarsu İmalat ve Ticaret A.Ş. and İleri İplik Sanayi ve Ticaret A.Ş. which are not included in the consolidation as of 31 December 2005.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

#### 14. Positive Goodwill

Positive goodwill consist of the following (TRY):

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

#### 15. Bank Loans

Short term bank loans are as follows (TRY):

	Foreign Currency	2006		2005	
		Currency Amount	TRY	Currency Amount	TRY
Loans in foreign currency	USD	98,534,761	139,170,497	67,705,277	91,287,024
Loans in New Turkish Liras			29,492,821		17,073,865
Interest accrual of short term loans			2,561,932		1,769,824
Interest accrual of long term loans			477,257		614,245
Short term portion of long term loans (Note 21)			16,149,986		24,653,216
			187,852,493		135,398,174

#### 16. Trade Payables

Trade payables are as follows (TRY):

	2006	2005
Suppliers	165,310,587	128,637,243
Notes payable	1,565,892	-
Rediscount on payables	(2,001,850)	(952,717)
Other trade payables	4,450	85,449
	164,879,079	127,769,975

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

#### 17. Due to Related Parties

Due to related parties are as follows (TRY):

	2006	2005
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş.	244,549	422,937
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	-	11,562
Bozüyük Orman Ürünleri A.Ş.		84,912
Expert Contab SRL Suceava	4,217	-
Aksa Egypt Acrylic Fiber Industry SAE	69,920	-
Due to shareholders	89,755	8,105
	<b>408,441</b>	<b>527,516</b>

#### 18. Income Taxes

##### 2006

Corporate earnings are subject to corporation tax at a rate of 20%. In case investment allowance is deducted in the calculation of taxable income, same as with other profits exempted from corporation tax, no withholding calculation 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 Article 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% (10% before 26 July 2006). 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, provisional corporation tax is paid at a rate of 20% on the profits declared for interim periods to be deducted from the corporation tax.

With respect to the provisional Article 69 of the Income Tax Law, corporation tax and corporate provisional tax rate is 30% for entities benefiting from investment allowance.

With respect to the article 298 (bis) of the Tax Law amended by Law 5024, the inflation adjustment application which started in 2004 has ended as the increase in the wholesale price indices for the last 36 months and the last 12 months ended March 2005 are below 100% and 10%, respectively. As the criteria of 100% and 10% has not been realized simultaneously in the June, September and December 2005 accounting periods, inflation accounting application has not been started. For that reason no inflation adjustment is made in relation to 2005. Also, in the 31 December 2006 accounting period, the criteria of 100% and 10% have not been realized simultaneously in the Producers Price Index and for that reason no inflation adjustment has been applied.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

#### 2005

Corporate earnings are subject to corporation tax at a rate of 30%. In case investment allowance is deducted in the calculation of taxable income, same as with other profits exempted from corporation tax, no withholding calculation 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 Article 61 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 10%. 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, provisional corporation tax is paid at a rate of 30% on the profits declared for interim periods to be deducted from the corporation tax.

With respect to the article 298 (bis) of the Tax Law amended by Law 5024, the inflation adjustment application which started in 2004 has ended as the increase in the wholesale price indices for the last 36 months and the last 12 months ended December 2005 are below 100% and 10%, respectively. As the criteria of 100% and 10% has not been realized simultaneously in the June, September and December 2005 accounting periods, inflation accounting application has not been started. For that reason no inflation adjustment is made in relation to 2005.

40% of the investment expenditures of companies related to tangible assets realized subsequent to 24 April 2003 are exempt from corporation tax through benefiting from investment allowance, except for certain cases. The exempt amounts are not subject to withholding. In the event that the corporate income is not sufficient, the investment allowance right is deferred to future years. In order to benefit from investment allowance, "Investment Allowance Document" is not required.

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

As of 31 December 2006 and 2005, income tax provisions have been made in accordance with the prevailing tax legislation.

The corporation tax rate for 2006 is 20% in Turkey (2005 - 30%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

As of 31 December 2006 and 2005 tax income and expenses in Income Statements are summarized as follows (TRY):

	31 December 2006	31 December 2005
Current Period Corporation Tax	(23,922,441)	( 3,663,805)
Deferred Tax income (Note 20)	67,917,044	1,431,406
<b>Total tax income/(expense)</b>	<b>43,994,603</b>	<b>(2,232,399)</b>

#### 19. Other Payables and Accrued Expenses

Other payables and accrued expenses are as follows (TRY):

	2006	2005
Due to personnel	606,163	703,050
Advances received	18,174,900	2,948,179
Taxes and funds payable	5,007,433	5,745,261
Social security withholdings payable	3,304,905	3,070,835
Other liabilities payable	9,928	29,546
Provision for cost	3,338,425	3,122,513
Provision for other debts and liabilities	2,609,219	684,326
Provisions for TRT share	2,513,794	23,178,300
Income related to future months	10,982,997	6,757,357
Expense accruals	906,908	1,114,533
Head office and agencies current account*	-	7,272,814
Other V.A.T.	49,441,937	18,136,386
Other miscellaneous debts	148,495	340,038
	<b>97,045,104</b>	<b>73,103,138</b>

\* Head office and agencies current account consists of project advances received by the subsidiary Ak-Kim Kimya Sanayi ve Ticaret A.Ş. in relation to the construction projects of the chlor-alkali and chlorine plants operated by the subsidiary on behalf of the companies Jana and Cristal established in Saudi Arabia.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

#### 20. Deferred Taxes

Deferred taxes are as follows (TRY):

	2006	2005
<b>Adjustments</b>		
Adjustments related to rediscount expenses	11,233,378	7,804,645
Adjustments for termination indemnity	19,756,101	21,195,768
Adjustments of provisions for doubtful receivables	843,508	902,802
Accrued expenses	1,016,567	384,376
Expensing of investments	36,698	36,698
Consolidation adjustments	797,381	889,940
Adjustment of foreign currency revaluation	2,297,884	76,824
Loss deduction*	63,571,095	-
Deferred tax base sub total	99,552,612	31,291,053
Deferred tax asset sub total	19,910,522	9,387,316
Adjustment on provision for value decrease of investments	3,863,081	1,742,572
Deferred tax asset sub total	772,616	522,771
<b>Deferred tax assets **</b>	<b>20,683,138</b>	<b>9,910,087</b>
<b>Adjustments</b>		
Adjustments related to rediscount interest income	1,933,428	1,915,683
Value increase arising from the application of IAS 29	573,884,420	613,838,321
Deferred tax liability base sub total	575,817,848	615,754,004
Deferred tax liability sub total	115,163,570	171,784,880
Adjustments related to investments	49,504,690	69,868,164
Deferred tax liability sub total	9,900,938	20,960,449
Deferred tax liability**	125,064,508	192,745,329
<b>Deferred tax liability (net)</b>	<b>104,381,370</b>	<b>182,835,242</b>

\* As per the Akkök management's future assumptions there are high chance of generating taxable profit hence the tax loss for 2005 related to Akenerji Elektrik Üretim A.Ş. has been considered in the deferred tax calculations for the year ended 31 December 2006.

\*\* As of 31 December 2006 and 2005, tax rates are 20%, 30% and 10.2% (Investment Allowance with document) (Note 18).

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

for the years ended 31 December 2006 and 2005

Deferred Tax Income/ (Expense) (TRY):

	2006	2005
Current period deferred tax liability (net)	(104,381,370)	(182,835,242)
Deferred tax liability associated with the equity	9,900,938	20,437,678
Deferred tax asset/(liability) associated with the statement of income	(94,480,432)	(162,397,564)
Effect of disposal of subsidiary from consolidation	(88)	-
Reversal of prior period deferred tax (liability)/asset	162,397,564	163,828,970
<b>Deferred tax income/(expense) (Note 18)</b>	<b>67,917,044</b>	<b>1,431,406</b>

### 21. Long Term Bank Loans

Long term bank loans are as follows:

	Foreign Currency	2006		2005	
		Currency Amount	TRY	Currency Amount	TRY
Foreign currency loan	USD	54,294,876	76,686,083	23,772,875	32,052,967
	EURO	40,391,525	75,144,393	20,470,794	32,655,011
	GBP	1,756,720	4,868,398	3,513,438	8,165,932
Short term portion of long term loans (Note 15)			(16,149,986)		(24,653,216)
<b>Total</b>			<b>140,548,888</b>		<b>48,220,694</b>

The maturities of long term bank loans range from 2007 to 2013 for loans outstanding as of 31 December 2006, from 2006 to 2012 for loans outstanding as of 31 December 2005.

### 22. Share Capital

As of 31 December 2006 and 2005, share capital is composed of 13,097,521,124 each of which has TL 1,000 nominal value and the capital structure is as follows (TRY):

Name	Share Percentage	Amount	Capital Adjustment	Total
A.R.D. Holding A.Ş.	33.33%	4,365,840	54,375,207	58,741,047
Ö.D. Holding A.Ş.	33.33%	4,365,840	54,375,207	58,741,047
Nilüfer Çiftçi	20.00%	2,619,505	32,640,399	35,259,904
Other *	13.34%	1,746,336	21,752,430	23,498,766
<b>Total</b>	<b>100.00%</b>	<b>13,097,521</b>	<b>163,143,243</b>	<b>176,240,764</b>

\* Represents shareholdings of less than 10%.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

#### 23. Retained Earnings

Retained earnings are included legal reserves. In accordance with the Turkish Trade Law, Akkök Group are required to appropriate a certain percentage of its earnings to a legal reserve. Legal reserves, which are divided into First Legal Reserve and Second Legal Reserve, are appropriated as below:

(a) **First Legal Reserve:** Appropriated out of net profits at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital.

(b) **Second Legal Reserve:** Appropriated out of net profits at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Legal reserves which do not exceed one-half of the share capital may only be used to absorb losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects.

#### 24. Minority Interest

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

	2006	2005
Share capital	660,188,598	622,157,020
Share premium	142,387,325	142,387,350
Value increase/(decrease) in financial assets, (net)	3,395	(343,053)
Retained earnings	188,713,654	211,242,242
	<b>991,292,972</b>	<b>975,443,559</b>

#### 25. Earnings/Loss Per Share

As of 31 December 2006, earnings per share of TRY 1 nominal value of each, is TRY 1.01 (31 December 2005 - loss per share TRY 12.12).

#### 26. Contingent Liabilities

Contingent liabilities consist of the following:

	Foreign Currency	2006		2005	
		Currency Amount	TRY	Currency Amount	TRY
Guarantee letters given;					
	USD	128,406,167	180,487,709	116,507,462	156,329,713
	GBP	-	-	211,500	489,009
	EURO	885,736	1,639,940	74,182	117,764
	TRY	-	86,514,841	-	38,835,378
Guarantee notes and cheques received;					
	USD	7,609,549	10,695,982	9,490,861	12,734,837
	GBP	12,945	35,688	12,945	29,930
	EURO	7,984,866	14,783,979	6,194,066	9,833,080
	TRY	-	101,929,842	-	135,186,953
Sureties given on behalf of subsidiaries;					
	EURO	-	-	743,200	1,179,830
	USD	15,500,000	21,786,800	15,151,215	20,329,900
	TRY	-	-	-	-
Export liabilities;					
	USD	22,412,250	31,502,659	21,185,000	28,426,033
			<b>449,377,440</b>		<b>403,492,427</b>



# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements for the years ended 31 December 2006 and 2005

### 27. Number of Personnel

As of 31 December 2006 the average number of personnel of Akkök Group is 4,399 (2005 - 4,090).

### 28. Amortisation and Depreciation

For the years ended 31 December 2006 and 2005 the current period amortisation and depreciation expenses are as follows (TRY):

	2006	2005
Cost of Sales	98,495,018	109,436,737
Research and Development Expenses	2,910,281	63,588
Marketing, Sales and Distribution Expenses	121,635	220,918
General Administration Expenses	8,588,610	9,356,694
Idle Capacity Expenses	2,451,794	-
Depreciation and amortisation expenses associated with the statement of income	112,567,338	119,077,937
Depreciation Expenses on Inventories	1,663,991	2,390,533
<b>Total</b>	<b>114,231,329</b>	<b>121,468,470</b>

### 29. Financial Income/Expenses, (net)

For the years ended 31 December 2006 and 2005 the financial income/expenses, (net) are as follows (TRY):

	2006	2005
Interest expenses	(17,495,414)	(8,779,495)
Interest income	30,480,233	28,156,187
Profit/(loss) from foreign currency exchange, (net)	15,579,648	(25,228,834)
Discount income/(loss), (net)	(1,821,655)	(2,366,781)
	<b>26,742,812</b>	<b>(8,218,923)</b>

### 30. Other Income/Expenses, (net)

For the years ended 31 December 2006 and 2005 the other income/expenses, (net) are as follows (TRY):

	2006	2005
Dividend income	1,696,950	3,857,752
Commission expenses	(3,457,208)	(3,862,134)
Provisions expired	16,971,912	79,593,358
Provisions	(1,416,640)	(3,849,521)
Profit on sale of marketable securities	606,790	419,839
Idle capacity expenses and losses	(2,692,849)	(56,042)
Other income/expenses, (net)	2,429,521	7,972,322
Prior period income/expenses, (net)	140,181	2,464,481
Other extraordinary income/expenses, (net)	(71,944,057)	(152,186,467)
	<b>(57,665,400)</b>	<b>(65,646,412)</b>

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements for the years ended 31 December 2006 and 2005

### 31. Subsequent Events

a) The termination indemnity upper limit which stood at TRY 1,857.44 as of 31 December 2006 has been increased to TRY 1,960.69 with effect from 1 January 2007 and to TRY 1,988.48 with effect from 1 July 2007 (31 December 2005 - TRY 1,727.15).

b) As a result of the share capital increases and changes in ownership interests in the subsidiaries, the percentage of indirect ownership in Akkök's Subsidiaries as at 4 May 2007 as follows:

	4 May 2007	31 December 2006
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	100.00%	100.00%
<b>Akkök Group Companies</b>		
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	82.97%	82.97%
Ak-AI Tekstil Sanayii A.Ş.	39.58%	39.58%
Ak-EI Yalova Elektrik A.Ş.	14.93%	14.93%
Akenerji Elektrik Üretim A.Ş.	27.82%	27.82%
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş.	33.40%	33.40%
Ak-Kim Kimya Sanayi ve Ticaret A.Ş.	42.00%	42.00%
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	50.00%	50.00%
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	13.12%	13.12%
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.	43.75%	43.75%
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	62.00%	62.00%
Akport Tekirdağ Liman İşletmeleri A.Ş.	76.19%	76.19%
Akkur Enerji Üretim Tic. ve San. A.Ş.	16.43%	16.43%
Akrom Ak-AI Textile Romania Srl	30.83%	30.83%
Aksa Akrilik Kimya Sanayii A.Ş.	39.59%	39.59%
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	71.88%	71.88%
Aksu Textiles E.A.D.	71.55%	71.55%
Ak-Tem Uluslararası Mümessillik ve Ticaret A.Ş.	31.52%	31.50%
Ak-Tops Tekstil Sanayi A.Ş.	47.04%	47.04%
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş.	25.04%	25.04%
Ariş Sanayi ve Ticaret A.Ş.	43.37%	43.37%
Bozüyük Orman Ürünleri A.Ş.	30.66%	30.66%
Dinkal Sigorta Acenteliği A.Ş.	96.55%	96.55%
Otakçılar Turizm ve Ticaret A.Ş.	89.61%	89.61%
Zeytinliada Turizm ve Ticaret A.Ş.	89.61%	89.61%
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş.	43.37%	43.37%
İstasyon Tekstil ve Sanayi Ticaret A.Ş.	43.37%	43.37%
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	43.75%	43.75%
Aken BV	13.91%	13.91%
Aksa Egypt Acrylic Fiber Industrie SAE	39.71%	39.71%
Fitco BV	39.59%	39.59%

c) The notice dated 6 February 2007 submitted to the Istanbul Stock Exchange by the subsidiary Akenerji Elektrik Üretim A.Ş. is as follows:

"Upon formerly declared application made to the Energy Markets Regulatory Board, the power generation licenses EÜ/468-8/531 dated 1 April 2005 and EÜ/468-9/532 dated 1 April 2005 related to our power plants in Bursa Orhangazi and Uşak, respectively, have been annulled."

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

d) "Addendum to the announcement at the Stock Exchange regarding termination of our Uşak and Bursa Orhangazi production licenses dated 6 February 2007:

The production capacity of our Company amounts to 538.64 MW and the total production capacity of Uşak/Bursa Orhangazi power plants amounts to 20.44 MW.

The total production capacity of the currently active plants of our Company is 447.10 MW. Application has been made for cancelling 5 of our 11 production licenses out of which 2 have been terminated up to date by the Energy Market Regulatory Board.

The total production capacity of our hydroelectric power plants at the stage of investment is 179 MW with 2 licenses.

The cancellation of the licenses of Uşak and Bursa Orhangazi power plants is likely to have a positive effect on our profit/loss for the period. However, this resolution made by our Company is a strategic decision for Akenerji which aims for resource variety.

On the other hand, the news published in Economy section of Yeni Şafak Gazetesi on 06 February 2007 related to our Company reads "One production license of Akenerji Elektrik Üretim A.Ş. has been terminated" and this news is related to the cancelled license of our Uşak power plant as was disclosed on 6 February 2007."

e) The notice dated 19 January 2007 submitted to the Istanbul Stock Exchange by the subsidiary Ak-AI Tekstil Sanayii A.Ş is as follows:

"Suceava plant stated among the assets of Akrom Akal Textile Romania S.R.L in which we have 100% interest has entered into an agreement related to the sales of its machinery, equipment and spare parts to Aker Tekstil Kumaşçılık Sanayi ve Ticaret Ltd. Şti. at a price of USD 1,700,000. USD 1,400,000 of this total is related to machinery and equipment and USD 300,000 is related to the spare parts. A valuation report on the machinery has been made by the company Troostwijk N.V which is a company with expertise in textile machines, and the expertise value is stated as USD 1,354,080. The sales price will be collected with regard to the delivery status latest in June 2007."

The calculations stated below has been made taking into consideration the 30 September 2006 Akrom financials which are the latest financial statements disclosed to public. The figures will be settled upon realization of the sales transaction.

Date of agreement signed	:	19/01/2007
Machinery and equipment net book value	:	8,335,029 \$
Machinery and equipment sale value	:	1,400,000 \$
Provision for value decrease reflected to the financial statements up to 30/09/2006	:	2,172,502 \$
Potential loss to be recognized in the financial statements due to the sales transaction	:	4,762,527 \$
Machinery and equipment net book value/Paid-in Capital	:	8,335,029/8,089,000 = 1.03
Machinery and equipment net value /Total assets	:	8,335,029/27,472,000 = 30.34%
Spare part stock value	:	837,988 \$
Spare part sale value	:	300,000 \$
Potential loss to be recognized in the financials	:	537,988 \$
Process of monitoring the profit/loss	:	Will be recognized in the statement of income
Relationship of the buyer with the company	:	"Neither Akrom nor our group companies have any relationship with Aker Tekstil Kumaşçılık Sanayi ve Ticaret Ltd. Şti. with which Akrom has entered into the sales agreement."

f) The notice dated 23 February 2007 submitted to the Istanbul Stock Exchange by the subsidiary Ak-AI Tekstil Sanayii A.Ş is as follows:

"A preliminary agreement has been signed in relation to the sales to S.C.OASIS SRL of the land and building in Botosani owned by Akrom Akal Textile Romania S.R.L. in which we have 100% interest, at a price of EU 4,000,000. EURO 200,000 of this total has been collected in advance and the balance will be collected upon the approval of the final contract latest by 30/04/2007 provided that an acceptance report is received upon the ownership rights analysis and environment analysis made by the buyer within the frame of the guarantees given to the buyer by the preliminary agreement. A valuation report on the land and building in Botosani has been made by the expertise company DTZ ECHINOX Consulting SRL, and the expertise value is stated as EURO 3,460,000."

## AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

### Notes to the Consolidated Financial Statements

#### for the years ended 31 December 2006 and 2005

- g) The following resolutions have been made at the Ordinary General Meeting of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. held on 27 April 2007:
- The legal reserve made as per the Turkish Law of Commerce Article 466 from the net profit for the period of TRY 57,159,245 stated in the financial statements has reached a level of 20% of the paid-in capital; hence decision is made not to make 5% legal reserve.
  - Decision is made to distribute among the shareholders the first dividend amounting to TRY 11,464,879 at 20% determined by the Capital Markets Board, from the net profit for the period, in cash.
  - Decision is made to appropriate a total of TRY 36,485,121 from the profit balance for the second dividend to be distributed to the shareholders in cash.
  - Decision is made to appropriate the balance of TRY 11,097,000 remaining from the Prior Year Profits (Inflation Profit) accounts in the Company's financial statements prepared in accordance with the CMB Communiqué XI/25 to be distributed among the shareholders in cash.
  - Decision is made as per the Turkish Law of Commerce Article 466 Paragraph 2/3 to appropriate one tenth of the balance remaining after deduction of 5% of the paid in capital from the total dividends to be distributed among the shareholders, as second legal reserve
  - Decision is made to distribute the first and second dividends totaling TRY 47,950,000 appropriated from the net profit for the period on 28 May 2007 where the gross=net value of shares will be TRY 3.50 corresponding to 350% of the paid-in capital
  - Decision is made to distribute the 2006 profit of TRY 4,074,380 and retained earnings of TRY 11,097,000 latest until 31 December 2007 where the gross=net value of shares which represents TRY 4,074,380 is TRY 0.2974 corresponding to 29.74% of the paid in capital and the gross=net value of shares which represents TRY 11,097,000 is TRY 0,81 corresponding to 81% of the paid in capital.
- h) As per the Ordinary General Meeting of the subsidiary Ak-pa Tekstil İhracat Pazarlama A.Ş. dated 11 April 2007, decision is made to distribute to Shareholders the dividends remaining after deduction of withholdings as per the legislation and the articles of association from the 2006 profit after tax of TRY 3,428,108 until 31.12.2007.
- i) At the Board meeting of Akkök Sanayi Yatırım ve Geliştirme A.Ş. held on 16 February 2007, resolution is made to participate in the company Aktek Bilgi İletişim Hizmetleri Sanayi ve Ticaret Anonim Şirketi as founding partner and to make a capital commitment in the said company to be established at a total of TRY 10,000.
- j) As per the Ordinary General Meeting of the subsidiary Dinkal Sigorta Acenteliği Anonim Şirketi dated 11 April 2007, decision is made to distribute to Shareholders the entire amount of dividends remaining after the taxes and legal liabilities are provided as per the legislation and the articles of association from the 2006 profit of TRY 816,353 as at 20 April 2007.
- k) At the Board meeting of the subsidiary Akkim Sanayi ve Ticaret A.Ş. held on 30 April 2007, resolution is made to participate in the company Akgirişim Kimya ve Ticaret Anonim Şirketi as founding partner and to make a capital commitment in the said company to be established at a total of TRY 40,000.
- l) At the Board meeting of Akkök Sanayi Yatırım ve Geliştirme A.Ş. held on 30 March 2007, resolution is made to participate in the company Akiş Gayrimenkul Yatırımı Anonim Şirketi through capital increase, and for Akkök Sanayi Yatırım ve Geliştirme A.Ş. to make cash commitment on the balance of TRY 600,000 remaining after increasing the capital of the said company from TRY 50,000 to TRY 3,000,000.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

- m) At the Board meeting of Akkök Sanayi Yatırım ve Geliştirme A.Ş. held on 30 April 2007, resolution is made to transfer a total of 3,500 shares of Saf Gayrimenkul Geliştirme İnşaat ve Ticaret Anonim Şirketi, the owner of the said company, at a total of TRY 11,627,000 where the transfer fee for each share is TRY 3,222.
- n) In accordance with the resolution on capital increase taken at the General Meeting of the subsidiary Akmeltem Poliüretan Sanayi ve Ticaret A.Ş. dated 20 April 2007, decision is made to call for funds in April, May and June 2007, each at a total of TRY 200,000.
- o) As per the Ordinary General Meeting of the subsidiary Akxa Akrilik Kimya Sanayi A.Ş. dated 5 April 2007, decision is made to distribute to shareholders in cash from 2006 profit after tax of TRY 16,500,000 where the gross value of shares will be Ykr 15 corresponding to 15% of the paid in capital and the net value of shares will be Ykr 12.75. As per the same meeting decision is made to distribute 2% of the 2006 profit to board of directors on 28 May 2007.

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

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

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

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

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

- b) The notice dated 26 April 2006 submitted to the Istanbul Stock Exchange by the subsidiary Akenerji Elektrik Üretim A.Ş. is as follows:

"The legal case commenced at Ankara 1st Administrative Court with file nr. 2004/1716 by Power Generators Association together with our Company against Turkish Radio and Television Institution (TRT Institution) with the demand to cancel the administrative act of payment of the TRT share to the Institution amounting to a total of TRY 30,202,811.74 including the capital of TRY 18,597,372.90 that originates from electrical energy sales and the related interest of TRY 11,605,438.84 has been declined by the Court's resolution nr. 2005/167, however the local court resolution has been declined by the State Council by file nr 2005/5560 and ruling nr. 2005/6151. The case is still pending at Ankara 1st Administrative Court.

While the case is pending, Turkish Radio and Television Institution has commenced a second administrative act against our Company upon which a total of TRY 21,402,007.44 demanded by the Institution including the capital of TRY 13,913,832.09 and the related interest of TRY 7,488,175.35 has been paid to the Institution upon the notification of Beşiktaş 5th Notary dated 25.04.2006 nr. 10213 with a note of reservation with regard to the opinion of our Legal Consultants, and resolution is made to commence a separate case for the reversal of the administrative act."

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 system utilization distribution fees which are not to be taken as basis, and that Energy Markets Regulatory Board (EMRB) has expressed its opinion that accrual of the total TRY share and energy fund calculated over the transmission and distribution tariffs added onto the same tariffs is not agreeable.

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

for the years ended 31 December 2006 and 2005

### 33. Segment Reporting

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

	Akkök	Energy	Textiles	Chemicals	Other	Elimination	Total
Cash and Cash Equivalents	68,550,273	139,541,801	18,466,396	42,257,700	8,415,536	-	277,231,706
Marketable Securities	5,601,428	-	-	-	-	-	5,601,428
Trade Receivables	2,378,203	23,464,806	82,653,176	254,932,628	114,467,670	12,406,245	490,302,728
Due From Related Parties	4,482,960	24,214,927	3,848,886	134,561,185	17,724,640	(184,102,063)	730,535
Inventories	3,489,533	7,608,328	31,658,392	139,093,437	9,609,404	(482,350)	190,976,744
Other Receivables and Prepaid Expenses	7,828,155	15,237,364	12,995,923	84,801,635	2,661,334	20,817,535	144,341,946
<b>Total Current Assets</b>	<b>92,330,552</b>	<b>210,067,226</b>	<b>149,622,773</b>	<b>655,646,585</b>	<b>152,878,584</b>	<b>(151,360,633)</b>	<b>1,109,185,087</b>
Financial Assets	422,574,551	61,711,510	97,025,152	68,001,822	1,392,897	(552,203,643)	98,502,289
Other Assets	30,786	408,372	9,715,587	23,567	16,847	(207)	10,194,952
Intangible Assets (net)	621	34,649,862	1,244,096	1,038,963	4,152,201	-	41,085,743
Tangible Assets (net)	1,979,760	553,184,722	67,383,339	365,601,633	57,833,260	(2,845,825)	1,043,136,889
Positive goodwill	-	-	-	-	-	22,548,997	22,548,997
Deferred Tax Assets	-	-	530,371	12,588,169	1,755,949	(14,874,489)	-
<b>Total Long Term Assets</b>	<b>424,585,718</b>	<b>649,954,466</b>	<b>175,898,545</b>	<b>447,254,154</b>	<b>65,151,154</b>	<b>(547,375,167)</b>	<b>1,215,468,870</b>
<b>Total Assets</b>	<b>516,916,270</b>	<b>860,021,692</b>	<b>325,521,318</b>	<b>1,102,900,739</b>	<b>218,029,738</b>	<b>(698,735,800)</b>	<b>2,324,653,957</b>

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

for the years ended 31 December 2006 and 2005

	Akkök	Energy	Textiles	Chemicals	Other	Elimination	Total
Bank Loans	-	13,456,807	50,032,728	108,386,534	15,976,424	-	187,852,493
Trade Payables	256,950	40,637,017	18,352,698	95,979,453	5,673,241	3,979,720	164,879,079
Due to Related Parties	-	6,061,134	34,810,078	25,626,485	110,535,632	(176,624,888)	408,441
Taxes Payable	-	-	301,723	2,882,991	250,780	20,486,947	23,922,441
Other Liabilities and Accrued Expenses	483,422	5,808,565	16,964,122	61,477,027	12,311,968	-	97,045,104
<b>Total Short Term Liabilities</b>	<b>740,372</b>	<b>65,963,523</b>	<b>120,461,349</b>	<b>294,352,490</b>	<b>144,748,045</b>	<b>(152,158,221)</b>	<b>474,107,558</b>
Bank Loans	-	126,726,667	2,711,533	800,168	10,310,520	-	140,548,888
Long Term Debts	1,212,842	-	57,226	8,760,716	39,842	-	10,070,626
Provisions for Termination Indemnity	67,345	1,323,815	7,222,318	9,806,862	1,335,761	-	19,756,101
Deferred Tax Liabilities	9,806,780	57,360,383	885,024	50,146,766	1,223,721	(15,041,304)	104,381,370
<b>Total Long Term Liabilities</b>	<b>11,086,967</b>	<b>185,410,865</b>	<b>10,876,101</b>	<b>69,514,512</b>	<b>12,909,844</b>	<b>(15,041,304)</b>	<b>274,756,985</b>
Share Capital	13,097,521	78,340,000	42,198,228	32,906,289	33,420,000	(186,864,517)	13,097,521
Capital Adjustment	163,143,245	140,626,423	278,907,984	462,078,849	88,207,910	(969,821,168)	163,143,243
Share Premium	-	182,984,809	32,938,383	1,537,497	-	(165,644,243)	51,816,446
Increase/Decrease in Value of Financial Assets (net)	39,591,679	-	12,073	-	-	(3,394)	39,600,358
Minority Interest	-	-	-	-	-	991,292,972	991,292,972
Retained Earnings	289,256,486	206,696,072	(159,872,800)	242,511,102	(61,256,061)	(200,495,925)	316,838,874
<b>Total Equity</b>	<b>505,088,931</b>	<b>608,647,304</b>	<b>194,183,868</b>	<b>739,033,737</b>	<b>60,371,849</b>	<b>(531,536,275)</b>	<b>1,575,789,414</b>
<b>Total Liabilities and Equity</b>	<b>516,916,270</b>	<b>860,021,692</b>	<b>325,521,318</b>	<b>1,102,900,739</b>	<b>218,029,738</b>	<b>(698,735,800)</b>	<b>2,324,653,957</b>

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

	Akkök	Energy	Textiles	Chemicals	Other	Elimination	Total
Net Sales	5,339,611	465,259,891	209,192,533	1,138,797,407	406,701,973	(621,239,936)	1,604,051,479
Cost of Sales (-)	(4,138,665)	(493,816,900)	(170,833,182)	(967,898,960)	(397,261,296)	594,776,007	(1,439,172,996)
Gross Profit /(Loss)	1,200,946	(28,557,009)	38,359,351	170,898,447	9,440,677	(26,463,929)	164,878,483
Research and Development Expenses (-)	-	(134,511)	(517,166)	(6,186,252)	-	32,136	(6,805,793)
Marketing, Sales and Distribution Expenses (-)	-	(5,417,729)	(8,522,629)	(16,880,404)	-	5,854,354	(24,966,408)
General Administration Expenses (-)	(1,926,840)	(33,740,100)	(45,073,207)	(34,064,110)	(10,976,355)	12,168,192	(113,612,420)
Operating Profit/(Loss)	(725,894)	(67,849,349)	(15,753,651)	113,767,681	(1,535,678)	(8,409,247)	19,493,862
Financial Income/Expenses (net)	-	(10,636,844)	(11,430,285)	(29,183,991)	(1,908,437)	79,902,369	26,742,812
Other Income/Expenses (net)	5,484,717	(2,010,407)	15,499,960	(10,395,762)	10,168,495	(76,412,403)	(57,665,400)
Net Profit/(Loss) Before Tax, Monetary Gain/(Loss) and Minority Interest	4,758,823	(80,496,600)	(11,683,976)	74,187,928	6,724,380	(4,919,281)	(11,428,726)
Taxes Payable (-)	-	(110,781)	(1,184,750)	(21,584,102)	(1,042,808)	-	(23,922,441)
Deferred Tax (Expense)/Income	54,809	43,940,258	610,643	23,001,144	421,366	(111,176)	67,917,044
Net Profit/(Loss) Before Monetary Gain/(Loss) and Minority Interest	4,813,632	(36,667,123)	(12,258,083)	75,604,970	6,102,938	(5,030,457)	32,565,877
Monetary Gain/(Loss) (-)	-	-	-	-	-	-	-
Net Profit/(Loss) Before Minority Interest	4,813,632	(36,667,123)	(12,258,083)	75,604,970	6,102,938	(5,030,457)	32,565,877
Minority Interest	-	-	-	-	-	(19,288,156)	(19,288,156)
<b>Net Profit/(Loss)</b>	<b>4,813,632</b>	<b>(36,667,123)</b>	<b>(12,258,083)</b>	<b>75,604,970</b>	<b>6,102,938</b>	<b>(24,318,613)</b>	<b>13,277,721</b>



# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

As of 31 December 2005 segment reporting consists of the following (TRY):

	Akkök	Energy	Textiles	Chemicals	Other	Elimination	Total
Cash and Cash Equivalents	59,508,437	110,521,836	17,773,989	49,117,643	10,723,974	-	247,645,879
Marketable Securities	3,913,528	29,674,017	-	-	-	-	33,587,545
Trade Receivables	9,351,948	17,193,755	71,064,171	174,324,313	84,355,267	31,191,500	387,480,954
Due From Related Parties	3,065,370	49,693,991	5,747,866	110,610,381	19,502,995	(183,626,631)	4,993,972
Inventories	-	8,133,624	40,449,870	83,100,956	6,671,403	(136,242)	138,219,611
Other Receivables and Prepaid Expenses	167,092	12,344,863	1,414,195	33,358,354	1,838,346	973,276	50,096,126
<b>Total Current Assets</b>	<b>76,006,375</b>	<b>227,562,086</b>	<b>136,450,091</b>	<b>450,511,647</b>	<b>123,091,985</b>	<b>(151,598,097)</b>	<b>862,024,087</b>
Financial Assets	464,408,721	33,336,771	99,037,383	83,833,984	644,638	(527,864,133)	153,397,364
Other Assets		264,627	12,568,245	39,686	79,696	-	12,952,254
Intangible Assets (net)	803	36,481,339	1,222,030	1,164,739	2,654,322	-	41,523,233
Tangible Assets (net)	2,026,699	574,856,389	90,415,643	364,653,690	60,339,784	(2,947,078)	1,089,345,127
<b>Total Long Term Assets</b>	<b>466,436,223</b>	<b>644,939,126</b>	<b>203,243,301</b>	<b>449,692,099</b>	<b>63,718,440</b>	<b>(530,811,211)</b>	<b>1,297,217,978</b>
<b>Total Assets</b>	<b>542,442,598</b>	<b>872,501,212</b>	<b>339,693,392</b>	<b>900,203,746</b>	<b>186,810,425</b>	<b>(682,409,308)</b>	<b>2,159,242,065</b>

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

for the years ended 31 December 2006 and 2005

	Akkök	Energy	Textiles	Chemicals	Other	Elimination	Total
Bank Loans	-	10,224,526	55,817,489	54,171,815	15,184,344	-	135,398,174
Trade Payables	39,039	44,188,773	7,192,170	55,597,458	11,778,869	8,973,666	127,769,975
Due to Related Parties	1,434	13,409,545	46,793,902	20,118,813	81,603,748	(161,399,926)	527,516
Taxes Payable	133,150	631	1,093,588	6,577	1,019,836	1,410,023	3,663,805
Other Liabilities and Accrued Expenses	199,031	25,999,138	10,387,714	29,386,004	8,223,028	(1,091,777)	73,103,138
<b>Total Short Term Liabilities</b>	<b>372,654</b>	<b>93,822,613</b>	<b>121,284,863</b>	<b>159,280,667</b>	<b>117,809,825</b>	<b>(152,108,014)</b>	<b>340,462,608</b>
Bank Loans	-	36,249,492	1,308,064	820,548	9,842,590	-	48,220,694
Long Term Debts	-	-	57,226	8,272,653	-	-	8,329,879
Provisions for Termination Indemnity	77,391	1,311,135	8,147,829	8,765,312	1,255,892	-	19,557,559
Deferred Tax Liabilities	24,367,248	101,300,641	439,506	60,559,741	(110,771)	(3,721,123)	182,835,242
<b>Total Long Term Liabilities</b>	<b>24,444,639</b>	<b>138,861,268</b>	<b>9,952,625</b>	<b>78,418,254</b>	<b>10,987,711</b>	<b>(3,721,123)</b>	<b>258,943,374</b>
Share Capital	13,097,521	72,715,000	39,528,520	32,006,288	32,810,468	(177,060,276)	13,097,521
Capital Adjustment	163,143,245	140,620,888	278,907,984	462,078,849	88,958,795	(970,566,518)	163,143,243
Share Premium	-	182,984,809	32,938,383	1,537,496	-	(165,644,242)	51,816,446
Increase/Decrease in Value of Financial Assets(net)	56,941,684	-	(1,219,800)	-	-	(7,690,916)	48,030,968
Minority Interest	-	-	-	-	-	975,443,559	975,443,559
Retained Earnings	284,442,855	243,496,634	(141,699,183)	166,882,192	(63,756,374)	(181,061,778)	308,304,346
<b>Total Equity</b>	<b>517,625,305</b>	<b>639,817,331</b>	<b>208,455,904</b>	<b>662,504,825</b>	<b>58,012,889</b>	<b>(526,580,171)</b>	<b>1,559,836,083</b>
<b>Total Liabilities and Equity</b>	<b>542,442,598</b>	<b>872,501,212</b>	<b>339,693,392</b>	<b>900,203,746</b>	<b>186,810,425</b>	<b>(682,409,308)</b>	<b>2,159,242,065</b>

# AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

## Notes to the Consolidated Financial Statements

### for the years ended 31 December 2006 and 2005

	Akkök	Energy	Textiles	Chemicals	Other	Elimination	Total
Net Sales	2,736,647	431,545,400	242,371,612	859,319,311	316,225,703	(509,832,379)	1,342,366,294
Cost of Sales (-)	(2,313,482)	(452,013,276)	(254,326,338)	(775,959,857)	(307,162,664)	488,872,972	(1,302,902,645)
Gross Profit/(Loss)	423,165	(20,467,876)	(11,954,726)	83,359,454	9,063,039	(20,959,407)	39,463,649
Research and Development Expenses (-)	-	(61,615)	(269,756)	(2,931,689)	-	43,509	(3,219,551)
Marketing, Sales and Distribution Expenses (-)	-	(3,099,353)	(11,225,248)	(13,402,306)	-	4,038,713	(23,688,194)
General Administration Expenses (-)	(22,378,026)	(60,098,926)	(42,191,170)	(10,572,617)	(11,059,035)	18,328,829	(127,970,945)
Operating Profit/(Loss)	(21,954,861)	(83,727,770)	(65,640,900)	56,452,842	(1,995,996)	1,451,644	(115,415,041)
Financial Income/Expenses, (net)	-	(1,854,539)	(6,375,727)	(3,853,711)	(927,092)	4,792,146	(8,218,923)
Other Income/Expenses (net)	26,676,794	(6,757,000)	15,837,232	2,288,795	3,900,691	(107,592,924)	(65,646,412)
Net Profit/(Loss) Before Tax, Monetary Gain/(Loss) and Minority Interest	4,721,933	(92,339,309)	(56,179,395)	54,887,926	977,603	(101,349,134)	(189,280,376)
Taxes Payable (-)	(601,145)	(630)	(1,093,588)	(344,988)	(1,623,454)	-	(3,663,805)
Deferred Tax (Expense)/Income	13,822	9,989,858	9,893,419	(19,762,846)	1,829,997	(532,844)	1,431,406
Net Profit/(Loss) Before Monetary Gain/(Loss) and Minority Interest	4,134,610	(82,350,081)	(47,379,564)	34,780,092	1,184,146	(101,881,978)	(191,512,775)
Monetary Gain/Loss (-)	225,646	(5,372,710)	5,244,488	(8,716,505)	(886,036)	(32,031,813)	(41,536,930)
Net Profit/(Loss) Before Minority Interest	4,360,256	(87,722,791)	(42,135,076)	26,063,587	298,110	(133,913,791)	(233,049,705)
Minority Interest	-	-	-	-	-	74,264,676	74,264,676
<b>Net Profit/(Loss)</b>	<b>4,360,256</b>	<b>(87,722,791)</b>	<b>(42,135,076)</b>	<b>26,063,587</b>	<b>298,110</b>	<b>(59,649,115)</b>	<b>(158,785,029)</b>

## ADDRESSES

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