Aksa Akrilik Kimya Sanayii A.Ş.

Annual Report 2008

AKSA

Akrilik Kimya Sanayii A.Ş.

AKKÖK

CONTENTS

Aksa receives a reward on its journey to excellence

Aksa Akrilik Kimya Sanayii Anonim Şirketi, a subsidiary of the Akkök Group of Companies, was established in 1968 with 100% Turkish capital. The world's largest acrylic fiber manufacturer operating under a single roof, Aksa maintained its productivity and corporate development standards in 2008, receiving the National Quality Grand Prize from KalDer (Quality Association). Aksa continued to occupy a leadership position in the Turkish as well as in the international market in 2008, standing out with its capacity volume, its pre-sales and after-sales quality, the range of its products and its flexibility. Today, nearly 300 local and foreign industrial enterprises on five continents and in fifty countries benefit from Aksa products and services.

We are ready for the future

Aiming to increase the share of its special products in total production, Aksa continues to increase the number of its new products with high added value every year. To this end, in 2008, Aksa worked on laboratory-scale carbon fiber system precursor and carbon fiber development and experimentation. Installations and start-up processes for the pilot carbon fiber plant that will be working at a 34 ton/year capacity have been completed. Aksa's goal is to commission a carbon fiber manufacturing facility with a 1,500 ton/year capacity in the second half of 2009.

Our energy is increasing

With an eye to reducing energy costs and increasing the company's competitive strength, Aksa has carried out research on alternative energy production methods and completed related feasibility studies. As a result of these efforts, the required permission has been obtained for the establishment, on the Yalova plant site, of an energy production facility with a burning system of alternative mixtures. The new facility has capacity of 100 MW and will be meeting steam and electricity needs of the plant.

Our quality has won an award

Aksa won the National Quality Grand Prize, an award that has been presented by KalDer each year since 1993, which promotes the concept of corporate excellence in Turkey, recognizes successful examples of such achievements and gives corporations the opportunity to share their experiences. Aksa's journey into sustainable excellence has thus been rewarded.

2008 NATION
ALITY AWARD
LARGE ORGANIZ
IONS CATEGORY
l i t y

AGENDA FOR THE ORDINARY GENERAL ASSEMBLY

AGENDA FOR THE 2008 ORDINARY GENERAL ASSEMBLY OF AKSA AKRİLİK KİMYA SANAYİİ ANONİM ŞİRKETİ HELD ON APRIL 27, 2009

AGENDA

1- Opening, formation of the Chairing Board and authorization of the Chairing Board for the signing of the Meeting minutes;

2- Reading, discussion and ratification of the Annual Report by the Board of Directors, the Auditor and Independent Auditors reports, the balance sheet and income statement and the proposal of the Board of Directors concerning dividend distribution;

3- Discharge of the members of the Board of Directors and the Auditors;

4- Election of the members of the Board of Directors and Auditors, determination of their terms of office, remuneration and per diems and empowering the Members of the Board in connection with matters specified in Articles 334 and 335 of the Turkish Commercial Code;

5- In accordance with Capital Market Legislation, informing the General Assembly about donations and assistance provided by the Company in 2008 and ratification of the Board's resolution regarding the appointment of the Independent Auditing Institution.

Ömer Dinçkök
Chairman

AKSA'S...

Mission

To be the first choice of the world acrylic-based textiles and technical fiber industry, the manufacturer that works productively and in harmony with the environment, always operating with an innovative, customer-focused approach.

Vision

To invest in technology that will carry added value to its utmost level for the Company and for the customer and to create new and profitable areas of utilization for acrylic fiber.

Corporate Values

Business Ethics: Aksa chooses to work only with persons and enterprises that abide by the Company's code of ethics.

Sustainable Profitability: Aksa's sustainable profitability policies are based on productivity and operational excellence.

Customer Focus: Aksa ensures customer satisfaction through innovative products and services that create added value for the customer. Aksa's goal is to be the best in quality, service, productivity and price while meeting deadlines.

Creativity and Innovation: The ability to meet the customer's changing needs is at the forefront of all Aksa production and marketing processes.

Health, Safety and the Environment: Aksa's perfectionist approach in matters of health, safety and the environment is not only meticulously implemented in the workplace and the physical surroundings but also in products and all production processes. Occupational health and safety is a matter of greatest priority at all stages - from design to after-sales services.

Continuous Learning and Development: Gathering its strength of creativity and progress from its employees, Aksa places great importance on teamwork. Aksa creates continuous learning and development opportunities for employees ensuring their participation and promotion to positions of authority within the Company.

KEY FINANCIAL INDICATORS

With its achievement of a 308,000 ton/year capacity in 2007, Aksa is the world's largest acrylic fiber manufacturer. Serving more than fifty countries on five continents, Aksa raised its share in the world market from 8.25% in 2003, to 11% by the end of 2007. This increase continued into 2008 where its market share grew to 12.5%.

STAND-ALONE BALANCE SHEET SUMMARY			
USD	**2006****	**2007****	**2008****
Assets	**656,485,433**	**748,069,541**	**723,569,279**
Current Assets	415,291,680	423,002,372	383,400,399
Liquid Assets	22,165,507	42,097,275	39,846,007
Trade Receivables	251,615,192	235,965,992	251,120,874
Inventories	83,215,080	114,514,101	63,737,622
Other Current Assets	58,295,901	30,425,004	28,695,896
Fixed Assets	241,193,753	325,067,169	340,168,879
Trade Receivables	6,492	8,034	8,374,931
Subsidiaries/Affiliates	30,369,488	23,334,970	17,945,031
Tangible/Intangible F.A.	210,812,385	301,723,466	290,580,414
Other Fixed Assets	5,388	699	23,268,504
Liabilities	**656,485,433**	**748,069,541**	**723,569,279**
Short-term Liabilities	195,051,386	170,915,214	165,349,548
Financial Liabilities (net)	76,555,324	56,150,882	66,719,223
Trade Liabilities	79,265,881	104,650,684	75,028,919
Other Short-term Liabilities	39,230,181	10,113,648	23,601,406
Long-term Liabilities	22,721,677	41,097,617	96,441,783
Financial Liabilities		18,588,950	80,070,000
Provisions	10,787,777	8,733,328	4,923,202
Deferred Tax Liabilities	11,933,899	13,775,339	11,448,580
Shareholders' Equity Capital	**438,712,370**	**536,056,710**	**461,777,948**

STAND-ALONE INCOME STATEMENT SUMMARY			
USD	**2006****	**2007****	**2008****
Net Sales	672,371,857	669,506,931	684,847,738
Operating Profit	69,813,449	16,555,040	36,778,846
Net Profit	48,528,619	19,458,393	57,236,868
EBITDA	93,415,012	43,285,720	63,609,612

FINANCIAL RATIOS			
	2006**	**2007***	**2008***
Current Ratio	2.13	2.47	2.32
Liquidity Ratio	1.70	1.80	1.93
EBITDA Profit Margin (%)	13.89	6.47	9.29
Net Profit Margin (%)	7.22	2.91	8.36
Return on Invested Capital (ROIC) (%)	7.39	2.60	7.91
Return on Equity (ROE) (%)	11.06	3.63	12.39

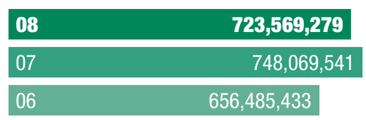
* Drawn up according to the provisions of Series XI/Communiqué No. 25.

** Drawn up according to the provisions of Series XI/Communiqué No. 29.

Total Assets
(US Dollars)

Aksa continued to grow steadily in 2008; the Company's total assets reached USD 723,569,279 in 2008.

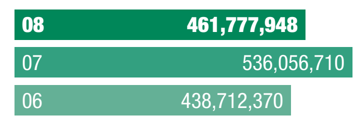
723,569,279



Shareholders' Equity Capital
(US Dollars)

Aksa proceeded to strengthen its capital structure in the last year. Shareholders' Equity Capital of the Company by years were as follows:

461,777,948



Net Sales
(US Dollars)

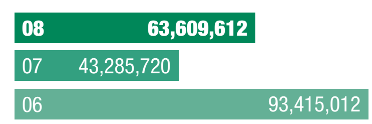
Aksa increased its share in the world market to 12.5% in 2008.

684,847,738

EBITDA
(US Dollars)

EBITDA at Aksa was USD 63,609,612 with an increase of 47% in 2008.

63,609,612



CAPITAL AND SHAREHOLDING STRUCTURE

Aksa accepted the registered capital system outlined in the provisions of Law No. 2499 and adopted this system on the basis of Permission No. 90 granted by the Capital Markets Board on February 20, 1992. The Company's registered capital was raised from TL 40,000,000 to TL 425,000,000 by Permission No. 908 granted by the Capital Markets Board on January 16, 2007. Paid-in capital stands at TL 110,000,000. One hundred percent of Aksa stock is traded on the Istanbul Stock Exchange.

The Company initiated a capital increase in 2006, issuing shares representing TL 82,843,712. No bonds were issued. At present, there are no securities in circulation.

The shareholders with capital shares of 5% or more are as follows:

Shareholder	Share (%)	Value (TL)
Akkök Sanayi ve Yatırım Geliştirme A.Ş.	39.58	43,546,625
Emniyet Ticaret A.Ş.	18.72	20,596,070
Oppenheimer Quest International Value Fund	10.53	11,583,000
Other	31.17	34,274,305
Total	**100.00**	**110,000,000**

ACRYLIC FIBER SECTOR IN BRIEF

The largest acrylic fiber manufacturer

The raw material (ACN) price increase of 2006 continued into the first three quarters of 2008. This increase in raw material prices, however, was not completely reflected in fiber prices due to market conditions resulting in decreased profit margins for PAN fiber manufacturers. These unusually high PAN fiber prices created a shift in consumer demand from fiber towards its substitutes, in particular polyester and cotton acrylic. As a result, acrylic started a partial withdrawal from the market in some areas of utilization, leaving its place to polyester and cotton. With replacement fibers entering the market, particularly in China and the Far East, the demand for acrylics began to decline. This process first started to put pressure on prices and then, with the fall of both demand and profit margins, acrylic producers began to launch capacity reduction operations. Although consumption figures for 2008 have not been fully disclosed, it is estimated that the contraction in demand, from 2007 until the end of 2008, was around 20%. Under these circumstances, raw material manufacturers constituted a seller's market and acrylic consumers a buyer's market. Due to the inclusion of the significant decrease in oil prices in the last period, acrylic fiber has started to regain its importance relative to its substitutes (polyester and cotton).

Increases in fiber prices, which began to take effect particularly in the second half of 2007, continued along this same upward trend in 2008. These price increases should have led to general increase in fiber prices, however this did not occur since the increases were not implemented to the same degree in the Chinese market, leading to a disparity in relative prices on a global scale. Since market prices remained low due to the special conditions in the Chinese market, exports to China suffered a significant decline while an increase was seen in exports to Middle Eastern markets, where higher prices could be fetched.

In short, in the first three quarters of 2008 the world experienced a constriction in raw materials and the rise in oil prices became more pronounced. With the crisis that hit the world in the last quarter of the year, however, raw material prices receded and price constrictions between replacement fibers and acrylics began to turn in favor of acrylics. As a result, the market in 2009 will probably witness an increasing demand for acrylics in comparison to other fibers.

Despite this turbulent environment, Aksa, the largest acrylic fiber producer in the world market, maintained its market share in 2008 and continued to operate at maximum capacity utilization. Spread over five continents and serving industries in more than fifty countries, Aksa increased its world market share from its 2003 level of 8.25% to 12.5% by the end of 2008.

GLOBAL ACRYLIC FIBER PRODUCTION AND DEMAND (2008)

	Production	Consumption	Balance
Asian Pacific	1,100,000	1,060,000	40,000
Eastern and Western Europe	425,000	163,000	262,000
Middle East	320,000	476,000	(156,000)
Africa	0	56,000	(56,000)
America	155,000	245,000	(90,000)
Total	**2,000,000**	**2,000,000**	

AKSA IN BRIEF

A leader in Turkish and international markets

Aksa Akrilik Kimya Sanayii A.Ş. operates in the area of artificial and synthetic fiber production, one of the sub-specializations of the petrochemical industry according to the classification of the State Planning Organization. The Company was established in 1968 in Yalova with 100% Turkish capital. An enterprise in the Akkök Group of Companies, Aksa is the largest acrylic fiber manufacturer working under one roof and the world's only local manufacturer operating in Turkey, Turkey being the world's second largest acrylic market after China. Aksa occupies a leadership position in the Turkish market as well as in the international markets, standing out with its capacity volume, its pre-sales and after-sales quality, its range of products and its flexibility.

The global crisis that appeared in the last quarter of 2008 led to a decline in all raw material prices. The extreme fall in oil prices in the last period of the year was reflected in oil-based acrylic fiber raw material ACN prices and as a result, acrylic fiber recovered its strength in relation to replacement fibers. Despite these developments, Aksa succeeded not only in maintaining higher market share and production figures in comparison to its competitors but also in increasing its share in the world market from 11% in 2007 to 12.5% at the end of 2008.

Aksa participates in many fairs, panels, conferences and meetings as well as in many activities in the sector both within and outside of Turkey.

International Activities:

In the area of acrylic fiber:
Spinexpo Fair (Every February and September)

In the area of carbon fiber:
- JEC 2008/France (fair)
- JEC 2008/Singapour (fair)
- Composite Fair/Shangai (fair)
- Carbon Fiber Conference Charleston, SC/USA (panel and conference)

Domestic Activities:

In the area of carbon fiber:
- Composite Fair/Istanbul (conference and fair)
- Aksa Yalova Suppliers Meeting
- Izmir Composite Conference

MILESTONES

We're carrying our quality into the future.

The 60's

1968 • Established in Yalova.

The 70's

1971 • Started production with a 5,000 ton/year capacity. **1974** • Increased capacity for the first time. **1977** • Started exporting.

The 80's

1984 • Started production using its own technology. **1986** • Shares started being traded on the ISE in March. • Capacity rose to 116,000 tons/year.

The 90's

1990 • Organizational changes were made to facilitate the transition from a system of quality control to a system of quality management. **1991** • Work started on ISO 9000 and Total Quality Management. **1993** • Received the ISO 9002 Quality Assurance System Certificate. • Signed the Responsible Care Commitment. **1995** • Received the ÖKO-TEX 100 Certificate of Compliance with Health Standards in Textiles. • Won the Responsible Care Award from the Turkish Chemical Industry Council. **1996** • Won the Environmental Incentive Award of the Istanbul Chamber of Industry. **1997** • Capacity rose to 200,000 tons/year. • Received the ISO 14001 Environment Management System Certificate. • Became a member of the European Foundation for Quality Management (EFQM). • Won the Istanbul Chamber of Industry's Special Jury Award for the Environment. **1999** •The ISO 9002 Certificate was renewed as ISO 9001.

The 2000's

2000 • Production capacity increased to 250,000 tons/year. • Won the TKSD R&D Award. **2001** • Started Turkey's first "Community Consulting Panel." • Awarded the Responsible Care Grand Prize by the Turkish Chemical Industry Council and another prize for its "Social Consultancy Panel" project. • Won a prize for being "The Enterprise with the Largest Number of Implemented Energy Conservation Projects" for its projects over the period 1997-1999 in the "Energy Conservation Project Competition" held by the Energy Conservation Center of the Ministry of Energy and Natural Resources. • Put its new product, pigment printed fiber, on the market. **2002** • New General Manager Mustafa Yılmaz joined the company. • Awarded an ISO 9000:2000 Quality Management System Certificate. **2003** • Aksa's Gaziantep office opened. • "Aksa Egypt" was established in Alexandria, Egypt. • Fitco B.V. was established for planned new investments. **2005** • Aksa Egypt started production. • Received the Istanbul Chamber of Industry's Sector Environment Award. **2006** • Investments began for the production of carbon fiber. **2007** • Production capacity reached 308,000 tons/year. • The required preliminary process was initiated to apply for a National Quality Award. • The Company broke consecutive "Accident-free occupational safety" records, achieving close to 1.5 million man-hours of accident-free labor. • Received the Occupational Health and Safety Management Systems Certificate (TS 18001). • Received an Ethical Accountability and Transparency Award in a joint evaluation by the London-based magazine AccountAbility, Su CSR (Corporate Social Responsibility Company) and Capital Magazine.

2008

Received a "National Quality Grand Prize" from KalDer in the category of Large-Scale Enterprises.

Launched a Leadership Development Program.

Initiated pilot-scale carbon fiber production.

MESSAGE FROM THE CHAIRMAN

Into the future with confidence gathered from the strength of the past

Dear Shareholders,
Customers and Stakeholders,

The past year has been quite turbulent for all sectors and markets. A global economic crisis that hit the finance sector of developed countries, in particular the United States, soon spread to the developing countries and left its mark on 2008. The crisis, which accelerated in the third quarter of the year, enveloping the world and impacting other sectors in addition to the financial sector, has been accepted as the world's worst economic disaster since the crash of 1929.

Starting with the financial sector, the crisis then spread and wreaked havoc over the automotive industry, damaging the locomotive sectors of the real economy. The result of this was that the world's biggest economies began to fall into recession one by one. Coming into its own as part of the globalizing world economic environment in the 2000's, Turkey's real sector, too, was inevitably impacted by the crisis.

It is unfortunate that neither the global agenda nor the domestic situation was in a position to support the textiles sector. The Turkish textile industry's performance and competitive power was noticeably affected by structural failings. On a strategic level, if industrial and sector zones had undergone planning that would have created added value and synergy, Turkey's share in world textiles and apparel markets could have been elevated to over 10%. What is more, when seen from a strategic angle, the failure to create complementary sectors caused life cycles of textiles and apparel sector products to diminish and also impeded competitive capacities. If complementary sectors had been created in Turkey, the competitive power of the Turkish textiles and apparel industry could have made Turkey a leader in the field.

A fall in all raw material prices was experienced when the crisis spread from the finance sector into the other sectors. With the drop in oil prices in the last period, prices of ACN, the petroleum-based main raw material of acrylic fiber, also fell, causing price constrictions between replacement fibers and acrylics to turn in favor of acrylics.

Despite the turbulence and structural failings, Aksa has maintained its position in the acrylic fiber-based product sector of synthetic fiber family as a clear and indisputable leading exporter. In addition, Aksa has made a significant contribution to creating employment opportunities for 250,000 in the acrylic fiber sector. The world's largest acrylic fiber manufacturer operating under one single roof, Aksa maintained its market share in 2008, operating at maximum capacity utilization. Providing services for the industries of more than fifty countries spread over five continents, Aksa's share in the world market was increased from 8.25% in 2003 to 12.5% at the end of 2008.

An investment of USD 87,771,445 has been made for 99 projects that the Company has undertaken in the strategic areas defined in 2008.

In search of new areas of business, Aksa's chosen priority is the manufacture of carbon fiber. However, the Company also holds an interest in creating other types of business opportunities such as its planned long term investment in the area of polymer science. Efforts are already underway with this investment.

Aksa continues to undergo structural transformations and as such, will be exhibiting a much better performance in the next five years compared to the companies in the ISE 100 Index.

Aksa foresees that the financial crisis will be overcome in 2009 and during this year, the Company will continue its efforts to accelerate the momentum of projects geared to reduce costs and increase productivity. More speed will be given to energy production projects, carbon fiber capacity increases and operational excellence in production.

Aksa has a strong future ahead of it and this strength stems from the power of its past.

Ömer Dinçkök
Chairman

Providing services for the industries of more than fifty countries spread out over five continents, Aksa increased its share in the world market, which was 8.25% in 2003, to 12.5% at the end of 2008. Aksa has thus maintained its position in the acrylic fiber-based product sector of synthetic fiber family as a clear and indisputable leading exporter and made a significant contribution to creating 250,000 jobs in the acrylic fiber sector.

BOARD OF DIRECTORS AND AUDITORS

BOARD OF DIRECTORS

Ömer Dinçkök was born in Istanbul in 1948 and graduated from Robert College, Department of Business Administration and Economy. In 1971, he received his Master's degree in England and began his career in the Akkök Group of Companies. He is presently Vice-Chairman at Akkök Sanayi Yatırım ve Geliştirme A.Ş. He also serves in the capacity of Chairman and Vice-Chairman on the boards of other companies in the Group. Ömer Dinçkök is fluent in English and is married and the father of three.

Ali R. Dinçkök was born in Istanbul in 1944 and completed his secondary education at the Austrian School. In 1969, he graduated from Aachen University Department of Textile Engineering and began his career in the Akkök Group of Companies. He is presently Chairman at Akkök Sanayi Yatırım ve Geliştirme A.Ş. and serves in the capacity of Chairman and Vice-Chairman on the boards of other companies in the group. Ali Dinçkök is fluent in German, English and Italian.

Erol Lodrik was born in Istanbul in 1944 and completed his secondary education at Saint Benoit Lyceé and his university education in England. He worked in many capacities at Emboy ve Emniyet Ticaret A.Ş. He is currently Member of the Board at Akkök Group Companies. Erol Lodrik is fluent in English, French and Italian. He is married and the father of two.

Nevzat Ayaz was born in Çankırı in 1930 and completed his high school education at the Police High School. In 1954, he graduated from Ankara University School of Law and began to work in the Police Force starting off as an Assistant Commissioner. From 1959 to 1975, Ayaz served as Chief of Police in Sinop and Balıkesir. He worked in the Security General Directorate as Branch Manager, Department Head and Deputy Security Director. Between 1975-1979, he was Governor of Zonguldak, then Governor of Istanbul from 1979-1988 and later Izmir Governor from 1988-1989. In 1991, Ayaz was elected as a Member of Parliament from Çankırı where he served as Minister of Defense from 1991-1993 and as Minister of National Education from 1993-1995. Nevzat Ayaz received State Medals of Honor from Italy, the Vatican, Romania and Bulgaria.

Hasan Denizkurdu was born in Izmir in 1948 and is a graduate of Istanbul University School of Law and the Institute of Business Administration and Economy. Denizkurdu served as President of the Izmir Chamber of Commerce, Vice President of the Union of Chambers and Commodity Exchanges of Turkey, Member of Parliament over the period 1995-1999 and as Justice Minister in 1999. Denizkurdu has worked as an executive at many companies. He is married and the father of two.

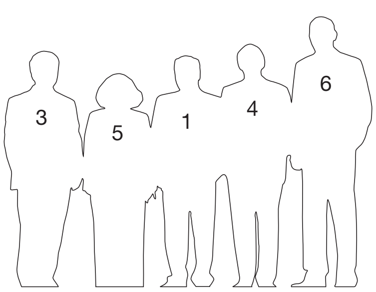
Ayça Dinçkök was born in Istanbul in 1973 and after obtaining a degree in business at Boston University, Dinçkök returned to Turkey in 1994 and started her career at the Akkök Group of Companies. Taking on different positions in various Group companies, Dinçkök is on the boards of group companies in addition to her position as Member of the Board of Directors and Executive Board at Akkök Sanayii Yatırım ve Geliştirme A.Ş. She has been a member of TÜSİAD (Turkish Industrialists' and Businessmen's Association), where she was elected to membership on the Association's Board of Directors in 2004. Dinçkök was Chair of the TÜSİAD Information Society and New Technologies Commission and a member of the TÜSİAD Board for five years. Presently, Ayça Dinçkök is on the Board of Advisors at Bilgi University and a Board Member of CIRFS (International Rayon and Synthetic Fibers Committee), an organization with headquarters in Belgium. Ayça Dinçkök is the mother of a daughter and a son.

Mustafa Yılmaz was born in Tekirdağ in 1949 and after graduating in 1971 from Ankara University Faculty of Science, Department of Chemical Engineering, received a Master's degree from the same faculty. His business career began at Etibank Ergani Copper Operations. Yılmaz started out at Aksa Akrilik Kimya Sanayii A.Ş. as an operations engineer, working in the areas of research, production and quality management. In 1985, he was appointed Assistant Technical General Manager and in 2002 became General Manager. Selected in 1998 as a National Quality Award Evaluator, Yılmaz, has been a member of KalDer (Quality Association) since 2002. Also a member of EFQM (European Foundation for Quality Management), CIRFS (International Rayon and Synthetic Fibers Committee), TÜSİAD, the Turkish Chemical Industry Council, the Chamber of Chemical Engineers, the Association for the Support of Contemporary Life, the Yalova Industrialists' Association and the Yalova Sports Club, Yılmaz, in addition, is also involved in the Yalova Sports Foundation Executive Board and is President of the Yalova Municipality Bicycle Enthusiasts' Sports Club Association. He is the father of two.

AUDITORS

Bülent Üstünel
Hilmi Yazan

SENIOR MANAGEMENT



1- Mustafa Yılmaz
General Manager and Board Member

2- Zeki Öztürk
Assistant General Manager, Operations
Has retired as of January 9, 2009.

3- Mithat Okay
Assistant General Manager, Marketing and Sales

4- Sabri Arca
Assistant General Manager, New Business Development and Purchasing

5- Betül Sadıkoğlu
Assistant General Manager, Finance

6- Wilfried Walkenhorst
Director of Research and Product Development

MESSAGE FROM THE GENERAL MANAGER

We continue to work with our responsibility to create value in life.

Dear Stakeholders,

Aksa has left behind a successful year in 2008 and entered upon 2009 with confidence despite the significant slowdown in the Turkish economy in the third quarter of 2008 and in spite of all predictions that this contraction will continue at least throughout the first half of 2009.

Aksa has been successful in pushing the boundaries and has finished off the year in the best way possible regardless of the difficulties encountered in the last year. Aksa was able to increase its share in the world market, which was 11% in 2007, to 12.5% at the end of 2008. In 2007, the Company increased its production capacity to 308,000 tons/year due to its modernization and new technology investments while in 2008, Aksa's capacity utilization ratio rose to 80% in response to market conditions.

Aksa, with the highest capacity utilization ratio among its competitors, is a company operating at efficient conditions. The fact that production capacities in the world exceed world demand leads to increased competition in the sector. This situation alone has adverse effects on profitability. In addition, the sudden fall in oil prices caused by the financial crisis coupled with the expectation that product prices will decline, have a combined negative impact on demand.

Aiming to increase the share of special products in total production, Aksa continues to increase the number of its new and special products every year. Toward this end, Aksa worked on laboratory-scale carbon fiber system precursor and carbon fiber development and experimentation in 2008. Installations and start-up for the pilot carbon fiber plant that will be working at a 34 ton/year capacity have been completed. Aksa's goal is to commission a carbon fiber manufacturing facility with a 1,500 ton/year capacity in the second half of 2009.

With an eye to reducing energy costs and increasing the Company's competitive strength, Aksa has carried out research on alternative energy production methods and has completed related feasibility studies. As a result of these efforts, the required permission has been obtained for the establishment, on the Yalova plant site, of an energy production facility with a burning system of alternative mixtures. The new facility has a capacity of 100 MW and will be meeting steam and electricity needs of the plant.

Continuing its quality investments to improve business productivity and corporate development standards in 2008, Aksa received the KalDer National Quality Grand Prize. Aksa's "journey to excellence", which started in 1996 when the Company adopted Total Quality Management as a management model, has thus been recognized. In addition, efforts of the Company to implement Six Sigma quality in present technologies, processes and product improvements have continued as the Company pushes to bring quality above a five-sigma level.

Aksa regards volunteer contributions to improving society and the environment as essential parts of corporate responsibility. In seeking to achieve its mission of becoming a productive and environment-friendly manufacturer, Aksa, as in previous years, completed a variety of social responsibility projects in 2008.

Keeping customer satisfaction at the forefront of its strategies, Aksa has adopted a win-win attitude in creating added value for the customer, making a point of sharing all information and infrastructure with the customer. In the awareness that improving customer processes means improving corporate processes, Aksa has established a "Learning through the Customer Center."

Our shareholders, customers and employees are all essential parts of the Aksa Family. For this reason our human resources policy is geared to create a highly self-confident, energetic staff equipped with the capacity to implement corporate strategies.

I would like to thank the Aksa Family for taking on the responsibility of creating value in life.

Mustafa Yılmaz
General Manager

Continuing its quality investments to improve business productivity and corporate development standards in 2008, Aksa received the KalDer National Quality Grand Prize. Aksa's "journey to excellence", which started in 1996 when the Company adopted Total Quality Management as a management model, has thus been recognized.

INVESTOR RELATIONS

A transparent structure that holds shareholder satisfaction at the forefront of its strategies

The responsibility of investor relations at Aksa, as specified in the Company's Disclosure Policy, has been assigned to the Assistant General Manager of Finance. This executive periodically informs shareholders about the Company's financial statements and performance, responds to shareholders' questions and requests and ensures that the implementation of applications is protective of their rights.

The electronic mail address yatirimciiliskileri@aksa.com has been established for communication with shareholders. Questions directed to Aksa by telephone, fax or electronic mail are answered in writing or verbally within five business days by the Assistant General Manager of Finance or by persons delegated by that executive.

Following the disclosure of the Company's quarterly financial statements, Aksa organizes meetings to provide investors with information. These meetings are held four times a year. The date and venue of the meetings are announced via Special Circumstances Disclosure Forms. Individual investors, brokerage analysts and bankers are invited to attend the meetings, which are closed to the press.

Information concerning the Company's financial statements, developments in the industry and in investments is provided at these meetings, followed by a question and answer period. The following are in attendance at these meetings: Aksa Board Member Ayça Dinçkök, Board Member and General Manager Mustafa Yılmaz, Assistant General Manager of Finance Betül Sadıkoğlu, Accounting Manager Hasan Sarı and Akkök Finance Coordinator Özlem Ataünal.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.	
Market Value	TL 177.1 million
Public Share Ratio	41.7
Ratio Transacted on the ISE	37.83
Share of Foreign Investors	47.09

Aksa's performance in 2008 relative to the ISE 100 Index was 22.4%. The Company's performance relative to the rest of the Chemistry Index was 20.1%.

DIVIDEND DISTRIBUTION POLICY

Aksa Akrilik Kimya Sanayii A.Ş. always distributes dividends in compliance with Capital Markets Board legislation on the basis of the Company's financial performance, the status of the sector and the economic climate in Turkey. Profit shares are paid out to shareholders in cash or with bonus shares.

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Aksa Akrilik Kimya Sanayii A.Ş. Dividend Distribution Policy ensures that stakeholders earn a regular dividend income in addition to stock yields. Since 2006, in order to reach the goals set down in the Company's mission and vision, it was decided that every year, also considering the future investment expeditures and other funds needed until 2010, provided there is no conflict with current Capital Markets Board regulations, at least 20-50% of distributable profit will be dispersed in cash or bonus shares.

The Board of Directors of Aksa Akrilik Kimya Sanayii A.Ş. may review the Dividend Distribution Policy annually to ensure more profitable financial performance and sustainability in the light of planned investment projects and conditions in both the sector and the economy.

OPERATIONS IN 2008

Our biggest sense of security derives from our wide range of products and our proven quality.

a. Products and Capacity

Having raised its production capacity in 2007 to 308,000 tons/year, Aksa boasts a wide range of products. Market conditions in 2008 resulted in the Company's attaining an average capacity utilization ratio of 80%. Considering the impact of the global crisis on the market conditions, this ratio is expected to be around 70% in 2009.

Tow

"Tow" refers to a continuous band of fiber made up of twisted bundles of from 250,000 to 450,000 filaments of different thicknesses. Tow thickness is expressed in terms of ktex and corresponds to the gram weight of one meter tow. Aksa's current range of products includes products ranging from 78 g/m to 147 g/m expressed according to ktex measurement.

The thickness of synthetic fibers is expressed in terms of dtex. The gram weight of a fiber, corresponding to a length of 10,000 meters, indicates the dtex of that fiber. Aksa's fiber thickness values vary between 0.8 (micro) and 17 dtex and are produced on demand.

Sample uses of acrylic fiber by dtex:

Dtex	Use
0.8 dtex(micro)-2.2 dtex	Fine knits, hose, cotton blends, plush
3.3 dtex	Knits, velvet, blankets, hand-knits, plush, hose
3.3 dtex-5.6 dtex	Blankets, hand-knits
6.6 dtex-17 dtex	Carpets

Tow is the main raw material for yarn producers that use worsted and semi-worsted systems and is converted into yarn through tow to tops or tow to staple fiber processes. The yarns produced in this manner are widely used in the knits, upholstery and fancy fabric industries. Acrilic can be used at a 100% ratio in products or it can be used in a blend with other fiber raw materials.

Another Aksa product is top/bumps broken off the staple fiber that is obtained by cutting pieces of certain lengths from the tow for ring and open-end systems. The acrylic fiber derived from polymer created through the chemical reaction of acrylonitrile and comonomer is produced by wet and dry spinning methods. In acrylic production at Aksa using the wet-spinning method, the fiber cross-section is bean-shaped. Since Aksa employs jel, pigment or continuous tow-dying systems, Aksa tow is available in ecru as well as in a wide range of other colors. Thanks to the same systems, products can also be customized as matt (M), semi-matt (SM), quarter-matt (QM) and bright (B) upon request. Products can also be finished with softeners and slickened as required by the customer's fiber spinning system (ring finish, open-end finish, repco finish). This versatility facilitates customization of manufactured products.

Staple Fiber

Staple fiber is produced by cutting the tow to a desired length. This fiber length can vary between 22 mm and 150 mm.

Uses of staple fiber by length are as follows:

Staple Length	End Use
22 mm-32 mm	Plush
60 mm	Knits
38 mm-40 mm	Open-end and cotton blends
50 mm-60 mm	Blankets
80 mm-120 mm	Wool blends
120 mm-150 mm	Carpets

Aksa acrylic fiber is widely used, in its 100% form or in a blend with other fiber types and depending on the thickness of the fiber, in both domestic and foreign markets in worsted-ring and OE systems. The most widespread use of Aksa acrylic fiber using these systems can be seen in the manufacture of knit yarn, chenille cord, upholstery yarn, fancy yarn, carpet and blanket yarn, hosiery thread and plush fabric.

Tops

Tops is a particular form produced by using converter machines for a stretch-breaking process of continuous tow filaments. Depending on the thickness of the fiber, this product is widely used in the production of knit yarn, upholstery yarn, fancy threads, carpet and blanket yarn.

OPERATIONS IN 2008

Micro-fiber

In terms of production method, tow, tops or staple fibers with a thickness value below 1.0 dtex are called micro-fibers. Aksa produces micro-fiber of 0.9 dtex. Micro-fiber can be used at a 100% ratio or blended with cotton or wool in worsted or OE systems to be used in products such as chenille yarn or plush. Depending on its area of use, micro-fibers are processed with different types of finishing. Micro-fibers come in colored or ecru tow, tops or staple. Core and pile yarns are added to yarn made from tops or staple-fiber form to produce chenille yarn. This product has a particular touch and luster that makes it appropriate for knits and upholstery products.

New Products

Aksa YC: It is wet-spun trilobal cross-section fiber with outstanding resilience and abrasion resistance, used in pile items such as artificial fur and velvet. It is available in staple fiber and tow from 2.75 dtex to 7.7 dtex. It can be ecru or producer-dyed on customer request.

Aksa RC: It is wet-spun flat cross-section fiber with a width/length ratio of 1:10, designed to imitate the character of animal fur. It is used in pile items such as artificial fur and blankets and is available in staple fiber and tow in counts of from 5.6 dtex to 22 dtex and can be ecru or producer-dyed upon customer request.

Aksa XS: It is wet-spun extra-high shrinkage fiber with 35% shrinkage in yarn. As it imitates the character of animal fur, it is well suited for artificial fur in combination with fully relaxed standard or flat cross-section fibers. It is generally used in pile items such as artificial fur and blankets. It is available in staple fiber in counts of from 2.2-3.3 dtex or coarser counts on order and can be ecru or producer-dyed upon customer request.

Aksa HS: It is wet-spun high-shrinkage fiber with 28% shrinkage in yarn. It is well suited for pile items and high-bulk yarn. Its main end use is in pile items such as blankets, knitwear and socks. It is available in staple fiber and tow in counts of from 2.2 to 3.3 dtex or coarser counts on order and can be ecru or producer-dyed upon customer request.

Aksa OD: It is wet-spun dope-dyed fiber with excellent abrasion resistance and weather fastness. It is mainly used in outdoor applications such as awnings, tents, garden furniture upholstery, boat covers and car-tops. It is available as staple fiber with a 2.2 dtex count. Other counts are available upon request.

Aksa HP: It is wet-spun dope-dyed fiber with superior hot-wet properties in addition to excellent abrasion resistance and weather fastness. Its main end use is for outdoor applications such as awnings and boat covers, where superior non-sag performance is required. It is available in staple fiber with a 2.2 dtex count; other counts on request.

Aksa FT: It is wet-spun crimpless wet or dry fiber suited for short-cut fibers. It is used in technical applications and is available in tow with single counts, from 1.7 to 60 dtex.

Aksa WR: It is wet-spun dope-dyed fiber with excellent weather fastness and water repellency. It is used in non-wovens for the construction industry and is available in staple fiber with 2.2 dtex count.

Aksaca: Since 2006, Aksa has been manufacturing carbon fiber for materials used in the aviation and space sectors as well as for industrial and sports equipment. This production continued in 2008 and the specifications for the needed carbon fiber were produced as a result of research and development efforts that were carried out in the Company’s laboratory-scale facilities. A pilot carbon fiber production plant with a 34 ton/year capacity was commissioned in the second half of 2008. The carbon fiber samples attained in the research and development work at the pilot plant were sent out to customers. As of October 2008, with the receipt of positive feedback of its samples, production started for larger amounts of samples as requested by customers. With the completion of the project and the investment, a target of 1,500 tons/year is projected to be reached beginning in the second half of 2009.

OPERATIONS IN 2008

We have incorporated the voice of our customer into our work.

b. Marketing and Sales

In keeping with its marketing strategy, Aksa aims to increase annually the number of new and special products in its portfolio. Widening the scope of special products in customer portfolios, Aksa has reached its targeted market share in the area of outdoor fiber with high added-value. New products developed for the technical textiles industry are in the last stage of their introduction into the market.

Aksa has launched various projects seeking to increase the share of added value products and technical fiber in total production. Coupled with a capacity to produce standard products that will meet the demand, the share of technical and added value fibers within the total product portfolio is targeted to be raised from 5% to 11%.

Determined to work in new business areas, with a particular focus on the manufacture of carbon fiber, Aksa is continuing its work on the investments in polymer science that it plans for the long term.

Aksa plans to achieve a 1,500 ton/year capacity as of the second half of 2009 for the manufacture of carbon fiber that will be used in materials for the aviation and space sectors as well as for industrial and sports equipment.

In line with its customer-focused working principles, Aksa has created the "Learning with the Customer Center", a systematic attempt of facilitating the integration of the voice of its customers into its work. This center provides customers with the opportunity of having their own technical and marketing teams interact periodically at meetings with the Aksa departments concerned with their business. The outcome of these meetings is the creation of joint projects to develop new products and the achievement of sustained and permanent improvements in products and services.

Global warming has been responsible for the shrinkage in demand as the consumers prefer lighter clothing as opposed to apparel woven with heat-conserving acrylic fiber.

The sharp impact of the loans crisis in the last quarter of 2008 caused a dramatic fall in oil prices. This was reflected in raw material prices and as a result, acrylic fiber recovered its strength compared to replacement fibers.

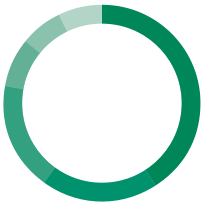
Aksa produced rapid and permanent solutions in the face of changing market and financial conditions. The Company's share in the world market, which was 8.25% in 2003, rose to 12.5% at the end of 2008.

Serving the industries of more than 50 countries spread out over five continents and thanks to the sustaining measures it has been able to take, Aksa continues to occupy a leadership position in Turkey, the world's second largest acrylic fiber market in the world after China.

Distribution of domestic market sales and exports/total sales ratios in terms of years:

Sales (%)	2004	2005	2006	2007	2008
Domestic market	65	61	62	60	64
Exports	35	39	38	40	36

Distribution of 2008 exports by regions (%):



Middle East	41
Europe	19
North America	18
Africa	8
South America	7
Asia-Pacific	7

Reducing costs to increase competitive power

c. Investments

Aksa carried out 99 projects in areas that were deemed strategic during 2008. The total of these investments, calculated on the basis of invoices, was USD 87,771,445. Distribution of these projects on the basis of their nature is as stated below:

- New projects and R&D projects (21)
- Cost-reducing projects (29)
- Carbon fiber projects (6)
- New business development projects (14)
- Increasing customer satisfaction and quality projects (6)
- Environment, safety, maintenance, policy, sustaining projects (23)

In addition, in an effort to reduce energy costs and increase competitive power, Aksa has been working on researching alternative energy production methods, completing the necessary feasibility studies in this context. As a result of these efforts, the required permission was obtained for the establishment on the Yalova plant site of a 100 MW-capacity energy production facility with a burning system of alternative mixtures that will be meeting its steam and electricity needs. Work on this facility began in December 2008. With this investment's projected completion by the end of 2010, Aksa will be setting aside a budget of USD 135 million for this investment. A loan agreement has been signed for an initial two-year non-recourse loan for a total term of seven years in the amount of USD 100 million for the power plant project, which will be financed with a loan/shareholders' equity ratio of 70%/30%.

Among the projects underway in 2008, those concerning carbon fiber production took up the greater portion of the total. The Carbon Fiber Pilot Production Machinery Project, which started in 2007, was commissioned in 2008 and the products of the first carbon fiber experimental production began to be sent out to users. The 1,500-ton/year-capacity Carbon Fiber Production Machinery investment project continues; it is expected to be completed and commissioned in 2009. A loan of USD 50 million with terms of an initial three-year non-recourse and a total term of eight years has been utilized for this investment.

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

Adding polymers to fibers as salable products will allow the Company to make more efficient use of its infrastructure and will be very important in terms of increasing the share of added value products in the total portfolio. In this context, Aksa is also targeting to produce Super Absorbent Polymer (SAP), which is widely used in human health and personal care items (pads), diapers, cable insulation, food packaging, the pharmaceutical sector and in agriculture. An R&D budget of USD 1,000,000 will be set aside for this purpose. Due to start in January 2009 and be completed at the end of the same year, laboratory researches will be carried out within the scope of this investment. The formulas created as a result of these researches will be transformed into pilot products. Investment needs for these projects will be met entirely with shareholders' equity.

d. Affiliates and Subsidiaries

Affiliate Title	Area of Activity	Stake Amount	Affiliate (%)	Dividend 2006	2007	2008
Akpa Tekstil Pazarlama A.Ş	Foreign Trade	2,226,133.05	13.47	242,460.00	400,457.24	265,869.46

Subsidiary Title	Area of Activity	Stake Amount	Affiliate (%)	Dividend 2006	2007	2008
Fitco B.V.	Foreign Investment	7,754,136.02	100	0.00	0.00	
Aktops Tekstil Pazarlama A.Ş.	Subcontractor	15,450,000.00	60	200,708.00	335,695.00	2,005,515.00
Ak Girişim Kimya San. A.Ş.	Investment	58,000.00	58	0.00	0.00	0.00

OPERATIONS
IN 2008

A professional staff that preserves corporate integrity and supports the principle of continuity

e. Human Resources

Human resources management at Aksa is planned with an eye toward supporting the principle of preserving corporate integrity and continuity, one of the Company's strategic goals. Human resources policies are determined by the Total Quality Management Board along with the members of the Representative Board, while keeping with the Company's mission, vision, corporate values, corporate culture, strategies and basic competencies. These policies are reviewed every two years.

The basis of Aksa's human resources policy is to foster the creation of responsible, creative, participatory, self-confident, happy people who continuously develop their skills and abilities in order to carry Aksa to its corporate goals.

All employees at Aksa are sensitive toward other human beings, the environment, quality, the customer and costs. In addition, team spirit is one of the corner stones of the Company's human resources.

Employees see themselves as members of the big Aksa family and are dedicated to the well-being of that family. For its part, the Company has created a suitable corporate atmosphere that is conducive to the personal and technical development of all employees.

Aksa has, as of 2008, 609 employees with an average work experience of 10 years and an average age of 35.4. Aksa places great importance on in-house training to provide employees with the opportunity to display their capabilities on the job, to increase professional competence and to blend individual goals with corporate targets. Training programs are available at various levels.

EDUCATIONAL LEVEL OF AKSA EMPLOYEES	
Post-graduate Degree	4 employees
Graduate Degree	30 employees
Undergraduate Degree	103 employees
Associates' Degree	112 employees
High School or Equivalent	293 employees
Primary School	58 employees

Competency Model

The basic, corporation-specific and management competencies of employees are measured within the framework of the Aksa Competency Model. These measurements are used to carry out assessments of employees with respect to business analysis/framework, appointments and hiring, training and development, performance management and career management processes.

The analysis/framework of business in the Aksa Competency Model is structured around competency. The Aksa Business Family-Level-Competency Matrix determines the competencies expected for each job on all levels of the business family. Indicators for the dimensions and behavior related to these competencies are set out and included in the business analysis/framework.

Appointments and assignment processes in the Aksa Competency Model are also structured around competency. In accordance with the business analysis/framework related to the individual job, a decision is made about every candidate on the basis of qualification, competence, work experience, technical competence and the candidate's own expectations.

The 360-degree Competence Assessment and Feedback System in the Aksa Competency Model determines the behavioral competencies an employee exhibits that are conducive to strength and development on the job.

Specialists and senior specialists are admitted into the Leadership Development Program in the Aksa Competency Model.

Leadership Development Program (LDP)

The Leadership Development Program determines the leadership qualities essential to the Corporation and pinpoints the leaders that exhibit these qualities. These leaders are provided training opportunities to ensure their professional and personal development. The program comprises a process whereby leaders:

a. are evaluated on the basis of their current competencies,
b. receive training and participate in applications that are geared to improve their competencies,
c. are monitored in terms of their personal development, supported and offered mentoring services.

Assessments made in terms of LDP provide Aksa with important information necessary for strategic human resources planning and create opportunities for personal development, training and the career of program participants.

The tools of LDP have been structured as follows and new training opportunities, applications and activities may be added to the personal development training program to suit employee needs.

- 360-degree Competency Assessment and Feedback System
- Revised Neo Personality Inventory (Neo PI-R)
- Assessment Center Applications
- Personal Development Education

360-degree Competency Assessment and Feedback System

The 360-degree Competency Assessment and Feedback System is one of the most important resources of management since these elements provide feedback to both the organization and to employees themselves.

The system is a behavioral competency measurement method that is used to formulate career plans for employees and define needed training programs, projects and activities that can be included in employee development programs.

The system defines expected behavioral indicators within the business family structure at different levels and in light of the position-specific forms that are established. Employees not only assess themselves but are assessed by their manager(s), subordinate(s), peer(s), domestic customer(s) and international customer(s), if any.

The results of these assessments, which are shared by the Human Resources Management Department, then define which of the employee's behavioral competencies should be improved and developed. These results are used to assess behavioral competencies in year-end performance discussions and to provide guidance in personal development applications.

The basis of Aksa's human resources policy is to foster the creation of responsible, creative, participatory, self-confident, happy people who continuously develop their skills and abilities in order to carry Aksa to its corporate goals.

Career Maps

Human resources plans are prepared on the basis of policies that provide the Aksa employee with incentives to work productively at the corporation for long periods of time. Career maps comprise an HR policy that prioritizes the tapping of internal resources to encourage promotion of employees rather than external hire.

The career system is flexible both horizontally and vertically. Technical and behavioral competencies for both horizontal and vertical movement have been defined in career planning and the training programs required for the development of these competencies are organized to facilitate this movement.

As of 2007, career maps have been made available to all employees on the HR portal.

Orientation Training

Every new employee and apprentice at Aksa attends a one-day training program. This program is designed to familiarize these employees with Aksa processes and factory areas.

Familiarization Training

These are sessions designed for new employees hired for specialist positions. The two-week programs, consisting of factory field trips, familiarize employees with Aksa processes and operations.

On-the-job Training

These sessions provide professional training for operators. The programs and timeframes vary depending upon the particular job.

Technical Training

Technical training sessions are job-specific, professional education covering the process and work in which the employee will be involved. Since 2003, Aksa has been organizing Six Sigma Project Teams with the fifth round of training having taken place in 2008.

Personal Development Training

The objective of these sessions is to develop behavioral competencies. In this context in 2008, the following training programs were offered to employees: Interpersonal Relations, Communication and Empathy, Getting to Know a Person, Team Management and Coaching, and Working in a High-Performance Team.

Quality, Environment and Occupational Health and Safety Training

These training programs are held within the scope of Total Quality Management, the EFQM Excellence Model, the ISO 9001 Quality Management System, the ISO 14001 Environmental Management System, Responsible Care and the TS 18001 Occupational Health and Safety Management System.

The Aksa School

This is a one-month training program for operators at Aksa. The program familiarizes employees in more detail with production and operating processes, with the objective of increasing total productivity.

Congresses, Seminars and Fairs

Within the framework of this program, employees participate in seminars, conferences and fairs, within and outside the country, to learn more about technical developments and changes in processes and systems occurring both in Turkey and around the world.

Information-sharing Meetings

These are meetings where management and staff come together to share information about changes in processes and systems.

Employee Satisfaction Survey Feedback Meetings

The level of employee satisfaction with the Company and the working environment is determined through the use of an Employment Satisfaction Survey. The purpose of these meetings is to share work on improvements within the Company and among management as well as to formulate action plans on the basis of the feedback gathered from the departments concerned.

Training for External Stakeholders

Employees working for sub-contractors receive Environment, Energy and Occupational Health and Safety Training before starting their jobs if their work is to be conducted within Aksa boundaries. In addition, as a requirement of the Environment Management System, routine annual meetings to share information and conduct training sessions are organized with sub-contractor representatives. Information about Aksa's environmental applications is provided at these meetings.

Training for Student Apprentices

This training consists of programs in Occupational Health and Safety, Total Quality Management, Quality Management Systems, Environment Awareness and Environment Management. Student apprentices receive certificates upon the completion of these training programs.

English Course

An in-house English course is available to employees to provide them with the opportunity to improve their foreign language skills, support their personal development and increase their productivity.

E-learning

E-learning training packages have been prepared as an alternative to regular classroom education sessions. Employees may access online training programs on fire prevention, first aid, Aksa processes, process management and occupational safety. A computer laboratory dubbed the "E-learning Center" has been set up to encourage more employees to benefit from the system.

Besides the reward systems that Aksa has implemented to stimulate working dynamics and increase motivation, the Company also benefits from the Aksa volunteer organization, the Social Activities Team (AKSET), in working toward this objective. Various activities are organized by AKSET to increase employee motivation including skiing, diving, photography, tennis, nature sports, sailing, football and basketball clubs.

Real quality never goes unrewarded

f. Fairs and Awards

Fairs

In April 2008, Aksa participated in Europe's largest composite fair, the JEC Composite Fair, held in Paris, to promote its new product, carbon fiber.

On November 18-20, 2008, Aksa participated, along with other leading companies in the sector, in the 9th Annual METU (Middle Eastern Technical University) Career Fair at the METU Culture and Congress Center. Addressing the students, faculty members and other visitors who participated in the fair, the Aksa stand particularly caught the interest of chemistry and chemical engineering seniors and new graduates. The stand provided visitors with information on production processes, the Company's human resources policy, the METU graduates working at Aksa, job opportunities at the Company and other matters of interest. Various product samples were also presented. Over the course of the fair, a total of 217 applications were received, comprising 176 apprenticeship and 41 job applications.

Having sponsored the National Quality Congress since 2000, Aksa opened a stand at the Congress this year, as it has for the last four years, in order to promote products and services and also to introduce the quality, environment and management systems implemented by the Company.

Awards

This year Aksa was recognized for its excellent performance when the Company won the most prestigious of the annual National Quality Awards presented by the Turkish Quality Association (KalDer), the National Quality Grand Prize.

By winning the National Quality Grand Prize, presented as an annual award by KalDer since 1993 to promote the concept of corporate excellence in Turkey, to recognize successful examples of such achievement and give corporations the opportunity to share their experiences, Aksa's journey into sustainable excellence has thus been rewarded.

Aksa's Journey into Excellence

One of the important milestones in Aksa's journey into quality was its adoption in 1996 of Total Quality Management (TQM) as a management model. At the beginning of the 1990's, the Company shifted from a quality control to a quality management model. Soon after, the ISO 9001 Quality Management System was instigated and efforts to attain ISO 9001 certification were completed. By 1997, Aksa had undergone a radical transformation in its approach to management. The Company formed a Total Quality Management Board and started carrying out surveys on topics such as employee satisfaction, customer satisfaction and corporate impact on society to ascertain the perception levels of stakeholders concerning the Company. In addition, a performance management system was initiated and work started on quality circles and self-assessment programs. The Company became a member of the European Foundation for Quality Management (EFQM) and took some important steps to create a process management system. The journey into excellence began with these activities and continued over the years through the development and improvement of many principles and approaches. In this long journey, each step Aksa took toward its goal of excellence was taken by developing many of its own unique applications and with an approach to building creative business models.

Total Quality Management seeks to distribute the responsibility for achieving quality among all employees, to lift intellectual obstacles that exist within the Company and, by enlisting the participation of all employees, to create a democratic industrial environment. From the very beginning, Aksa has adopted this perception as a part of its progress, creating systems and processes, ensuring their widespread use and reviewing and improving them over time.

This year Aksa was recognized for its excellent performance when the Company won the most prestigious of the annual National Quality Awards presented by the Turkish Quality Association (KalDer), the National Quality Grand Prize.

Aksa's Application for a National Quality Award

Aksa perceives the National Quality Award, that it received during its long journey into excellence, not as a goal but as a means. The importance of what Aksa has gained in terms of quality and business culture by adhering to the concept of Total Quality Management goes beyond the boundaries of any single award. Aksa regards this award as a motivating symbol of pride for Aksa employees.

In January, the official application made to KalDer was disclosed to a widely attended group of employees with whom the Company shared the details of the application, its purpose and the work that would be involved in the application process. The Award Application was launched with the participation of a large group of 98 Aksa employees. Many opportunities for progress appeared even during the write-up stage of the stimulating, educating and motivating application process.

The application document was submitted to KalDer in June, after which Aksa employees entered the next exciting process: the preparation for the scheduled field visit. Highly motivated and with great excitement, the participating Aksa employees became one big family as the field visit came to a successful close. The solidarity and enthusiasm exhibited by Aksa employees was in itself as important an achievement as the National Quality Award.

Creating public awareness is a matter of social responsibility for us.

g. Social Responsibility Policies

Contributing voluntarily to the improvement of society and a better environment is an inevitable part of Aksa's social responsibility philosophy. In this context and in order to ensure sustainable economic development, Aksa adheres to internal rules and regulations (code of business ethics, values, principles, etc.).

Principles

• Economic Principle: Sensitivity to the environment, productivity and profitability,
• Legal Principle: Abiding by the law,
• Code of Ethics: Beyond the law, to act in compliance with social norms and expectations,
• Social Aid Principle: Voluntarily contributing to solving societal issues.

Basic Approaches

• Holding the interests of the community before the interest of the corporation,
• Refraining from engaging in relationships that create a financial dependency on others,
• Impartiality,
• Accessibility,
• Accountability,
• Transparency,
• Openness and honesty,
• Acting as an exemplary leader in the implementation of all these principles.

Aksa supports its mission to be a productive and environment-friendly manufacturer by maintaining its corporate integrity, one of its strategic goals, and by setting strategic targets for itself, rendering its progress sustainable as it realizes its goals through the projects it undertakes each year. As in past years, in 2008 as well, Aksa completed many social responsibility projects with the support of volunteer employees.

Aksa Community School: This project, which was initiated in parallel with other public awareness efforts, involves the visits of a team of Aksa managers, volunteer employees and specialists to nearby villages. Included in the team are specialists such as doctors, nurses, agricultural engineers, as well as occupational health and safety experts. The team offers the village community education in healthy nutrition, protection from ticks, prevention of accidents in the home, mother and child health, daily measures that can be taken to protect the environment, organic farming and other similar topics. Aksa also gives out seedlings grown in its own greenhouses to support the forestation activity initiated by the Ministry of Forestry and the Environment.

Creating Environment Awareness and Installing Waste Management Systems in the Schools: This project was initiated in 2006 and implemented at the Altınova Bülent Özyürek Multi-program High School in 2008. First of all, a team consisting of Aksa Responsible Care volunteers and an environmental specialist determined the sources of waste at the school. Afterwards appropriate waste collection and recycling baskets were placed at the sources to create waste stations. To ensure the correct use of these waste stations, a seminar was offered to the students in the school's environment club. These students were also provided with a booklet on "Waste Management" to use as a regular reference. In addition, two bulletin boards were prepared on the subject of the environment and hung up inside the school.

Community Open-house Day: This project is part of Aksa's "Open-door Policy" and is undertaken by the members of the Responsible Care team. In 2008 this project was extended from a single-day-of-the-week to a three-days-a-week activity in order to accommodate different focus groups. The neighboring village community was invited to Aksa where they were provided with information, followed by a field trip, all with the goal of allowing them the opportunity of getting to know Aksa better.

Akçevre (Ak-Environment) Art and Composition Contest: Organized for the twelfth year in 2008, this annual contest aims to instill environmental awareness, particularly in school children. This year's theme was "I'm protecting the environment too" and was submitted to a jury set up by the Provincial National Education Directorate. The students selected as worthy of recognition were presented their awards at a ceremony that took place at the Aksa Social Facilities on World Environment Day, June 5, 2008.

Sustainable Development Reports: Since 2004, social, environmental and economic activities of the Company have been reported and published in the format of the internationally accepted Global Reporting Initiative Guidelines (GRI). The Sustainable Development Reports for 2004, 2005, 2006 and 2007 are published on Aksa's corporate website and made accessible to readers under the heading "Corporate Social Responsibility."

Sponsorship for the KalDer "Global Compact" Workshop: Aksa became a sponsor for the Global Compact workshop, an annual workshop organized by KalDer within the scope of the National Quality Congress. Aksa signed the Global Compact in 2006, becoming the first chemicals factory in Turkey to join the workshop.

Forestation Activities: In 2008, the plants and seedlings grown in the Aksa greenhouses were used in the factory's landscaping and the plants were also distributed free of charge to locations all around the country. The seedlings were also presented as gifts to the participants of various organized events such as at the Community School, the Community Advisory Panel and Community Open-House Day.

Aksa supports its mission to be a productive and environment-friendly manufacturer by maintaining its corporate integrity, one of its strategic goals, and by setting strategic targets for itself, rendering its progress sustainable while it realizes its goals through the projects it undertakes each year. As in past years, in 2008 as well, Aksa completed many social responsibility projects with the support of volunteer employees.

Community Advisory Panel: In keeping with its emphasis on "Creating Public Awareness, Communication, Transparency," one of the headings of Aksa's 1993 commitment to Responsible Care, a Community Advisory Panel has been active since 2001, the year it was first organized to emulate similar formations in other countries. Aksa Akrilik Kimya Sanayii A.Ş. representatives come together for periodic meetings with representatives of different walks of life in the community. The panel takes place in a free and comfortable environment which is not only conducive to communication but to an open and systematic exchange of ideas between the industry and the general public.

The number of panelists, which was 30 in 2007, enjoyed the participation of new members and grew to 45 in 2008. Thus, the panel found the opportunity to express itself in front of a larger segment of the population.

Panel agendas are determined by use of surveys. Besides information on the results of the External Audits for the ISO 9001, ISO 14001 and TS 18001 systems, the panels have also dealt with the topics of Aksa's application for a National Quality Award and its support of education. Speakers have also been invited to make presentations on environmental issues. At the completion of each panel, seedlings grown in the Aksa greenhouse were distributed free of charge to everyone in the audience.

Raif Dinçkök Cultural Center: Having been a presence in Yalova since 1969, the Akkök Group of Companies noted that there was no space of appropriate capacity to organize events in the culture and arts in Yalova, even though the province was inhabited by an educated population that showed a great interest for such activities. The Group decided to support the building of a cultural center in the province, providing the Yalova Municipality with a plot of land for this initiative, thus contributing to the community with one more project of added value. The Center was named the "Raif Dinçkök Cultural Center" after the founder of the Akkök Group of Companies. Work began on the project on December 4, 2006 with the signing of a protocol between the Yalova Municipality and the Akkök Group. The design of the Emre Arolat Architectural Workshop was chosen from among the plans submitted by three of Turkey's top architectural teams.

The building of the Center is taking place on a plot of land 10,000 m2 on Yaşar Okuyan Boulevard, considered to be at the center of Yalova. Comprising four adjacent buildings, the Center will entail two multi-function halls, one accommodating 600, the other 100. It will also have a wedding hall, a library, an exhibition hall, educational spaces and lounges as well as a cafeteria. This format will make it possible to have cultural, artistic, social and educational activities organized under one roof.

Groundbreaking for the cultural center, presided over by Culture and Tourism Minister Ertuğrul Günay, took place on February 14, 2008. The Centre is expected to be completed by the end of 2009.

A productive and environment-friendly manufacturer

h. Environment and Quality

Aksa continued in 2008 to work on quality investments aiming to increase business productivity and improve corporate growth standards.

Process Management: Reorganizing its Process Management System in 2007, Aksa focused in 2008 on making the new process structure more widespread among employees and on continuing with improvements in critical processes. Efforts were also concentrated on ensuring a full integration between corporate performance strategy, process management and strategy. A system of numerous information kiosks was set up to provide employees in the field with information about current processes and results of corporate performance.
The Corporate Performance and Process Management Portal, named QPR, was made available to all levels of personnel in all departments. Aksa also started a "Process Maturity Level" assessment in 2008 for three of the ten main processes. This assessment is expected to be carried out for all processes in 2009.

Information Management: Since 2004, Aksa has been implementing the Six-Sigma model and thanks to this and other process improvement techniques that have been used by the Company, Aksa's productivity and low costs, the elements of its competitive power, have been maintained. Aksa's product know-how is attained through the Company's technology, its strength in research and development, its organizational capital and its competent staff. As in 2007, 2008 saw the restructuring of the research and development and innovation processes as well as the establishment of a Technology Transfer Office.

Acknowledging the importance of continuing education through its constant support and regarding it as one of its objectives, Aksa prioritizes the delegacy among employees, encouraging innovative and original ideas. In this context, Aksa has designed and started to implement a unique Aksa Intellectual Capital Model which is the first of its kind in Turkey. Aksa uses this new model to measure and manage its intellectual resources.

Benchmarking: Aksa carried out many benchmarking studies in 2007 to facilitate continuous learning and development.

Self-assessment: Aksa's self-assessment studies are carried out on the basis of the EFQM Excellence Model. The Company completed its seventh self-assessment project in 2008 with the participation of its experienced staff and management who were also effective in the KalDer National Quality Award process. The feedback report from the National Quality Award and the self-assessment report were both used to form the basis of improvement efforts planned for 2009.

Management Systems: As the holder of an ISO 9001 Quality Management Systems Certificate since 1993 and of an ISO 14001 Environment Management Certificate since 1997, Aksa maintained its long record of "zero noncompliance" in 2008, as indicated by the external audits of TSE and DQS, renewing its ISO 9001 certificates. Aksa's zero noncompliance success was reconfirmed by external audits of the ISO 14001 and TS 18001, with the Company thus completing its seventh consecutive year of ISO 14001 inspections with a designation of zero noncompliance.

Aksa defines yearly environmental and productivity goals in order to make more effective use of natural resources and raw materials. Corporate goals are transformed into personal goals which are transferred to yearly action plans that guarantee their achievement. In 2008, new software was acquired to keep environmental dimensions risk analysis, environmental impact inventories and action management matters continuously updated. Environmental dimensions risk analysis was defined in the QDMS software, updated and transferred onto the electronic medium.

Another software package was developed in cooperation with AKTEK for the purpose of improving waste management systems applications, increasing monitoring effectiveness, creating automatic reporting and ensuring data transfer into QPR. As of October 2008, the Company's internal wastes are collected and removed. This process has benefited from the electronic infrastructure. Thus, all systems established for waste management not only comply with the law but go a step beyond this responsibility.

An agreement was signed with an external consulting company to initiate an e-learning system which would serve to increase the effectiveness of environment education for employees, contractors, sub-contractors and apprentices. Current training programs were transferred into the electronic medium as part of the framework of this application.

A supplier has been enlisted to handle waste recycling. Through cooperative efforts, some of the industrial wastes in the system will be recycled instead of being demolished, thus contributing to the preservation of global resources.

Declaration of Equality of Men and Women in Management: In 2008, the "Declaration of Equality of Men and Women in Management" was prepared by KalDer under the main sponsorship of Aksa. As part of the Global Compact Annual Network Meetings, the declaration was presented for signing with the slogan, "Women, too, have the right to govern." As one of the first four Turkish enterprises to sign this declaration, Aksa thus strengthened its HR policies and approaches, all of which it has fashioned and implemented on the basis of the principle of equal opportunity. The declaration, in its respect for equal opportunity for both men and women, its support of human resources policies that provide jobs for women at every management level and its belief in the need for taking steps to coordinate business and family life, conforms to the basic philosophy and principles to which Aksa adheres and regards as the source of its success.

CORPORATE GOVERNANCE

Disclosure Policy

The Aksa Akrilik Kimya Sanayii A.Ş. (Aksa) Board of Directors has drawn up a disclosure policy whereby shareholders and stakeholders have regular and reliable access to prompt, accurate and complete information about potential influences on capital market instruments and about the Company's management as well as its financial and legal status. This policy excludes information that is considered a trade secret and other data that may harm the Company by inhibiting its competitive power.

Regarding disclosures made to the public, Aksa never acts in violation of the Turkish Commercial Code, Capital Markets Legislation or the regulations of the authorized institutions in this context, which are the Capital Markets Board (SPK) and the Istanbul Stock Exchange (ISE), nor does it go against the Corporate Governance Principles of the Capital Market.

The Aksa Disclosure Policy is drafted by the Board of Directors, presented to the General Assembly and announced to the public through its publication on the corporate website. If any changes are made in the Disclosure Policy, these items are presented to the Board of Directors for approval, then presented at the General Assembly and finally published on the corporate website.

The Assistant General Manager of Finance has been appointed to the task of observing and monitoring all matters involving the implementation, follow-up and disclosure to the public of the Aksa Disclosure Policy.

Media and Methods used in Public Disclosure

In addition to legal regulations, all information related to Aksa is disclosed to the public by means of the following methods and communication tools:

- Corporate website,
- Annual Report,
- Meetings with shareholders and potential investors,*
- Meetings with banks, financial institutions and brokerage firms,*
- Announcements and programs broadcast through the media corporations,
- Electronic data distribution channels,
- Fax and electronic mail,
- GSM communication (WAP and similar technology).

*Meetings may be held face-to-face, via telephone or by tele-conference.

Scope of the Disclosure Policy

Providing they do not involve trade secrets or inhibit the competitive power of the Company, questions posed by shareholders and stakeholders are answered within a maximum of five business days. Only those financial and legal occurrences or other situations that seem likely to occur that might affect 5% of assets are disclosed to the public. Public disclosures are made by submitting a special circumstance disclosure form to the Istanbul Stock Exchange and publishing the disclosure on the corporate Internet site.

Corporate Website

Aksa's corporate website is: www.aksa.com.

Aksa makes effective use of the corporate website in making public disclosures and in ensuring transparency. All information disclosed to the public is also accessible on the website, configured and arranged in a user-friendly manner. The Aksa website includes information required by the Capital Markets Corporate Governance Principles. It is constantly updated and efforts are ongoing to regularly incorporate security measures that prevent tampering with data published on the site.

Disclosures made on the Corporate Internet site are not a substitute for the notifications and special circumstance announcements that are required by the provisions of Capital Market Regulations.

Shareholder Relations Department

Since relationships with shareholders are handled by the offices of the Assistant General Manager of Finance, a separate department for this purpose has not been established. An electronic mail address (yatirimciiliskileri@aksa.com) has been designated for communications with shareholders. Questions addressed to Aksa by telephone, fax, electronic mail or other means are answered by the Assistant General Manager of Finance or his/her appointed representative, in writing or verbally, within a maximum of five business days.

CORPORATE GOVERNANCE

Public Disclosure of Financial Statements
After being submitted to the ISE as attachments to the documents required by law, periodic financial statements of the Company are published on the corporate website within two business days. In addition, annual financial statements are also submitted to shareholders in the Annual Report.

Public Disclosure of the Annual Report
The Annual Report, prepared in accordance with the Turkish Commercial Code, Capital Market Regulations and Capital Market Corporate Governance Principles, is published on the corporate website within a maximum of 15 days prior to the date of the Ordinary Meeting of Shareholders. In addition, shareholders and stakeholders who wish to do so may request a printed annual report by telephone from the office of the Assistant General Manager of Finance or by contacting Aksa via yatirimciiliskileri@aksa.com.

Public Disclosure of Special Circumstance Disclosure Forms
In cases where the circumstances specified in the Capital Market Board's published "Communiqué on the Principles of Public Disclosure of Special Circumstances" have taken place, these disclosures are first submitted to the ISE and then published on the corporate website within the following two days.

Public Disclosure of General Assembly
In addition to those announcements foreseen by legal regulations, the date, time, agenda and sample of a letter of proxy are published on the corporate website at latest fifteen days before the date of the General Assembly.

Meetings with Shareholders and Potential Investors
Requests received from shareholders and potential investors are answered periodically on a quarterly basis or when requests come in during interim periods, at a special meeting and/or by electronic mail. Additionally, the Company may conduct a Road Show at least once a year to promote the Company to foreign investors abroad and provide information about the Company's strategic and financial status. This information however, may not be different than what has been previously disclosed to the public. In other words, the information must be that which has already been released to the public.

Meetings with Banks, Financial Enterprises and Brokerage Firms
Written or oral requests received from banks and financial enterprises or brokerage firms are answered on a quarterly basis or when requests come in at interim periods, at a meeting and/or by electronic mail. An effort is made to keep stakeholders and potential investors informed about the Company's financial status and its strategic and financial goals through brokerage firms. This information however, may not be different than what has been previously disclosed to the public. In other words, the information must be that which has already been released to the public.

Announcements, Interviews, etc. Conducted through the Media
An effort is made to keep stakeholders and potential investors informed about the Company's financial status and its strategic and financial goals through the various channels of the media. Communications with the media are handled with the approval of the General Manager. Media requests for interviews are answered by the General Manager or by the person delegated to do so by the General Manager. The information provided in the interview however, may not be different than what has been previously disclosed to the public. In other words, the information must be that which has already been released to the public.

Code of Ethics
The Company Code of Ethics is disclosed to the public through publication on the corporate website within two business days of its approval by the Aksa Board of Directors. In the event that any changes are made to the Code of Ethics, these changes are also published on the corporate website subsequent to the Board's approval

Dividend Distribution Policy
The profit distribution policy developed by the Aksa Board of Directors is presented to the General Assembly and included in the annual report. It is subsequently published on the corporate website within two business days following the General Assembly. In the event that any changes are made in the Dividend Distribution Policy, those changes are presented to the General Assembly after approval by the Board and are subsequently published on the corporate website.

Insider Trading

In order to prevent insider trading, that is, the use of information not as yet made public, the names of management, employees and other persons/organizations that are in a position to be privy to such information that may affect the value of capital market instruments are listed by the Assistant General Manager of Finance and published on the corporate website.

Disclosures of Future Activities

Within the scope of its disclosure policy, Aksa may disclose its future expectations to the public, if deemed necessary. Disclosure of future activities is subject to the approval of the Board of Directors and carried out only by those persons authorized to make public disclosures. Future expectations that are disclosed to the public are announced together with the grounds and reasons for these expectations with accompanying statistical data. This information may not contain exaggerations, may not be misleading and under all circumstances, must be associated with the Company's financial standing and operational results. The utmost care is also taken to ensure that disclosure to the public of the results of audits conducted by independent auditors and disclosure of information on future activities are consistent with international standards. If any disclosed projections for the future are not later realized, the revised data, tables and reports, along with the grounds on which they are based, are then announced to the public.

Other Disclosures

In the event that sale/purchase transactions conducted in the last one year or net positions in derivative products based on Aksa shares owned by members of the Board, executives or shareholders, who possess 5% of the Company's capital either directly or indirectly, exceed 1% of their direct or indirect holdings in the Company, this information is published on the website.

The Company reserves the right not to make disclosures to the public about rumors in the press or unfounded news stories based on unfounded information. Persons authorized to make disclosures to the public may speak on behalf of Aksa at conferences, panels, sessions, interviews and the like. The information imparted in such talks however, may not be different than what has been previously disclosed to the public. In other words, the information must be that which has already been released to the public.

Since joint efforts with the Public Disclosure Platform (KAP), the SPK-ISE-TÜBİTAK Information Technology and the Electronic Research Institute (BİLTEN) are still in the testing stage, at the moment financial statements, special circumstance disclosures and other notifications sent to the ISE are electronically mailed to KAP on the first business day after the information is published in the daily bulletin, within the framework of the regulations set down by the authorized institution. With the completion of the KAP project, documents and information heretofore sent in hard copy form will be from then on signed by authorized persons and delivered in electronic format.

Written statements, disclosures and similar announcements submitted by authorized persons are valid only if they bear two signatures under the Company seal.

Persons Authorized to Make Disclosures

The following persons are entitled to respond to any questions and disclosure requests concerning Aksa management, activities, financial data or the sector:

- Chairman and Members of the Board,
- General Manager,
- Assistant General Manager of Finance,
- Accounting Manager,
- Assistant Accounting Manager.

Unless a special appointment is made, no employees other than those listed above are authorized to respond to questions.

REPORT ON COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

1. Decleration on Compliance with Corporate Governance Principles

Aksa Akrilik Kimya Sanayii A.Ş.
Having at all times chosen as its target to be a world leader in the sector, the Company is aware that in this period of accelerating global competition and change corporate governance practices are as important as financial performance. In light of this, Aksa strives to create sustainable value for its stakeholders.

The Company is determined to maintain the character it has always upheld as a reputable, hardworking, creative and innovative company, first before its shareholders and investors and then in the eyes of customers, employees and the community.

The Corporate Governance Principles formulated by the Capital Markets Board (SPK) parallel the best practices around the world and are based on the objective of strengthening and increasing the confidence of existing and potential partners, employees, customers, regulatory authorities as well as the domestic and international community. In this regard, Aksa Akrilik Kimya Sanayii A.Ş. declares that it has committed itself to the application of the Principles of Corporate Governance and that it will adopt the practices foreseen by these principles within the framework of current practice.

SECTION I-SHAREHOLDERS

2. Shareholder Relations Department

Shareholder relations are handled by the Department of the Assistant General Manager of Finance. Dividend payments and capital increase procedures are carried out in accordance with SPK communiqués through bank branches with which the Company has an agreement. When an agreement expires, procedures are monitored at Company headquarters by means of a special program and shareholder rights are executed. Requests received from brokers, investor companies and individual investors are answered periodically on a quarterly basis or in the event the request is forwarded in interim periods, at meetings and/or by electronic mail. Additionally, Road Shows abroad are conducted at least once a year to promote the Company to foreign investors and provide information about the Company's strategic and financial status. Since all of these activities are executed as part of the assigned task of the Finance department, no need has been seen for the establishment of a separate department.

3. Exercise of the Shareholder's Right to be Informed

Requests for information from shareholders are answered in writing, by telephone or electronically. In addition, the Company has a continuously updated Internet site that provides information about corporate activities. All requests for information are answered, with the exception of those that concern matters of the nature of a trade secret and those that have not been disclosed to the public. There is no provision in the Articles of Association that defines the request for the appointment of a special auditor as an individual right.

There was no request during the present or previous periods for the appointment of a special auditor.

4. Information about General Assembly

General Assembly announcements are published in two newspapers fifteen days before the date of the General Assembly after which the ISE is also informed. This published General Assembly announcement contains the date, time and venue of the Meeting as well as the rules for participation. The minutes of the meeting and list of attendees are presented to shareholders upon request. Representatives of the Stock Exchange and brokers as well as members of the press attend General Assemblies. At the end of each meeting, documents pertinent to the meeting are submitted to the SPK and the ISE. Since 2004, this information is also published on the Company's website. The General Assembly for 2007 held on April 15, 2008 recorded a quorum of 59.05%. No question was raised during the meeting by any of the participants at the General Assembly. Suggestions submitted by shareholders have been presented for ratification by the General Assembly and accepted by majority vote. Since the Board of Directors is invested with powers concerning the purchase, sale and rental of assets, as foreseen by Article 9 of the Company Articles of Association, matters of this kind are not included in the agenda of the General Assembly.

5. Voting and Minority Rights

The Company's Articles of Association make no stipulation for preferential rights. Each share has one right of vote. A minority vote is not represented in management nor is the method of the cumulative vote used.

6. Dividend Distribution Policy and Times

Aksa Akrilik Kimya Sanayii A.Ş. distributes dividends in light of the Company's financial performance, the status of the sector and the economic climate in the country, in accordance with the regulations published by the Capital Markets Board. The Company's Dividend Distribution Policy has been published in the ISE bulletin and made known to the shareholders.

7. Transfer of Shares

The Company's shares are bearer's shares and there is no restrictive provision in the Articles of Association regarding the transfer of shares. All Company shares are quoted on the ISE and their transfer is undertaken in accordance with the provisions of the Turkish Commercial Code and Capital Markets Law.

SECTION II-PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

It is the basic principle of the Company to provide all shareholders and all persons and organizations who will benefit from the information with equally disseminated, accurate, complete, intelligible, interpretable, low-cost and accessible knowledge, save for that information that is of the character of a trade secret and, outside of what is specified by law, which has not been disclosed to the public. For this reason, the Company has devised a Public Disclosure Policy and made this available to shareholders.

9. Disclosure of Special Circumstances

Within the framework of the principle of public disclosure and transparency, in order to make information promptly available to all stakeholders, particularly shareholders, 26 Disclosures of Special Circumstances were made in 2007. All disclosures that have been requested have been promptly carried out. No additional explanations were requested by the Capital Markets Board or the Istanbul Stock Exchange for the Company's Disclosures of Special Circumstances, all of which were drawn up promptly and in accordance with Capital Markets Board regulations.

10. Corporate Website and its Contents

The Company has an Internet address accessible at www.aksa.com. The contents of the website include trade registry information, up-to-date shareholding and organizational structure, the latest version of the Articles of Association, disclosures of special circumstances, annual reports, periodical financial statements and reports, agendas for General Assemblies, lists of General Assembly participants and minutes of the meetings, proxy vote forms and frequently asked questions. In addition, those who wish to obtain more information about the Company may correspond via e-mail at yatirimciiliskileri@aksa.com.

11. Real Person Ultimate Controlling Shareholder(s)

The major shareholders in the Company are Akkök Sanayi ve Yatırım Geliştirme A.Ş., in which the Dinçkök family is the ultimate controlling shareholder and Emniyet Ticaret A.Ş., in which the Lodrik family is the ultimate controlling shareholder. The shareholding structure of the Company is published each year in the Annual Report.

12. Public Disclosure of Persons Who Have Access to Insider Information

The persons and departments at Aksa who have access to insider information are the General Manager, the Assistant General Manager of Finance, the Assistant General Manager of Business Development and Purchasing, as well as the Accounting, Marketing and Data Processing Departments.

REPORT ON COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

SECTION III-STAKEHOLDERS

13. Notification of Stakeholders

Stakeholders of Aksa have been defined as Shareholders, Employees, Customers, Suppliers and Civil and State Organizations. Aksa formulates its main and interim goals, its policies and strategies as well as the Company targets in consideration of stakeholders' present and future expectations. The exchange of information is carried out with stakeholders in various ways during the formulation process.

In order to determine, develop, reciprocally support the basic areas of competence of our suppliers and evaluate their annual performance, the Company makes use of a Supplier Performance System. As part of this system of evaluation, information about the system, notes regarding performance as well as information about areas to be improved, if any, are shared with the suppliers at regular intervals. Contained in the information that is shared with Suppliers are the Company policy, specifications and agreements.

Customers are regularly provided with shipping, deadline and price information concerning their orders. In addition, the customer is immediately notified of any changes made in sales terms or in the technical features of the product. Aksa also provides its customers with written product specifications. Analyses requested by the customer or results of technical studies conducted upon a customer's complaint are shared with the customer. Our "Product Responsibility and Product Safety Guide," or ÜSÜKEK, is a statement endorsing the ecological safety of our products and is sent to all customers in English/Turkish for their information.

Aksa Management joins the people of the region in many different activities, among which are Open-Door Days, the Community Advisory Panels, student field trips and the Akçevre Art and Composition Contest. During these activities, Aksa organizes presentations and distributes booklets to provide visitors with information on the Company's total quality activities as well as its environmental activities and policies.

The understanding that Aksa has open and honest communications with its employees is the backbone of the Company's Human Resources Management policy. The main examples of vertical and horizontal communication channels in the Company are the Professional Life Evaluation Survey, the Intranet Databases, the Higher Management Information Meetings, the Representative Council and the Performance Assessment Meetings. These tools of communication are used by the Company to inform employees of corporate policies and strategies, targets and activities geared to improve the work environment. Employees are encouraged to express their views.

14. Stakeholder Participation in Management

Thirteen people elected by Aksa employees through a receipt-free secret ballot election serve as the Representative Council (TH). Made up of representatives from each shift, the TH meets once a month to determine what problems the employees have and to look for solutions, at the same time notifying Higher Management of employee expectations.

The TH also participates in the reviewing processes whereby the Company formulates its primary and interim goals, its corporate culture, policies and strategies. TH members are also members of the Total Quality Management Council (TKYK) and take active roles in drafting Aksa's main and interim target announcements. The Human Resources Policy and strategies drawn up as main and interim goals are determined by the TKYK, of which TH members are a part; these strategies are reviewed every two years.

15. Human Resources Policy

Aksa's Human Resources policy is "To invest in people and thus create responsible, creative, highly self-confident, self-developing and happy individuals who will serve the primary objectives of the Company." Thus, the Company employs modern and internally integrated systems in all facets of employment, from recruitment to performance management, from remuneration to severance.

The fundamentals of this policy are: ensuring the recruitment of candidates that incorporate Aksa's Common Behavioral Competencies so as to serve the Company's primary and interim goals; providing employees with training programs that support the Company's targets and enhance technical and behavioral skills and personal development in social and cultural areas; maintaining an open and close communication with employees to create integrated environments; creating working environments where employees will be satisfied, healthy and productive.

With its fair and transparent recruitment process, the Company's prerequisite in human resources recruitment is an individual's display of Aksa's Common Competencies and his/her adaptability to Company culture and values. In other words, the candidates who will ultimately be hired are those that work well in a team, are capable of becoming a member of the Aksa family, carry the traits of modesty and self-confidence and are innovative, energetic and skilled in problem-solving.

Aksa's Performance Management System aims to achieve organizational development starting with the individual, to reinforce the adoption of a common corporate culture and to integrate corporate targets with individual goals. The main aim of the Performance Management System is to incorporate Aksa's education planning, remuneration/award and career planning systems into an integrated and transparent system, building a fair corporate structure based on the rewarding of high performance.

Moreover, an important result of the Company's Human Resources Policies has been to adopt the tool of the Six-Sigma Model to improve the problem-solving capacity of employees and the Company as a whole.

To prevent discrimination among employees and ensure fairness with regard to wages, the Hay Method of Job Evaluation, a system with worldwide validity and reliability, has been adopted as a salary distribution and reward system at Aksa. This system is a salary and benefits model that is easily applicable by the employer. It is established on the principle of equality and fairness that reflects the qualitative, transparent, domestic and international realities of business and is based on payment of salary according to the individual job.

In 1996, a Representative Council was formed to handle interactions with employees and provide a means for employees to convey their requests and needs to the management. Every two years, all employees elect 15 members from their ranks to represent them via secret ballot election. The Representative Council functions as a part of management.

Aksa Human Resources management practices are internationally accepted models and integrated systems. No complaints have been received indicating any discrimination among employees. Differences among individuals may emerge from differences in job descriptions, performance or technical/behavioral competencies.

16. Information about Relations with Customers and Suppliers

With its sales in fifty countries on five continents, Aksa supplies 12.5% of the world's acrylic fiber consumption. The domestic marketing of Aksa products is handled by the Marketing and Sales Department; marketing abroad is carried out by AKPA through its sales representatives. Comprising the marketing organization is a network of four main regions and a sales representative in Gaziantep.

Working with a customer-focused management perspective and constantly striving for innovation and development in sales and services, the goal is to increase customer satisfaction.

To be able to measure customer satisfaction, Aksa has been conducting a Customer Satisfaction Survey (MMA) since 1998. The MMA collects feedback from customers and provides an opportunity for improvement as it explores the details of supplying a product such as its prompt and complete delivery, delivery of the right product, delivering undamaged goods in the delivery process and information about the drivers and vehicles that handle shipments.

Working with customers in close business cooperation has given the Company the opportunity to add new companies to its supply chain and to expand the range of products offered by current suppliers. An example of this is the research carried out when customers expressed a demand for non-fading baby colors. A new raw material was found that would provide this feature and a new product was created with a supplier that could accommodate the innovation. Production at Aksa is started when the customer confirms interest in the new product.

17. Social Responsibility

Aksa's Public Relations policy aims at contributing to the creation of a society that fosters industrial development and supports industrialization policies and in line with the principles of corporate social responsibility, encouraging a more dynamic and tolerant society in terms of cultural and social solidarity.

With regard to the community's perception of the Company and in keeping with our Public Relations policy, a "Social Impact Survey" has been conducted every two years since 1997 through an independent professional company. The perception of Aksa of the inhabitants of Yalova and of surrounding areas has been increasingly positive since 1997. The survey has shown that people are satisfied, both with having Aksa in their community and with Aksa operations. This positive notion has been created through the impact of the job opportunities Aksa offers and other economic and social contributions of the Company.

To ensure the free and comfortable flow of information between the industry and the community, in 2001, the concept of the Community Advisory Panel was initiated. Organized in Turkey for the first time, this model application won the "Responsible Care Project" award of the Turkish Chemical Industry Council in 2001. One of the main objectives of the Council was to encourage the rapid flow of first-hand and accurate information to the community through community representatives.

Aksa has excellent relationships with both state and private enterprises in all of its operations. The Company has received many commendations, plaques and awards. Since 1980, Aksa has won 55 awards from a host of authorities, among them the Istanbul Chamber of Industry, the Istanbul Chamber of Commerce, the Istanbul Federation of Textile and Raw Material Exporters (İTHİB), the Turkish Chemical Industry Council (TKSD) and the Ministry of Environment. Twenty-five of these awards were received because of the Company's corporation tax payment record and 17 were due to its success in exporting.

The Aksa Summer School, located at the Company's own social facilities, is an educational activity open to underprivileged primary school children from Yalova. Four hundred children have participated in the Summer School in the last two years.

In addition to environmental policies, the Company places maximum importance on adopting and implementing innovative and environmentally friendly technology within its quality policies. Every innovative project undertaken at Aksa is based on Environment Impact Assessments and the Company has been acknowledged many times for its efforts in reducing wastes, conserving energy and resources and using these resources productively.

Textile products are evaluated and documented by independent and expert organizations following a series of analyses that determine their safety in terms of human health. In this context, Aksa has been granted an ÖKÖ-TEX 100 Health Safety in Textiles Certificate, which has been renewed every year since 1995. The standards related to this certificate are used in the design and improvement of production processes.

SECTION IV-BOARD OF DIRECTORS

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

The Board of Directors is made up of seven members comprising the Chairman, the Vice-Chairman, one Member, who is the General Manager, two Members who are responsible for independent auditing and one additional Member. Five on the Board are executive members. Division of labor has been determined among the members of the Board. No rules have been established about members of the Board assuming or accepting positions outside of the Company.

19. Board Members

Ömer Dinçkök
A.Raif Dinçkök
Erol Lodrik
Nevzat Ayaz
Hasan Denizkurdu
Ayça Dinçkök
Mustafa Yılmaz

REPORT ON COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

20. Company Mission and Vision and Strategic Goals

Aksa's Mission and Vision Statements, first drafted in 1998, were last revised for the fourth time at the beginning of 2005. These declarations have been made available to shareholders and stakeholders alike on the corporate website.

The Mission and the Vision Statements are systematically shared with all Aksa employees through meetings, electronic databases, hand manuals, General Management circulars and training programs. Mission and Vision Statements are approved by the Board of Directors.

The Company regularly determines its targets each year, sharing them with all employees. The Company's targets are determined in six categories set out in the following order: strategic, financial, operational, quality, environment and productivity. These Company targets are approved by the Board of Directors. Once a month, a presentation before the Board of Directors provides the Board with information on the progress in meeting the different targets.

Aksa began making use of the Management by Objectives System in 2003. Degrees of responsibility are set up for each department in the Company, with the departments breaking up these goals into department targets, later dividing these department targets into individual targets, thus ensuring the participation in the process of each staff member. The realization of objectives is regularly monitored and every six months, this progress is announced to all employees. This process is carried out for all six categories of objectives.

21. Risk Management and Internal Control Mechanisms

The Company holds a monthly Finance and Risk Management Board meeting in order to more effectively undertake its risk management. This Board is headed by the General Manager and the other members comprise a member of the Executive Board, the Assistant General Manager of Finance, the Assistant General Manager of New Business Development and Purchasing and the Assistant General Manager of Marketing and Sales. It is the job of this board to evaluate the Company's financial performance and assess its commercial and financial risks. In particular, the types of financial instruments to be utilized in the risk management of receivables and risk levels by customers are assessed. The Company's net foreign exchange position is also evaluated in order to prevent risks arising from changing foreign exchange rates. The Company's Monitoring of Risk Control Measures procedure is implemented to ensure that existing risk is only a natural outcome of the technology utilized at Aksa and that this risk is kept under control so as not to cause any danger to employee health and safety, the premises or the environment.

22. Board Members and Executive Powers and Responsibilities

The duties of Company executives have been drawn up within a written framework which is constantly updated in accordance with changes made in the scope of duties. The powers of the Company's Board of Directors have been set forth in the Articles of Association. The list of authorized signatures is updated biannually.

23. Working Principles of the Board of Directors

The Company has a secretariat that is responsible for providing the members of the Board with information and notification. The draft for the agenda of the Board meetings is prepared by the General Manager, becoming finalized after recommendations from the Chairman and members of the Board. In 2008, the Board of Directors conducted 14 meetings. The Board of Directors engages in activities within the framework of authority set forth by the Company Articles of Association. All resolutions so far have been taken by a unanimous vote. The members of the Board have no weighted votes and although they have the right to contest votes, to date this right has never been exercised.

24. Prohibition against Competing and Transacting Business with the Company

As per Articles 334 and 335 of the Turkish Commercial Code, the prohibition against competition by Board members was lifted by the General Assembly. To date, no Board member has had a conflict of interest due to competition with the Company.

25. Number, Structure and Independence of the Committees Formed by the Board of Directors

The Company's Board of Directors comprises a total of seven persons, of which five are executive members and two are responsible for independent auditing. In accordance with the principle of independence, financial statements to be disclosed to the public are presented first to the Board of Directors after Committee approval and resolution. In addition, efforts have started to form an Independent Corporate Governance Committee and an Executive Committee.

26. Financial Compensation for the Board of Directors

Financial compensation provided to the Company Board of Directors is specified in the Articles of Association. In addition to the monthly salaries established by the General Assembly in accordance with Article 7 of the Articles of Association, Article 25/3 of the Articles of Association states that 2% of net profit is set aside from profit distributed according to SPK regulations. The members of the Board of Directors shall not be provided with any other financial compensation.

27. Donations and Social Assistance

The Company has the responsibility of raising its standards in every area within the framework of the principles of Corporate Social Responsibility. The Company is sensitive to the needs of society and of future generations. In addition to its economic contributions, the Company has also made it its duty to contribute to the educational, cultural, art and sports activities of the community of which it is a part. In this context, the Company provided TL 124,643 in donations and social assistance in 2008.

Donations and Social Assistance (TL)	
Education	6,050
Foundations, Associations and NGO's	46,422
Sports Organizations	9,000
Social Events	57,650
Other	5,521
Total	**124,643**

DIVIDEND DISTRIBUTION PROPOSAL

Dear Shareholders,

We have presented you with information about the Company's activities in financial year 2008, along with our balance sheet and income statement for that the same period. We hope you find the results of our operations satisfactory.

In accordance with the terms of the dividend distribution policy that we have previously shared with our shareholders, and as per Decision No. 1/6 dated January 9, 2009 of the Capital Markets Board, the Company has drawn up its proposal for the distribution of dividends as follows, subject to ratification by the General Assembly.

The net period profit appearing on the consolidated financial tables drawn up within the framework of the provisions of Communiqué No. 29, Series XI, of the Capital Markets Board is TL 72,907,209.00. The net period profit based on the financial tables drawn up in accordance with the provisions of Tax Procedure Law, stands at TL 67,444,521.80.

Our proposal to the General Assembly is that:

* in accordance with Decision No. 23 dated April 10, 2009 of the Company's Board of Directors, TL 2, 969,993.60, corresponding to 5% of the amount of TL 59,399,871.98 found when losses of previous years (TL 8,044,649.82) are subtracted from the net period profit appearing in the legal records (TL 67,444,521.80; *profit after taxes), is to be set aside as Series I Legal Reserves within the framework of Article 466 of the Turkish Commercial Code and Article 25/I of the Company Articles of Association;

* the first dividend of TL 15,000,000.00, corresponding to 21.40% of TL 70,061,858.40, the amount calculated by adding the total amount of donations made during the year (TL 124,643.00) to net distributable profit of TL 69,937,215.40 (calculated by subtracting Series I Legal Reserves from net period profit of TL 72,907.209.00), is to be added to capital stock and distributed to shareholders as bonus shares (the dividend corresponding to a share at a nominal value of TL 1 is TL 0.1363; dividend ratio is 13.63%);

* dividends are not to be distributed to Board Members;

* the remaining TL 54,937,215.40 is to be added to the Contingent Reserve;

* application is to be made to the Capital Markets Board so that shares to be issued as dividends are registered by the Board until the end of May 2009, and distribution of bonus shares will be completed by June 30, 2009 at the latest.

We are hopeful that we will be able to overcome the impact of the serious global crisis we are experiencing at this time through the implementation of sound, stable strategies that will give us strength in our journey forward.

Board of Directors

AUDITORS' REPORT

AUDITORS' REPORT FOR THE YEAR OF OPERATIONS 2008 AS PRESENTED TO THE ORDINARY GENERAL ASSEMBLY OF AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Company Title	: Aksa Akrilik Kimya Sanayii A.Ş.
Company Headquarters	: Gümüşsuyu, Miralay Şefik Bey Sok. Ak-Han 15 Taksim/ ISTANBUL
Company Capital	: TL 110,000,000
Field of Activity	: Synthetic Fiber Production and Trade
Names of Auditors and Term of Duty	: Bülent ÜSTÜNEL and Y. Hilmi YAZAN. Terms of office are three years. The auditors are not shareholders of the Company.
Number of Board Meetings in which Participation has Occurred and Number of Board of Auditors Meetings	: Participation has occurred in three Board meetings. Four meetings were conducted to audit company books and transactions.
Dates Shareholders Accounts were Reviewed and Results	: The audits conducted in April, July, October and December showed that the books were in compliance with the law and were authenticated with documentation.
Number of Inventories and Results thereof of the Shareholders' Cashier's Desk conducted according to Article 353 of the TCC	: Six bi-monthly Cashier's Desk inventories were conducted, in which it was seen that all current accounts were in agreement with the records.
Review of Company in accordance with Article 353/4 of the TCC and Results	: The monthly audits at the Company showed no valuable papers delivered as pledges or guarantees, nor any bail.
Complaints Received and Corrupt Practices	: No complaints were filed with the Company auditors on the issue of corrupt practices.

The balance sheet as of December 31, 2008 of Aksa Akrilik Kimya Sanayii A.Ş. reflects the Company's actual financial status on said date, the profit and loss account for the period January 1, 2008-December 31, 2008 reflects the actual operational results for that period and the dividend distribution proposal is in keeping with the law and with the Company Articles of Association, we propose the ratification of the balance sheet and profit and loss accounts as well as the acquittal of the Board of Directors.

Sincerely,

Bülent Üstünel **Y. Hilmi Yazan**

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

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

Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.

[illegible]

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Aksa Akrilik Kimya Sanayii A.Ş.

We have audited the accompanying consolidated financial statements of Aksa Akrilik Kimya Sanayii A.Ş. (the Parent Company) and its Subsidiaries which comprise the consolidated balance sheet as at December 31, 2008, and the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Turkish Accounting/Financial Reporting Standards (TAS/TFRS) which are issued by the Turkish Accounting Standards Board (TASB) and which are similar to the International Accounting/Financial Reporting Standards (IAS/IFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the independent auditing standards issued by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Our independent audit involves the application of independent auditing techniques to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of the independent auditing techniques including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, is made by our professional judgment. In making those risk assessments; the internal control system of the entity is taken into consideration. However, this is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control but for displaying the relationship between the financial statements and the internal control system prepared by the entity in order to design audit procedures that are appropriate in the circumstances. Our 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 financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Aksa Akrilik Kimya Sanayii A.Ş. (the Parent Company) and its Subsidiaries as of 31 December 2008, and of their financial performance and cash flows for the year then ended in accordance with the TAS/TFRS issued by the TASB.

Without qualifying our opinion, we would like to draw attention to the following matter;

As of 31 December 2008, the financial statements of the subsidiaries Fitco BV and Aksa Egypt Acrylic Fiber Industry S.A.E. in which the Parent Company has a direct 100% and an indirect 99,14% interest, respectively, as well as the financial statements of Akgirişim Kimya ve Ticaret A.Ş. in which it has a direct 58% interest, do not materially affect the consolidated financial statements, hence the subsidiaries referred to above are stated in the accompanying consolidated financial statements at cost.

İstanbul,
17 March 2009

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

Ömür Günel
Partner in charge

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2008 AND 2007 (TL)

	Note	31 December 2008	31 December 2007
ASSETS			
Current Assets		609.076.143	525.998.769
Cash and cash equivalents	2,4	63.583.555	59.673.800
Trade Receivables			
-Other Trade Receivables	2,7	358.870.759	254.473.268
-Trade Receivables from Related Parties	2,7,25	25.227.694	25.614.934
Other Receivables	8	45.348.215	35.817.496
Inventories	2,9	98.778.945	122.477.207
Other Current Assets	15	17.266.975	27.942.064
Non-current Assets		**519.407.632**	**386.284.762**
Trade Receivables	2,7	12.665.408	2.725.342
Other Receivables	8	9.417	9.357
Financial Assets	2,5	7.999.781	8.063.363
Tangible Assets	2,10	454.539.216	364.572.040
Intangible Assets	2,11	3.025.618	3.164.486
Goodwill	2,12	5.988.651	5.988.651
Other Non-current Assets	15	35.179.541	1.761.523
TOTAL ASSETS		**1.128.483.775**	**912.283.531**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2008 AND 2007 (TL)

	Note	31 December 2008	31 December 2007
LIABILITIES			
Short Term Liabilities		**266.651.181**	**222.577.686**
Financial Liabilities	2,6	118.482.414	80.170.450
Trade Payables			
-Other Trade Payables	2,7	94.170.237	108.086.416
-Trade Payables to Related Parties	2,7,25	16.946.866	18.005.949
Other Liabilities	8	3.293.370	2.937.298
Taxes on Profit for the Period	2,13,23	8.103.146	380.467
Debt Provisions	2,13	3.800.167	3.752.040
Other Short Term Liabilities	15	21.854.981	9.245.066
Long Term Liabilities		**148.622.441**	**48.505.611**
Financial Liabilities	2,6	121.089.861	21.650.550
Provision related to Employee Benefits	2,14	9.354.382	9.592.710
Deferred Tax Liabilitiy	2,23	18.178.198	17.262.351
EQUITY		**713.210.153**	**641.200.234**
Parent Company Equity		698.351.826	625.444.617
Share Capital	16	110.000.000	110.000.000
Capital Adjustment Differences	16	255.174.673	255.174.673
Issue Premiums	16	43.606	43.606
Translation Differences	16	-	-
Restricted Profit Reserves	16	42.776.591	16.579.576
Retained Earnings/(Accumulated Losses)	16	217.449.747	238.916.635
Net Profit/(Loss) For The Period		72.907.209	4.730.127
Minority Interest	2,16	14.858.327	15.755.617
TOTAL LIABILITIES AND EQUITY		**1.128.483.775**	**912.283.531**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (TL)

	Note	31 December 2008	31 December 2007
CONTINUING OPERATIONS			
Sales Income	17	908.464.727	900.326.501
Cost of Sales (-)	17	(827.159.341)	(845.097.970)
GROSS PROFIT/(LOSS)		**81.305.386**	**55.228.531**
Marketing, Sales and Distribution Expenses (-)	18	(1.854.349)	(1.669.398)
General Administration Expenses (-)	18	(39.273.576)	(39.304.045)
Research and Development Expenses (-)	18	(9.180.410)	(5.520.131)
Other Operating Income	20	18.336.720	34.373.790
Other Operating Expenses (-)	20	(4.110.399)	(3.782.748)
OPERATING PROFIT/(LOSS)		**45.223.372**	**39.325.999**
Financial Income	21	148.365.924	74.189.427
Financial Expenses (-)	22	(101.706.930)	(104.894.025)
CONTINUING OPERATIONS PROFIT/(LOSS) BEFORE TAX		**91.882.366**	**8.621.401**
Current Year Income Tax	2,13,23	(15.750.109)	(1.552.888)
Deferred Tax Income/(Expense)	2,23	(915.847)	707.740
Continuing Operations Tax Income/(Expense)	2,23	(16.665.956)	(845.148)
CONTINUING OPERATIONS PROFIT/(LOSS) FOR THE PERIOD		**75.216.410**	**7.776.253**
PROFIT/(LOSS) FOR THE PERIOD		**75.216.410**	**7.776.253**
Distribution of Profit/(Loss) for the Period			
Minority Interest		2.309.201	3.046.126
Parent Company Shares		72.907.209	4.730.127
Parent Company			
Earnings/(Loss) per Share	2,24	0,66	0,04

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
CONSOLIDATED STATAEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (TL)

	Note	Share Capital	Share Capital Inflation Adjustment Differences	Translation Differences	Issue Premiums	Restricted Profit Reserves	Retained Earnings/ (Accumulated Losses)	Net Profit/ (Loss) for the Period	Parent Company Equity	Minority Interest	Total
Balance as at 1 January 2007	**16**	**110.000.000**	**255.174.673**	**(671.965)**	**43.606**	**11.810.708**	**234.661.468**	**61.538.660**	**672.557.150**	**417.588.759**	**1.090.145.909**
Transfer	16	-	-	-	-	-	61.538.660	(61.538.660)	-	-	-
Transfer to reserves	16	-	-	-	-	4.768.868	(4.768.868)	-	-	-	-
Dividend payments	16	-	-	-	-	-	(17.633.957)	-	(17.633.957)	(5.925.822)	(23.559.779)
Effect of rate change in the subsidiary included in consolidation	16	-	-	-	-	-	(716.656)	-	(716.656)	(9.807.741)	(10.524.397)
Effect of subsidiaries excluded from consolidation	16	-	-	671.965	-	-	(34.164.012)	-	(33.492.047)	(389.145.705)	(422.637.752)
Profit for the period	16,24	-	-	-	-	-	-	4.730.127	4.730.127	3.046.126	7.776.253
Balance as at 31 December 2007	**16**	**110.000.000**	**255.174.673**	**-**	**43.606**	**16.579.576**	**238.916.635**	**4.730.127**	**625.444.617**	**15.755.617**	**641.200.234**
Transfer	16	-	-	-	-	26.197.015	(21.466.888)	(4.730.127)	-	-	-
Dividend payments	16	-	-	-	-	-	-	-	-	(3.206.491)	(3.206.491)
Profit for the period	16,24	-	-	-	-	-	-	72.907.209	72.907.209	2.309.201	75.216.410
Balance as at 31 December 2008		**110.000.000**	**255.174.673**	**-**	**43.606**	**42.776.591**	**217.449.747**	**72.907.209**	**698.351.826**	**14.858.327**	**713.210.153**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (TL)

	Note	31 December 2008	31 December 2007
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (+)/loss (-) before tax		91.882.366	8.621.401
Adjustments:			
Depreciation (+)	3	37.664.885	37.845.850
Provisions related to employee benefits	14	(6.309)	1.152.615
Inventory provision	9	2.698.447	-
Debt provisions	13	(183.892)	(10.399.610)
Rediscount income, net	21,22	(620.849)	-
Provision for doubtful trade receivables, net		835.228	(3.263.031)
Income from marketable securities or long term investments (-)	21	(3.979.573)	(6.551.489)
(Profit)/loss on sales of fixed assets	20	(226.204)	(65.323)
Profit on sales of financial assets		(335.718)	-
Interest expense (+)		4.610.072	3.694.115
Income Before Working Capital Changes (-)		**132.338.453**	**31.034.528**
Increase (-)/decrease (+) in trade receivables	7	(114.209.801)	148.874.656
Increase (-)/decrease (+) in inventories	9	22.430.172	5.075.527
Increase (-)/decrease (+) in other receivables	8	(9.530.779)	(2.436.524)
Increase (-)/decrease (+) in other assets	15	10.675.089	72.048.690
Decrease(-)/increase in trade payables	7	(14.930.157)	(13.685.224)
Increase (+)/decrease (-) in other payables	8	356.072	(2.790.894)
Increase (+)/decrease (-) in other liabilities	15	12.609.915	(62.530.837)
Interest payments (-)		(2.853.931)	(3.222.804)
Tax payments (-)	13	(8.027.430)	(4.188.875)
Net cash provided from operating activities		**28.857.603**	**168.178.243**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition (-)/disposal (+) of financial assets, net	5	-	10.697.976
Financial assets sales total		399.300	-
Increase (-)/decrease (+) in goodwill	12	-	16.560.346
Tangible asset acquisition (-)	10	(129.855.903)	(94.670.229)
Intangible asset acquisition (-)	11	(262.590)	(250.700)
Cash inflows from disposal of tangible and intangible assets(+)	10,11	1.421.147	66.146
Tangible and intangibles assets of companies excluded from consolidation	10,11	-	392.566.383
Increase (-)/decrease (+) in other non-current assets	15	(33.418.018)	30.432.451
Collected interests (+)	21	3.979.573	6.551.489
Net cash flows (used in)/provided from investing activities		**(157.736.491)**	**361.953.862**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows/(outflows) related to short and long term liabilities	6	135.995.134	(189.135.922)
Dividends paid (-)		-	(17.633.957)
Effect of subsidiary excluded from consolidation		-	(50.031.306)
Effect of rate change in the subsidiary included in the consolidation		-	(716.656)
Effect of change in minority interest		(3.206.491)	(404.879.268)
Net cash flows provided from/(used in) financing activities		132.788.643	(662.397.109)
Increase/(decrease) in cash and cash equivalents		3.909.755	(132.265.004)
Cash and cash equivalants at the beginning of the period	2,4	59.673.800	191.938.804
Cash and cash equivalents at the end of the period	**2,4**	**63.583.555**	**59.673.800**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. Organization and Principal Activities

Aksa Akrilik Kimya Sanayii A.Ş. (the Parent Company) is a company incorporated in Istanbul whose principal activities are the production of acrylic based tow, fiber and tops. Its subsidiaries mainly operate in textiles, chemistry, investment, and foreign trade sectors. The Parent Company's subsidiaries comprise of the following companies:

Parent Company:	Sector
Aksa Akrilik Kimya Sanayii A.Ş.-Turkey	Chemistry

Subsidiaries:	
Ak-Pa Tekstil İhracat Pazarlama A.Ş.-Turkey *	Marketing
Ak-Tops Tekstil Sanayi A.Ş.-Turkey *	Textile
Fitco BV-the Netherlands **	Investment
Aksa Egypt Acrylic Fiber Industry SAE-Egypt **	Textile
Akgirişim Kimya ve Ticaret A.Ş. **	Chemistry

* Included in the consolidated financial statements in accordance with the full consolidation method.
** Stated in the consolidated financial statements at cost.

Aksa Egypt Acrylic Fiber Industry SAE is an indirect subsidiary of the Parent Company in which Fitco BV, Ak-Pa Tekstil İhracat Pazarlama A.Ş., and Ak-Tops Tekstil Sanayi A.Ş. have interests of 99%, 0,5%, and 0,5%, respectively.

The address of the Parent Company's head office is as follows:

Miralay Şefik Bey Sok. No: 15 Akhan 34437 Gümüşsuyu/İstanbul-Turkey

The Parent Company and its subsidiaries are companies included in the Akkök Group.

The Parent Company is registered at the Capital Markets Board and 37,82% of its shares are traded at the Istanbul Stock Exchange (ISE).

As of 31 December 2008 and 2007, the shareholding structure of the Parent Company is as follows:

	31 December 2008	31 December 2007
Name	Shareholding	Shareholding
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	39,58%	39,58%
Emniyet Tic. ve San. A.Ş.	18,72%	18,72%
Oppenheimer Quest International Value Fund	10,53%	9,20%
Other*	31,17%	32,50%
	100,00%	100,00%

* Represents shareholdings of less than 10%.

As of 31 December 2008, the average number of employees is 902 (31 December 2007-911).

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2. Presentation of the Financial Statements

i. Basis of Presentation:

The Parent Company and its subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with the prevailing commercial and financial legislation. The accompanying financial statements are prepared in accordance with the Capital Markets Board (CMB) Communiqué Nr. XI/29 “Communiqué Related to the Financial Reporting Principles at the Capital Markets”. This Communiqué has come into force starting with the first interim financial statements subsequent to 1 January 2008 and bears in its Article 5 the provision stating that the enterprises subject to CMB apply the International Accounting/Financial Reporting Standards as accepted by the European Union (EU) taking as basis the harmonic standards, namely the Turkish Accounting/Financial Reporting Standards (TAS/TFRS), issued by the Turkish Accounting Standards Board (TASB). Furthermore, in the provisional Article 2 of the same Communiqué it is stated that the IAS/IFRS are to be applied until the differences between the IAS/IFRS accepted by the European Union and those issued by the International Accounting Standards Board (IASB) are published by the TASB taking as basis the harmonic standards, TAS/TFRS, issued by the TASB.

However, the Turkish Accounting Standards Board (“TASB”) has not issued the differences between the IAS/IFRS accepted by the EU and the standards issued by the International Accounting Standards Board (“IASB”) as yet, hence the accompanying financial statements are prepared in accordance with the IAS/IFRS taking as basis the harmonic standards TAS/TFRS issued by the TASB. As required by the TFRS 1, comparative financial statements are prepared on the same basis. As stated below, certain adjustments and classifications have been made during the preparation of the accompanying financial statements in order to comply with the TAS/TFRS.

The accompanying consolidated financial statements are presented in accordance with the mandatory formats and principles announced by CMB in its Weekly Bulletin dated 14-18 April 2008 Nr. 2008-16.

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

The functional currency used by the Company is Turkish Lira (TL) and the accompanying financial statements and related notes are presented in TL.

The Company’s consolidated financial statements prepared as of 31 December 2008 as per the Communiqué XI/29 are approved at 17 March 2009 by the Company management to be submitted to the Board of Directors.

The Company’s Board of Directors and the CMB have the power to amend the interim financial statements of the Company and the General Assembly and the CMB have the power to amend the annual financial statements of the Company.

ii. Adjustment of Financial Statements During Hyper-Inflationary Periods:

TAS 29 deals with the effects of inflation on financial statements and requires that financial statements prepared in the currency of a high inflation economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms. As per the resolution of the CMB dated 17 March 2005 Nr 11/367 the application of inflation adjustment of the financial statements has ended in 2005, hence the financial statements are restated at the purchasing value of the Turkish Lira as at 31 December 2004.

Balance sheet items in foreign currency are translated to TL at the foreign exchange rate of the balance sheet date and the foreign currency income and expenses are translated using the average rate of exchange. The profits and losses arising from the translation operation are stated in the foreign currency translation differences account within the equity account group.

iii. Consolidation Principles:

Consolidation is realized within the Parent Company, Aksa Akrilik Kimya Sanayii A.Ş. and the direct and indirect shareholdings of the Parent Company within its subsidiaries are as follows:

	31 December 2008	31 December 2007
Subsidiaries		
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (1)	13,47%	13,47%
Ak-Tops Tekstil San. A.Ş. (1)	60,00%	60,00%
Fitco BV (2)	100,00%	100,00%
Aksa Egypt Acrylic Fiber Industry SAE (2)	99,14%	99,14%
Akgirişim Kimya ve Ticaret A.Ş. (2)	58,00%	58,00%

(1) Stated in the accompanying consolidated financial statements as per the full consolidation method.

(2) Stated in the accompanying consolidated financial statements at cost due to its immaterial effect.

	31 December 2008	31 December 2007
Affiliates		
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. *	-	33,33%

* Sold at 16 July 2008. As it has immaterial effect on the consolidated financial statements as of 31 December 2007, it is stated in the accompanying financial statements at cost.

Subsidiaries and affiliates are classified as financial assets available for sale representing shareholdings in which the direct and indirect votes of the Parent Company is below 20% or with insignificant influence even if above 20%, or those that do not have material effect on financial statements, or are not traded in the active markets or whose fair values cannot be determined reliably, are recognised at their restated cost values, less provision for value decrease, if any.

Consolidated financial statements have been prepared on the basis of principles stated below:

Full Consolidation Method:

- All balance sheet items except for the paid in capital of the Parent Company and its Subsidiaries and their equities at the acquisition date are added, and inter-company balances are eliminated.

- The Parent Company's interest in the subsidiaries is set off against the Long Term Financial Assets account of the Parent Company and the Share Capital accounts of the Subsidiaries.

- As of the acquisition date, the Parent Company's shareholding in its subsidiaries is offset against the portion of share capital it owns in the subsidiary's equity for one time only. 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. The difference that appears in favor of the recorded value is recognized as positive goodwill in the consolidated balance sheet as a separate item and that which appears against the recorded value is recognized as negative goodwill in the statement of income. The Parent Company has taken over at a total price of TL 16.250.000,00 the participation shares of TL 1.000.000 nominal value representing 50% of the share capital of Aktops Tekstil Sanayi A.Ş., a company under the ownership of Akkök Sanayi Yatırım ve Geliştirme A.Ş., with a share capital of TL 2.000.000,00 which is directly related to the Parent Company's principal activities and which makes exclusive custom manufacturing for the Parent Company and whose share transfer fee has been determined by the Valuation Report submitted by İş Yatırım Menkul Değerler A.Ş. as of 8 June 2007.

- As the cost of acquired subsidiary as of 31 March 2008 is higher than the value of shares stated among equities in the balance sheets prepared in accordance with TAS/TFRS at the acquisition dates of the subsidiaries, a total positive goodwill of TL 5.988.651 has been created (Note 12). In the event of any value decrease related to the goodwill amount, it is reflected to the statement of income. A value decrease test is performed at the same date of each year in order to determined if there is any value decrease in the goodwill.

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- Minority interests are deducted from all equity account group items including the paid in/issued share capital of subsidiaries included in the consolidation and are recognized as “Minority Interests” in the consolidated balance sheet and in the statement of income, as an item separated from the Parent Company’s equity share.

- The purchase and sales among the Parent Company and its Subsidiaries and the profit and losses arising from these transactions are eliminated in the Consolidated Income Statement. Profit and losses arising from the purchase or sale of marketable securities, inventories, tangible and intangible assets, long term financial assets and other assets among the consolidated group companies are also eliminated.

iv. Adjustments:

The accompanying consolidated financial statements have been prepared in accordance with the TAS/TFRS with the below mentioned adjustments which are not stated in the statutory records:

- Rediscount calculation on post-dated cheques, notes receivable, customers, notes payable, suppliers, and loans
- Depreciation adjustment
- Deferred tax adjustment
- Inventory provision adjustment
- Provision for litigation
- Provision for termination indemnity and leaves
- Adjustment related to derivative financial instruments
- Adjustments related to cash and cash equivalents
- Elimination of inter-group balances and transactions as per the consolidation procedure

v. Comparative Information and Adjustment of Prior Period Financial Statements:

Consolidated balance sheets as of 31 December 2008 and 2007 and notes to the balance sheets as well as the consolidated statements of income, changes in equity, and cash flows for the years ended 31 December 2008 and 2007 have been presented comparatively. The below mentioned investment sales should be taken into consideration in the valuation of the said comparative consolidated financial statements. In order to comply with the presentation of the current period financial statements, the comparative information is reclassified when deemed necessary. The goodwill amortisation reversed in accordance with the TAS/TFRS has resulted in an increase of TL 199.623 in the profit for the period in the year ended 31 December 2007 and it has resulted in an increase of TL 199.623 in the retained earnings as of 31 December 2007.

From the participation shares of the affiliate Akenerji Elektrik Üretim A.Ş. with TL 10.174.535,00 nominal value, a portion of TL 8.269.864,00 has been sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. and a portion of TL 1.904.671,00 has been sold to Emniyet Ticaret ve Sanayi A.Ş. on ISE Wholesale Market via İş Yatırım Menkul Değerler A.Ş. at a unit value of TL 5,60 and the sales transaction has been realized on 6 July 2007. As per the legal records, a total income of TL 56.977.396 and a total profit of TL 34.929.875 have been obtained upon sales of 10.174.535 participation shares owned by the Parent Company. The sales price has been collected as of 10 July 2007. 25% of the sales profit has been added onto the taxable Operating Income for the Period, and 75% has been recognized within the “Income on Sales of Participation Shares and Properties” account as profit reserve in the Equity Account Group as per the Article 5(e) of the Corporation Tax Law.

The participation shares of the affiliate Ak-Al Tekstil Sanayii A.Ş. with TL 6.630.825,00 nominal value has been sold to Aksu İplik Dokuma ve Boya Apre Fabrikaları Türk A.Ş. on ISE Wholesale Market via İş Yatırım Menkul Değerler A.Ş. at a unit value of TL 1,75 and the sales transaction has been realized on 6 July 2007. As per the legal records, a total income of TL 11.603.943,75 has been obtained upon sales of 6.630.825 participation shares owned by the Parent Company and due to inflation adjustment no sales profit has been calculated.

A total of 152.468.983 participation shares at a total nominal value of TL 1.524.689,83 owned by the company Ak Havacılık ve Ulaştırma Hizmetleri A.Ş., an affiliate of the Parent Company, which correspond to 7,33% of the company share capital has been sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. as per the valuation report prepared by Kapital Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. at a total value of TL 2.748.176,00 and the sales transaction has been realized on 18 September 2007. As per the legal records, a total income of TL 1.223.486,17 has been obtained upon sales of 152.468.983 participation shares owned by the Parent Company and due to inflation adjustment no sales profit has been calculated.

vi. 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.

vii. Accounting Policies, Changes and Errors in Accounting Estimates:

The accounting policies applied by the Company are consistent with those applied in the prior year. Significant changes in accounting policies are applied and significant errors are treated, retrospectively, and the prior year financials are restated. Changes in accounting policies are applied in the period of the change if they are related to the one period only; however, if they are related to the future periods, they are applied both in the period of change and the future period, prospectively.

viii. The New and Revised Turkish Accounting/Financial Reporting Standards:

During the current period, TASB has issued the new and revised standards with effect from 1 January 2008 and the Parent Company and its Subsidiaries have applied those that relate to their own field of activity.

The standards, changes and comments effective in 2008 that are not applied by the Company as they have no relation with the Company operations:

The standards listed below and the changes and comments introduced to the prior standards have been enforced as at 1 January 2008 and in periods subsequent to 1 January 2008. However, such standards, changes and comments are not related to the Company operations, hence they are not applied.

- TFRS Comment 11, “TFRS 2-Group and Treasury Share Transactions”.
- TFRS Comment 13, “Customer Loyalty Programs”
- TFRS Comment 14, “TAS 19-Limit on a Defined Benefit Asset, Minimum Funding Conditions and their Interaction”

Standards which are expected to come into effect, standards which are not deemed necessary to be applied earlier than the required time, and changes and comments introduced to existing standards:

The following standards, changes and comments introduced to standards have been issued to come into force subsequent to 31 December 2008 and earlier implementation is allowed. However, the Company has preferred not to realize early application of the said standards and comments.

TFRS 1	The initial application of the Turkish Financial Reporting Standards -Change Brought to Investment Costs in the First Application of TFRS	Valid at and subsequent to 1 January 2009
TFRS 2	Share Based Payments -Change Brought to the Conditions and Reversals of Progress Payments	Valid at and subsequent to 1 January 2009
TFRS 3	Mergers -Comprehensive Revision in the Implementation of Purchasing Management	Valid at and subsequent to 1 July 2009
TFRS 5	Assets Held for Sale and Discontinued Operations Plan Related to the Sales of Control Share in the Subsidiary	Valid at and subsequent to 1 July 2009
TFRS 8	Operating Segments	Valid at and subsequent to 1 January 2009
TAS 1	Presentation of Financial Statements -Comprehensive Changes Related to Preparing Comprehensive Income Statement -Change in Financial Instruments with Repurchasing Option and the Disclosure of Liabilities to Arise from their Conversion into Cash -Classification of Derivative Instruments as Current/Non-Current	Valid at and subsequent to 1 January 2009
TAS 16	Tangible Assets -Recoverable Value, Sales of Assets Held for Leasing	Valid at and subsequent to 1 January 2009
TAS 19	Employee Benefits -Curtailment and Negative Past Service Cost, Plan Management Costs, Change in the Term “Matured”, Guideline to Contingent Liabilities	Valid at and subsequent to 1 January 2009
TAS 20	Recognition of Government Incentive and Disclosing Government Aids -Government Loans with Interests Lower than the Market Interest Rates	Valid at and subsequent to 1 January 2009
TAS 23	Borrowing Costs -Comprehensive Changes Restricting Direct Expensing -Elements of Borrowing Costs	Valid at and subsequent to 1 January 2009

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TAS 32	Financial Instruments: Presentation -Change in Disclosure Related to Liabilities to Arise from Financial Instruments with Repurchase Options and Converting Them Into Cash	Valid at and subsequent to 1 January 2009
TAS 39	Financial Instruments: Recognition and Measurement -Change in Items that may be subject to Hedging	Valid at and subsequent to 1 January 2009
TAS 27, 28 and 31	Consolidated and Separate Financial Statements, Investments in Associates, Interests in Joint Ventures-Comprehensive Change in Implementation of Purchasing Procedure	Valid at and subsequent to 1 July 2009
	TFRS COMMENTS	
TFRS Comment 15	Real Estate Construction Contracts	Valid at and subsequent to 1 January 2009
TFRS Comment 17	Distribution of Intangible Assets among Shareholders	Valid at and subsequent to 1 July 2009

The Company management is in the opinion that the implementation of the above mentioned standards and comments will have no significant impact on the Company's financial statements in the future periods.

ix. Significant Accounting Policies and Valuation Procedures Applied:

(a) Financial Instruments:

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

i. Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances on hand, bank accounts, and cheques received.

Cash is composed of Turkish Lira and foreign currency balances. The Turkish Lira balances are stated at face values, and the foreign currency balances are translated into Turkish Lira at the foreign exchange rate issued by the Central Bank as at the balance sheet date.

Bank accounts consist of demand and time deposit accounts and the related interest accrued. Turkish Lira deposit accounts are stated at face values and foreign currency accounts are translated into Turkish Lira at the foreign currency purchasing rate issued by the Central Bank as at 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

As the foreign currency cash and cash equivalents are translated into 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 the deposit accounts, cash and cheques received are converted into cash in very short terms, and as there is no risk of value decrease, their book values are deemed to approximate to their fair values.

ii. Trade Receivables

Trade receivables are financial assets created by the Parent Company and its subsidiaries through selling goods directly to the customers. Trade receivables and post dated cheques are subject to rediscount.

Fair Value

Discounted trade receivables and doubtful receivables for which provisions are accrued are assumed to approximate to the fair values of these assets.

iii. Related Parties

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

iv. Trade Payables

Trade payables are financial liabilities created through acquiring goods and services directly from the suppliers.

Fair Value

The discounted value of trade payable are assumed to approximate to their fair values.

v. Short and Long Term Bank Loans

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

Fair Value

The fair value of the short and long term bank loans is assumed 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.

vi. Financial Derivative Instruments

The Parent Company enters into forward contracts and realizes interest rate swap operations with the objective to hedge the foreign currency risk and interest rate risk arising from its operational and financial activities. The current value of outstanding contracts is calculated by using internal pricing models and the unrealized foreign exchange gains/losses are recognized in the statement of income.

(b) Inventories:

Inventories are stated at the lower of cost or net realisable value. Cost is determined by weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost is determined by using the weighted average cost method covering a reasonable portion of raw material, supplies, labor and general production expenses.

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(c) Financial Investments:

The Parent Company has classified its financial investments as financial assets available for sale.

Financial assets available for sale consist of financial investments other than operating loans and receivables, and financial assets held until maturity and for trading purposes. Financial assets available for sale are valued at their fair value in the period following the initial recording. Financial assets available for sale in which the direct and indirect votes of the Parent Company is below 20% or with insignificant influence even if above 20%, or those that do not have material effect on financial statements, or are not traded in the active markets or whose fair values cannot be determined reliably, are recognised at their cost values, less provision for value decrease, if any. Financial investments do not have a market value and are recognized at their unit values restated as of 31 December 2004, less provision for value decrease, if any. Furthermore, the financial assets available for sale whose market values are quoted at active markets and can be determined reliable are recognized at their market (fair) values.

Gains and losses arising from changes in the fair value of financial assets available for sale are stated, net, in the statement of changes in equity, taking into account the deferred tax assets. When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even through the financial asset has not been derecognized.

(d) Tangible Assets:

Tangible assets are stated at cost less their accumulated depreciation and impairment loss, if any.

Tangible assets have been restated using the measuring unit current at 31 December 2004 from the dates of acquisition. Additions made subsequent to 1 January 2005 are stated at their nominal values. Tangible assets are depreciated over their inflation-adjusted values by straight-line method and the nominal values of additions subsequent to 1 January 2005 as per their useful lives stated below:

Buildings	5-50 years
Land improvements	2-50 years
Machinery, plant and equipment	3-50 years
Motor vehicles	4-8 years
Furniture and fixtures	2-50 years
Other tangible assets	5 years

(e) Intangible Assets:

Intangible assets are stated at cost less their accumulated amortisation and impairment loss, if any.

The acquisition values of intangible assets are considered in the restatement of intangible assets as at 31 December 2004. Additions made subsequent to 1 January 2005 are stated at their nominal values. Intangible assets are amortized over their inflation-adjusted values and the nominal values of additions subsequent to 1 January 2005, as per their useful lives stated below:

Rights	3-40 years
Special costs	1-5 years
Other intangible assets	3-5 years

(f) Assets and Liabilities in Foreign Currency:

Assets and liabilities in foreign currency are translated into Turkish Lira at foreign exchange rates announced by the Turkish Central Bank as at the balance sheet dates. Transactions in foreign currencies during the period are translated into Turkish Lira at the actual rates applicable on the transaction date. Exchange gains and losses resulting from such translations are included in the statements of income.

(g) Impairment of Assets:

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

On the other hand, the recoverable value of cash generating assets is 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.

(h) Deferred Taxes:

Deferred taxes are calculated on the temporary differences that arise between the deductible tax base and the book values of assets and liabilities, by using the liability method. The main temporary differences arise from the income and expense items recognised in different periods with respect to the TAS/TFRS and the tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated with the assumption that the Parent Company and its Subsidiaries will have taxable income during the future periods.

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

(i) Income Taxes:

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 Articles 61 and 69 of ITL. Whether exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax withholding at a rate of 15%. However, income tax withholding is not applicable to the dividends arising from 1998 and prior years' profits and from the exempt profits relating to the years 1999, 2000, 2001 and 2002 as well as income and profits corresponding to the above mentioned investment allowance taxed at the rate of 19,8%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

Further, provisional corporation tax is paid at a rate of 20% on the profits declared for interim periods to be deducted from the corporation tax.

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

With respect to the bis article 298 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. Also, in the 2008 and 2007 accounting periods, 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.

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 2008 and 2007 income tax provisions have been made in accordance with the prevailing tax legislation.

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(j) Employee Benefits:

Under Turkish Labour Law Article 25/II, the Parent Company and its subsidiary are required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary for each year of service. This entitlement is limited to TL 2.173,19 in respect of each year of service as of 31 December 2008 (31 December 2007-TL 2.030,19).

The Company has determined the termination indemnity liability stated in the accompanying financial statements as per the recognition and valuation principles stated in TAS 19 "Employee Benefits". As the characteristics of the termination indemnity liabilities are similar to the "Post Employment Benefit Plans" stated in this section, 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 2008 to remain constant for restatement purposes, and later on, this value is reduced by the actual discount rate of 6,26% (31 December 2007-5,71%) calculated upon the assumption that the expected annual inflation rate will be 5,4% (31 December 2007-5%) and the expected discount rate will be 12% (31 December 2007-11%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the termination indemnity liability at the balance sheet date.

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

	31 December 2008	31 December 2007
Discount rate	6,26%	5,71%
The ratio of the number of employees who have gained the right to receive termination indemnity in the prior years to the total number of employees	100%	100%

(k) Revenues and Expenses:

The accruals basis of accounting is applied for the recognition of revenues and expenses. The accrual concept requires that revenue, income and profits should be matched with costs, expenses and losses belonging to the same period.

Revenue is measured at the fair value of the consideration received or receivable.

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

Rent income is recognized on accrual basis taking into account the related contracts.

Dividend income is recognized at the time when collection right is established.

(l) Earnings/(Loss) Per Share:

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

Companies in Turkey can increase their share capital through distributing shares (bonus shares) from retained earnings and differences arising from inflation adjustment in equity to their current shareholders on a pro rata basis. When calculating profit/(loss) per share, these bonus shares are recognized as issued shares. Therefore, the weighted average of shares used in the calculation of profit/(loss) per share is derived through retroactive application with respect to bonus shares.

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(m) Accounting Estimates:

During the preparation of financial statements in accordance with the TAS/TFRS, the Management discloses 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.

(n) Subsequent Events:

If the Parent Company and its Subsidiary receive information after the balance sheet date about conditions that existed at the balance sheet date, it updates disclosures that relate to those conditions, in the light of the new information. If non-adjusting events after the balance sheet date are material, the Parent Company and its Subsidiary discloses them in the related period.

(o) 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.

(p) Borrowing Costs:

Borrowing costs are recognized as expense. Borrowing costs related to the qualifying assets are included directly in the cost of the related qualifying asset. Upon completion of the necessary operations to make the qualifying asset ready for use or sale, the capitalization of the borrowing costs are discontinued. As of 31 December 2008 the borrowing costs amounting to TL 24.667.878 directly related to the investments in progress are added to the cost of the asset (31 December 2007-TL (820.382) (Note 10).

(r) Segment Reporting:

For the years ended 31 December 2008 and 2007, the operating activities of the Parent Company and its Subsidiaries are classified under three sectors, namely, chemistry, textile and marketing.

(s) Government Incentives and Aids:

The government incentive utilized by the Parent Company are those that are related to revenues and they are recognized in the statement of income.

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3. Segment Reporting

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

	Chemistry *	Textile	Marketing	Classification and Elimination	Total
ASSETS					
Current Assets	579.816.424	10.535.100	116.961.977	(98.237.358)	609.076.143
Cash and Cash Equivalents	60.259.117	582.063	2.742.375	-	63.583.555
Trade Receivables					
-Other Trade Receivables	283.008.870	133.918	75.727.971	-	358.870.759
-Trade Receivables from Related Parties	96.761.228	6.689.305	19.662.227	(97.885.066)	25.227.694
Other Receivables	27.673.552	13.035	17.661.628	-	45.348.215
Inventories	96.390.405	2.280.372	460.460	(352.292)	98.778.945
Other Current Assets	15.723.252	836.407	707.316	-	17.266.975
Non-current Assets	514.437.396	16.347.311	2.665.198	(14.042.273)	519.407.632
Trade Receivables	12.665.408	-	-	-	12.665.408
Other Receivables	9.417	-	-	-	9.417
Financial Investments	27.138.270	39.361	39.388	(19.217.238)	7.999.781
Tangible Assets	439.250.455	13.486.286	2.616.161	(813.686)	454.539.216
Intangible Assets	194.305	2.821.664	9.649	-	3.025.618
Goodwill	-	-	-	5.988.651	5.988.651
Other Non-current Assets	35.179.541	-	-	-	35.179.541
TOTAL ASSETS	**1.094.253.820**	**26.882.411**	**119.627.175**	**(112.279.631)**	**1.128.483.775**

* Chemistry sector includes the financial data related to the Parent Company.

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	Chemistry *	Textile	Marketing	Classification and Elimination	Total
LIABILITIES					
Short Term Liabilities	250.058.121	2.378.809	112.242.501	(98.028.250)	266.651.181
Financial Debts	100.899.481	-	17.582.933	-	118.482.414
Trade Payables					
-Other Trade Payables	91.710.694	1.031.094	1.428.449	-	94.170.237
-Trade Payables to Related Parties	21.755.540	849.258	92.370.318	(98.028.250)	16.946.866
Other Payables	2.510.353	182.199	600.818	-	3.293.370
Taxes Payable on Profit for the Current Period	7.915.984	-	187.162	-	8.103.146
Debt Provisions	3.554.622	172.724	72.821	-	3.800.167
Other Short Term Liabilities	21.711.447	143.534	-	-	21.854.981
Long Term Liabilities	145.848.909	2.431.760	383.594	(41.822)	148.622.441
Financial Debts	121.089.861	-	-	-	121.089.861
Provision for Employee Benefits	7.445.359	1.411.592	497.431	-	9.354.382
Deferred Tax Liability	17.313.689	1.020.168	(113.837)	(41.822)	18.178.198
EQUITY	**698.346.790**	**22.071.842**	**7.001.080**	**(14.209.559)**	**713.210.153**
Parent Company Equity	698.346.790	22.071.842	7.001.080	(29.067.886)	698.351.826
Paid-in Capital	365.174.673	8.465.590	17.440.373	(281.080.636)	110.000.000
Inflation Adjustment on Share Capital	-	-	-	255.174.673	255.174.673
Issue Premiums	1.669.549	-	-	(1.625.943)	43.606
Restricted Profit Reserves	119.337.456	10.254.838	2.585.771	(89.401.474)	42.776.591
Retained Earnings/(Accumulated Losses)	138.163.566	811.682	(14.519.700)	92.994.199	217.449.747
Net Profit/(Loss) for the Period	74.001.546	2.539.732	1.494.636	(5.128.705)	72.907.209
Minority Interest	-	-	-	14.858.327	14.858.327
TOTAL LIABILITIES AND EQUITY	**1.094.253.820**	**26.882.411**	**119.627.175**	**(112.279.631)**	**1.128.483.775**

* Chemistry sector includes the financial data related to the Parent Company.

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	Chemistry *	Textile	Marketing	Classification and Elimination	Total
OPERATING ACTIVITIES					
Sales Income (net)	885.439.640	29.652.066	343.403.588	(350.030.567)	908.464.727
Cost of Sales (-)	(791.723.286)	(25.562.820)	(366.450.083)	356.576.848	(827.159.341)
GROSS PROFIT/(LOSS)	**93.716.354**	**4.089.246**	**(23.046.495)**	**6.546.281**	**81.305.386**
Marketing, Sales and Distribution Expenses (-)	(6.073.093)	-	-	4.218.744	(1.854.349)
General Administration Expenses (-)	(30.875.251)	(2.356.442)	(5.488.297)	(553.586)	(39.273.576)
Research and Development Expenses (-)	(9.216.640)	-	-	36.230	(9.180.410)
Other Operating Income	19.312.648	697.535	702.425	(2.375.888)	18.336.720
Other Operating Expenses (-)	(592.270)	(83.254)	(394.706)	(3.040.169)	(4.110.399)
OPERATING PROFIT/(LOSS)	**66.271.748**	**2.347.085**	**(28.227.073)**	**4.831.612**	**45.223.372**
Financial Income	156.663.460	604.740	30.487.066	(39.389.342)	148.365.924
Financial Expenses (-)	(132.868.231)	(81.527)	(418.953)	31.661.781	(101.706.930)
PROFIT/(LOSS) ON OPERATING ACTIVITIES BEFORE TAX	**90.066.977**	**2.870.298**	**1.841.040**	**(2.895.949)**	**91.882.366**
Tax Income/(Expense) for the Period	(14.795.878)	(583.960)	(370.271)	-	(15.750.109)
Deferred Tax Income/(Expense)	(1.269.553)	253.394	23.867	76.445	(915.847)
Tax Income/(Expense) Related to Operating Activities	(16.065.431)	(330.566)	(346.404)	76.445	(16.665.956)
PROFIT/(LOSS) FOR THE PERIOD ON OPERATING ACTIVITIES	**74.001.546**	**2.539.732**	**1.494.636**	**(2.819.504)**	**75.216.410**
PROFIT/(LOSS) FOR THE PERIOD	**74.001.546**	**2.539.732**	**1.494.636**	**(2.819.504)**	**75.216.410**

* Chemistry sector includes the financial data related to the Parent Company.

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

	Chemistry *	Textile	Marketing	Classification and Elimination	Total
ASSETS					
Current Assets	489.945.513	12.091.658	107.373.680	(83.412.082)	525.998.769
Cash and Cash Equivalents	49.030.696	4.318.261	6.324.843	-	59.673.800
Trade Receivables					
-Other Trade Receivables	185.618.833	135.633	73.110.667	(4.391.865)	254.473.268
-Trade Receivables from Related Parties	86.447.169	5.342.542	27.432.198	(93.606.975)	25.614.934
Other Receivables	20.843.052	-	-	14.974.444	35.817.496
Inventories	120.692.339	1.797.110	375.444	(387.686)	122.477.207
Other Current Assets	27.313.424	498.112	130.528	-	27.942.064
Non-current Assets	381.331.074	16.104.666	2.891.295	(14.042.273)	386.284.762
Trade Receivables	2.725.342	-	-	-	2.725.342
Other Receivables	9.357	-	-	-	9.357
Financial Investments	27.178.240	39.361	63.000	(19.217.238)	8.063.363
Tangible Assets	349.323.190	13.243.392	2.819.144	(813.686)	364.572.040
Intangible Assets	333.422	2.821.913	9.151	-	3.164.486
Goodwill	-	-	-	5.988.651	5.988.651
Other Non-current Assets	1.761.523	-	-	-	1.761.523
TOTAL ASSETS	**871.276.587**	**28.196.324**	**110.264.975**	**(97.454.355)**	**912.283.531**

* Chemistry sector includes the financial data related to the Parent Company.

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	Chemistry *	Textile	Marketing	Classification and Elimination	Total
LIABILITIES					
Short Term Liabilities	199.064.943	1.900.129	102.352.814	(80.740.200)	222.577.686
Financial Debts	65.398.932	4.274	14.767.244	-	80.170.450
Trade Payables					
-Other Trade Payables	106.540.105	475.722	1.070.589	-	108.086.416
-Trade Payables to Related Parties	15.345.503	881.415	85.367.033	(83.588.002)	18.005.949
Other Payables	1.936.508	191.909	806.071	2.810	2.937.298
Taxes Payable on Profit for the Current Period	-	244.456	136.011	-	380.467
Debt Provisions	701.182	-	205.866	2.844.992	3.752.040
Other Short Term Liabilities	9.142.713	102.353	-	-	9.245.066
Long Term Liabilities	47.866.394	3.017.659	431.927	(2.810.369)	48.505.611
Financial Debts	21.650.550	-	-	-	21.650.550
Provision for Termination Indemnity	7.326.715	1.744.098	521.897	-	9.592.710
Deferred Tax Liability	16.044.137	1.273.561	(89.970)	34.623	17.262.351
Debt Provisions	2.844.992	-	-	(2.844.992)	-
EQUITY	**624.345.250**	**23.278.536**	**7.480.234**	**(13.903.786)**	**641.200.234**
Parent Company Equity	624.345.250	23.278.536	7.480.234	(29.659.403)	625.444.617
Paid-in Capital	365.174.673	8.465.590	17.430.150	(281.070.413)	110.000.000
Inflation Adjustment on Share Capital	-	-	-	255.174.673	255.174.673
Issue Premiums	1.669.549	-	-	(1.625.943)	43.606
Restricted Profit Reserves	119.337.456	9.842.871	2.288.383	(114.889.134)	16.579.576
Retained Earnings/(Accumulated Losses)	112.838.474	2.214.238	(14.484.677)	138.348.600	238.916.635
Net Profit/(Loss) for the Period	25.325.098	2.755.837	2.246.378	(25.597.186)	4.730.127
Minority Interest	-	-	-	15.755.617	15.755.617
TOTAL LIABILITIES AND EQUITY	**871.276.587**	**28.196.324**	**110.264.975**	**(97.454.355)**	**912.283.531**

* Chemistry sector includes the financial data related to the Parent Company.

	Chemistry *	Textile	Marketing	Classification and Elimination	Total
OPERATING ACTIVITIES					
Sales Income (net)	871.363.271	29.760.903	378.052.327	(378.850.000)	900.326.501
Cost of Sales(-)	(806.696.009)	(24.622.358)	(355.846.447)	342.066.844	(845.097.970)
GROSS PROFIT/(LOSS)	**64.667.262**	**5.138.545**	**22.205.880**	**(36.783.156)**	**55.228.531**
Marketing, Sales and Distribution Expenses(-)	(6.931.707)	-	-	5.262.309	(1.669.398)
General Administration Expenses (-)	(30.639.077)	(2.428.305)	(5.366.410)	(870.253)	(39.304.045)
Research and Development Expenses (-)	(5.550.094)	-	-	29.963	(5.520.131)
Other Operating Income	54.715.599	345.874	403.178	(21.090.861)	34.373.790
Other Operating Expenses (-)	(564.888)	(17.452)	(2.882)	(3.197.526)	(3.782.748)
OPERATING PROFIT/(LOSS)	**75.697.095**	**3.038.662**	**17.239.766**	**(56.649.524)**	**39.325.999**
Financial Income	74.092.459	866.275	2.140.843	(2.910.150)	74.189.427
Financial Expenses (-)	(125.194.608)	(292.542)	(16.567.564)	37.160.689	(104.894.025)
PROFIT/(LOSS) ON OPERATING ACTIVITIES BEFORE TAX	**24.594.946**	**3.612.395**	**2.813.045**	**(22.398.985)**	**8.621.401**
Tax Income/(Expense) for the Period	-	(1.029.041)	(523.847)	-	(1.552.888)
Deferred Tax Income/(Expense)	730.152	172.483	(42.820)	(152.075)	707.740
Tax Income/(Expense) Related to Operating Activities	730.152	(856.558)	(566.667)	(152.075)	(845.148)
PROFIT/(LOSS) ON OPERATING ACTIVITIES FOR THE PERIOD	**25.325.098**	**2.755.837**	**2.246.378**	**(22.551.060)**	**7.776.253**
PROFIT/(LOSS) FOR THE PERIOD	**25.325.098**	**2.755.837**	**2.246.378**	**(22.551.060)**	**7.776.253**

* Chemistry sector includes the financial data related to the Parent Company.

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Distribution of depreciation expenses per segments stated in the statement of income for the year ended 31 December 2008 is as follows (TL):

	Chemistry*	Textile	Marketing	Total
Tangible Assets	34.512.904	2.592.050	158.868	37.263.822
Intangible Assets	176.593	216.386	8.084	401.063
Total depreciation and amortisation for the current period	**34.689.497**	**2.808.436**	**166.952**	**37.664.885**

Distribution of depreciation expenses per segments stated in the statement of income for the year 31 December 2007 is as follows (TL):

	Chemistry*	Textile	Marketing	Total
Tangible Assets	34.619.879	2.704.548	121.707	37.446.134
Intangible Assets	170.102	223.486	6.128	399.716
Total depreciation and amortisation for the current period	**34.789.981**	**2.928.034**	**127.835**	**37.845.850**

* Chemistry sector includes the financial data related to the Parent Company.

4. Cash and Cash Equivalents

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

	31 December 2008	31 December 2007
Cash	134.711	54.449
Banks (Note 26 (i))	43.545.402	44.637.611
-TL demand deposit	1.968.990	6.377.849
-Foreign currency demand deposit	4.891.818	4.922.248
-TL time deposit *	11.358.136	9.936.684
-Foreign currency time deposit **	25.326.458	23.400.830
Cheques received	19.903.442	14.981.740
	63.583.555	**59.673.800**

* As of 31 December 2008, the interest rate on TL time deposit accounts varies between 16,55% and 16,65% (31 December 2007-18,65%-21,00%).

** As of 31 December 2008, the interest rate on USD time deposit accounts is 3,00%, the interest rate on Euro time deposit accounts 7,00% (31 December 2007-USD 4,50%-8,59%).

The sum of cash balances and cheques received is stated as “Other” in the Credit Risk Table (Note 26 (i)).

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5. Financial Assets

Financial assets consist of the following (TL):

	31 December 2008	31 December 2007
Affiliates;		
Ak-Han Bak. Yön. Serv. Hizm. Güven. Malz. A.Ş.*	-	63.582
Subsidiaries;		
Aksa Egypt Acrylic Fiber Industry SAE**	78.695	78.695
Fitco BV	7.863.032	7.863.032
Akgirişim Kimya ve Ticaret A.Ş.	58.000	58.000
Other long term financial assets	54	54
	7.999.781	**8.063.363**

* Sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. at a total price of TL 399.300 at 16 July 2008 and the profit on the said sale is TL 335.718 (Note 20).

** Indirect subsidiary.

6. Financial Liabilities

Financial liabilities consist of the following (TL):

	31 December 2008	31 December 2007
Short term bank loans	117.676.634	80.104.886
Principal payments of long term bank loans and related interests	805.780	65.564
Short term financial liabilities	118.482.414	80.170.450
Long term financial liabilities	121.089.861	21.650.550
Total financial liabilities (Note 26 (ii))	**239.572.275**	**101.821.000**

The maturity of long term loans is 30 December 2014.

As of 31 December 2008, the interest rate on short term TL loans varies between 14,50% and 17%; the interest rate on USD loans varies between 1,75% and 10,52% (31 December 2007-TL-14%-15%; USD-2,95%-5,65%).

As of 31 December 2008, the interest rate on long term USD bank loans varies between 4,02% and 5,63% (31 December 2007-USD-6,22%-6,85%).

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7. Trade Receivables and Payables

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

	31 December 2008	31 December 2007
Customers	136.111.961	110.238.760
Notes receivable and post-dated cheques	225.175.376	148.024.430
Rediscount on receivables (-)	(2.416.578)	(3.789.922)
Doubtful trade receivables (Note 26(i))	2.247.869	1.412.641
Provision for doubtful trade receivables (-)(Note 26(i))	(2.247.869)	(1.412.641)
Total other Trade Receivables *	358.870.759	254.473.268
Trade receivables from related parties	25.424.800	26.326.995
Rediscount (-)	(197.106)	(712.061)
Trade receivables from related parties (Notes 25 and 26(i))	25.227.694	25.614.934
Total short term trade receivables	**384.098.453**	**280.088.202**

Changes in provisions for doubtful trade receivables in the years ended 31 December 2008 and 2007 are set out below (TL):

	31 December 2008	31 December 2007
Provision for doubtful trade receivables at the beginning of the period	1.412.641	4.675.672
Collections and write-offs	-	(48.186)
Effect of subsidiary excluded from consolidation	-	(3.215.214)
Provision made during the period (Note 18)	835.228	369
Provision for doubtful trade receivables at the end of the period	**2.247.869**	**1.412.641**

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

	31 December 2008	31 December 2007
Notes receivable and post-dated cheques	14.159.712	2.907.091
Rediscount on receivables (-)	(1.494.304)	(181.749)
Total long term trade receivables *	**12.665.408**	**2.725.342**

* The sum of short and long term other trade receivables is stated as “Other Party” in the Credit Risk Table (Note 26 (i)).

Trade payables consist of the following (TL):

	31 December 2008	31 December 2007
Suppliers	95.601.186	109.472.260
Rediscount on payables (-)	(1.430.949)	(1.385.844)
Other trade payables	**94.170.237**	**108.086.416**
Trade payables to related parties (Note 25)	**16.946.866**	**18.005.949**
Total trade payables (Note 26 (ii))	**111.117.103**	**126.092.365**

8. Other Receivables and Payables

Other receivables consist of the following (TL):

	31 December 2008	31 December 2007
Short term other receivables	27.415.045	20.795.867
Due from personnel	193.158	143.931
Deposits and guarantees given	59.255	38.247
Other receivables *	27.667.458	20.978.045
Non-trade receivables from		
related parties (Note 25)	17.680.757	14.839.451
Total other receivables (Note 26 (i))	**45.348.215**	**35.817.496**

Long term other receivables consist of the following (TL):

	31 December 2008	31 December 2007
Deposits and guarantees given *	9.417	9.357

* The sum of short and long term other receivables is stated as “Other Party” in the Credit Risk Table (Note 26 (i)).

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Other payables consist of the following (TL):

	31 December 2008	31 December 2007
Taxes, duties and other withholdings payable	1.879.354	2.040.087
Social security premiums payable	1.378.191	886.876
Due to personnel	16.203	4.673
Other miscellaneous debts	15.776	1.816
Deposits and guarantees received	1.036	1.036
Other payables	3.290.560	2.934.488
Non-trade payables to related parties (Note 25)	2.810	2.810
Total other payables (Note 26 (ii))	**3.293.370**	**2.937.298**

9. Inventories

Inventories consist of the following (TL):

	31 December 2008	31 December 2007
Raw materials and supplies	64.934.273	93.158.517
Semi-finished goods	9.419.137	7.558.176
Finished goods	26.663.522	21.375.316
Merchandise	460.460	295.172
Other inventories	-	90.026
Inventory provision (-) (Note 18)	(2.698.447)	-
	98.778.945	**122.477.207**

As of 31 December 2008 and 2007, changes in inventory provision in the respective periods are set out below (TL):

	31 December 2008	31 December 2007
Inventory provision at the beginning of the period	-	1.124.480
Effect of subsidiary excluded from consolidation	-	(1.124.480)
Provision made during the period (Note 18)	2.698.447	-
Inventory provision at the end of the period	**2.698.447**	**-**

10. Tangible Assets

Tangible assets consist of the following (TL):

As of 31 December 2008;

Cost;	Opening 1 January 2008	Additions	Transfers	Capitalized Finance Cost	Disposal	Closing 31 December 2008
Land	54.577.547	-	4.609.598	-	-	59.187.145
Land improvements	31.667.828	-	3.231.633	-	-	34.899.461
Buildings	79.206.377	43.236	21.490.209	-	(411.017)	100.328.805
Machinery and equipment	495.005.286	21.648.792	109.635.493	-	(532.132)	625.757.439
Motor vehicles	1.207.263	2.354	-	-	(328.008)	881.609
Furniture and fixtures	14.357.832	468.449	592.373	-	(1.362.986)	14.055.668
Other tangible assets	9.899	-	-	-	(680)	9.219
Investments in progress	89.719.957	83.225.797	(139.759.909)	24.667.878	(829.561)	57.024.162
Sub total	**765.751.989**	**105.388.628**	**(200.603)**	**24.667.878**	**(3.464.384)**	**892.143.508**
Accumulated depreciation (-)						
Land improvements	(23.052.115)	(1.374.568)	-	-	-	(24.426.683)
Buildings	(27.544.920)	(1.703.197)	-	-	76.636	(29.171.481)
Machinery and equipment	(337.497.494)	(34.664.712)	-	-	525.730	(371.636.476)
Motor vehicles	(1.067.350)	(49.895)	-	-	313.936	(803.309)
Furniture and fixtures	(12.008.773)	(901.290)	-	-	1.352.852	(11.557.211)
Other tangible assets	(9.297)	(515)	-	-	680	(9.132)
Sub total	**(401.179.949)**	**(38.694.177)**	**-**	**-**	**2.269.834**	**(437.604.292)**
Net Book Value	**364.572.040**	**66.694.451**	**(200.603)**	**24.667.878**	**(1.194.550)**	**454.539.216**

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Cost;	Opening 1 January 2007	Exclusions from consolidation	Additions	Transfers	Capitalized Finance Cost	Disposals	Closing 31 December 2007
Land	60.088.909	(6.090.092)	578.730	-	-	-	54.577.547
Land improvements	79.640.031	(49.545.111)	1.572.908	-	-	-	31.667.828
Buildings	119.831.488	(41.768.930)	137.818	1.006.001	-	-	79.206.377
Machinery and equipment	1.206.680.939	(728.388.293)	40.954	16.681.299	-	(9.613)	495.005.286
Motor vehicles	6.549.831	(5.303.317)	89.806	-	-	(129.057)	1.207.263
Furniture and fixtures	30.247.530	(16.455.004)	454.628	145.720	-	(35.042)	14.357.832
Other tangible assets	9.899	-	-	-	-	-	9.899
Investments in progress	59.194.268	(43.436.676)	91.736.994	(16.954.247)	(820.382)	-	89.719.957
Sub total	**1.562.242.895**	**(890.987.423)**	**94.611.838**	**878.773**	**(820.382)**	**(173.712)**	**765.751.989**
Accumulated depreciation (-)							
Land improvements	(39.591.517)	17.972.708	(1.433.306)	-	-	-	(23.052.115)
Buildings	(37.398.057)	11.454.878	(1.601.741)	-	-	-	(27.544.920)
Machinery and equipment	(774.550.085)	471.521.733	(34.478.755)	-	-	9.613	(337.497.494)
Motor vehicles	(5.163.560)	4.076.725	(109.572)	-	-	129.057	(1.067.350)
Furniture and fixtures	(24.622.373)	13.573.623	(994.242)	-	-	34.219	(12.008.773)
Other tangible assets	(8.406)	-	(891)	-	-	-	(9.297)
Sub total	**(881.333.998)**	**518.599.667**	**(38.618.507)**	**-**	**-**	**172.889**	**(401.179.949)**
Net Book Value	**680.908.897**	**(372.387.756)**	**55.993.331**	**878.773**	**(820.382)**	**(823)**	**364.572.040**

11. Intangible Assets

Intangible assets consist of the following (TL):

As of 31 December 2008;

Cost;	Opening 1 January 2008	Additions	Transfers and Disposals	Closing 31 December 2008
Rights	1.615.798	8.976	(155.731)	1.469.043
Special costs	5.705.488	15.535	200.603	5.921.626
Other intangible Assets	1.338.568	37.476	-	1.376.044
Sub total	**8.659.854**	**61.987**	**44.872**	**8.766.713**
Accumulated amortisation (-)				
Rights	(1.580.385)	(23.437)	155.336	(1.448.486)
Special costs	(2.878.436)	(216.433)	-	(3.094.869)
Other intangible Assets	(1.036.547)	(161.193)	-	(1.197.740)
Sub total	**(5.495.368)**	**(401.063)**	**155.336**	**(5.741.095)**
Net Book Value	**3.164.486**	**(339.076)**	**200.208**	**3.025.618**

As of 31 December 2007;

Cost;	Opening 1 January 2007	Exclusions from Consolidation	Additions	Transfers and Disposals	Closing 31 December 2007
Rights	38.717.458	(37.124.860)	23.200	-	1.615.798
Special costs	7.932.045	(2.250.948)	24.391	-	5.705.488
Other intangible assets	3.036.758	(1.807.034)	108.844	-	1.338.568
Sub total	**49.686.261**	**(41.182.842)**	**156.435**	**-**	**8.659.854**
Accumulated amortisation (-)					
Rights	(4.562.875)	3.019.738	(37.248)	-	(1.580.385)
Special costs	(4.877.899)	2.211.877	(212.414)	-	(2.878.436)
Other intangible assets	(2.501.055)	1.614.562	(150.054)	-	(1.036.547)
Sub total	**(11.941.829)**	**6.846.177**	**(399.716)**	**-**	**(5.495.368)**
Net Book Value	**37.744.432**	**(34.336.665)**	**(243.281)**	**-**	**3.164.486**

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12. Goodwill

Goodwill consists of the following (TL):

As of 31 December 2008;

	Opening 1 January 2008	Additions	Disposals	Closing 31 December 2008
Ak-Tops Tekstil Sanayi A.Ş.	5.988.651	-	-	5.988.651
	5.988.651	**-**	**-**	**5.988.651**

As of 31 December 2007;

	Opening 1 January 2007	Exclusions from Consolidation	Additions	Disposals	Closing 31 December 2007
Akkur Enerji Üretim Ticaret ve Sanayi A.Ş.	22.548.997	(22.548.997)	-	-	-
Ak-Tops Tekstil Sanayi A.Ş.	-	-	5.988.651	-	5.988.651
	22.548.997	**(22.548.997)**	**5.988.651**	**-**	**5.988.651**

13. Provisions, Contingent Assets and Liabilities

Debt provisions consist of the following (TL):

	31 December 2008	31 December 2007
Provision for litigation	734.420	2.844.992
Provision for leaves	933.201	701.182
Provision for contingent loss related to derivative instruments (Note 27)	2.059.724	-
Provisions for other debts and expenses	72.822	205.866
	3.800.167	**3.752.040**

Taxes payable on profit for the current period consist of the following (TL):

	31 December 2008	31 December 2007
Current period tax provision (Note 23)	15.750.109	1.552.888
Prepaid taxes and funds (-)	(7.646.963)	(1.172.421)
	8.103.146	**380.467**

Contingent assets and liabilities consist of the following (TL):

a) As of 31 December 2008, contingent liabilities consisting of guarantees given amount to TL 70.619.984, USD 99.456.596 and EURO 1.108.800 (31 December 2007-TL 63.394.567, USD 94.382.500, and EURO 1.108.800).

b) As of 31 December 2008 and 2007, guarantees received consist of the following (TL):

	31 December 2008	31 December 2007
Guarantees received for trade receivables (Note 26 (i))	194.050.991	128.300.646
Guarantees received from suppliers	3.030.150	1.156.079
	197.081.141	**129.456.725**

c) As of 31 December 2008 the ongoing litigation commenced by the Parent Company and its Subsidiaries against third parties amount to TL 1.276.769 and USD 357.584 (31 December 2007-TL 401.159 and USD 357.584).

d) As of 31 August 2007, the Company has been sued by 47 people for a total of TL 657.500 representing damages related to the 1999 earthquake, and the case has been resolved. The provisions for the said court case stated among balance sheet items are reversed. Due to the reversal of the court case provisions and related interest, a total income of TL 2.394.167 is recognized (31 December 2007-TL 2.844.992).

e) As of 31 December 2008, the litigation other than the court cases related to the earthquake stated above commenced by third parties against the Parent Company and its Subsidiaries amount to TL 309.598 (31 December 2007-TL 276.197).

Changes in provision for litigation as of 31 December 2008 and 2007 are set out below (TL):

	31 December 2008	31 December 2007
Provision for litigation at the beginning of the period	2.844.992	8.760.716
Provisions reversed during the period	(2.394.167)	(11.835.824)
Provision made during the period	283.595	5.920.100
Provision for litigation at the end of the period	**734.420**	**2.844.992**

14. Employee Benefits

Liabilities related to employee benefits consist of provision for termination indemnity and provision for leaves as in the following (TL):

	31 December 2008	31 December 2007
Provision for termination indemnity at the beginning of the period	9.592.710	11.722.036
Provision for leaves	-	195.452
Effect of subsidiaries excluded from consolidation	-	(3.477.393)
Charge for the current period	(238.328)	1.152.615
Provisions for termination indemnity and leaves at the end of the period	**9.354.382**	**9.592.710**

15. Other Assets and Liabilities

Other current assets consist of the following (TL):

	31 December 2008	31 December 2007
Order advances given for inventories	1.163.612	12.690.472
Other VAT	10.833.914	8.597.322
Deferred VAT	3.591.061	2.440.069
Prepaid taxes and funds	95.382	2.553.056
Personnel advances	1.248.922	1.269.649
Expenses related to future months	297.831	295.886
Job advances	36.253	95.610
	17.266.975	**27.942.064**

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Other long term assets consist of the following (TL):

	31 December 2008	31 December 2007
Order advances given for tangible assets	35.179.541	1.760.709
Expenses related to future years	-	814
	35.179.541	**1.761.523**

Other liabilities consist of the following (TL):

	31 December 2008	31 December 2007
Other VAT	10.833.913	8.597.321
Expense accruals	153.544	102.353
Income related to future months	630.000	-
Order advances received	10.237.524	545.392
	21.854.981	**9.245.066**

16. Equity

(a) Share Capital:

The shareholding structure of the Parent Company is as follows (TL):

	31 December 2008		31 December 2007	
Name	Shareholding	Nominal Value	Shareholding	Nominal Value
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	39,58%	43.546.625	39,58%	43.546.625
Emniyet Tic. ve San. A.Ş.	18,72%	20.596.070	18,72%	20.596.070
Oppenheimer Quest International Value Fund	10,53%	11.583.000	9,20%	10.120.000
Other *	31,17%	34.274.305	32,50%	35.737.305
		110.000.000		**110.000.000**
Capital adjustment differences		**255.174.673**		**255.174.673**
Total adjusted capital		**365.174.673**		**365.174.673**

* Represents shareholding of less than 10%.

The Parent Company's upper limit of the registered capital is TL 425.000.000 and its paid-in capital amounts to TL 110.000.000 consisting of 11.000.000.000 shares of 1 Kr nominal value each.

(b) Restricted Profit Reserves

Restricted profit reserves consist of the legal reserves and profit on sales of investments as follows (TL):

	31 December 2008	31 December 2007
Legal reserves	16.579.576	16.579.576
Profit on sales of investments	26.197.015	-
	42.776.591	**16.579.576**

Legal reserves, which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below:

(a) First Legal Reserve: Appropriated out of net profit 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 profit 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 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.

(c) Retained Earnings/(Accumulated Losses)

Retained earnings/(accumulated losses) in the respective periods is as follows (TL):

	31 December 2008	31 December 2007
Retained earnings	238.916.635	234.661.468
2007 profit transfer	4.730.127	-
2006 profit transfer	-	61.538.660
Profit on sales of investments	(26.197.015)	-
Transfer to reserves	-	(4.768.868)
Dividend payment	-	(17.633.957)
Effect of rate change in consolidation	-	(716.656)
Effect of subsidiary excluded from consolidation	-	(34.164.012)
	217.449.747	**238.916.635**

Distribution of retained earnings/(accumulated losses) is as follows (TL):

	31 December 2008	31 December 2007
Retained earnings/(Accumulated losses)	21.170.548	42.939.676
Extraordinary reserves	56.768.988	56.768.988
Differences arising from inflation adjustment in equity	138.677.573	138.677.573
Legal reserves of subsidiaries	779.006	491.768
Extraordinary reserves of subsidiaries	53.632	38.630
	217.449.747	**238.916.635**

As per the Communiqué Nr. XI/29, “Paid-in Capital, Issue Premiums and Restricted Reserves” are recognized over the totals stated in the legal books, and the differences arising upon valuations made in accordance with TAS/TFRS are correlated with the retained earnings/accumulated losses. As per the same Communiqué, retained earnings/accumulated losses other than the net profit for the period, are stated in the “Retained Earnings/Accumulated Losses” account together with the extraordinary reserves regarded in essence as retained earnings/accumulated losses.

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Inflation adjustment differences in equity arising upon restatement of share premium, legal and extraordinary reserves are stated below as per the respective periods (TL):

	31 December 2008	31 December 2007
Inflation adjustment in extraordinary reserves	5.323.651	5.323.651
Inflation adjustment in legal reserves	110.092.166	110.092.166
Inflation adjustment in share premium	23.261.756	23.261.756
	138.677.573	**138.677.573**

Inflation adjustment differences may be used in bonus issue and offsetting losses. Furthermore, inflation adjustment differences arising from reserves bearing no record that disables profit distribution may be used in profit distribution.

(d) Minority Interest

Minority interest consists of the following (TL):

	31 December 2008	31 December 2007
Share capital	18.468.486	18.468.486
Legal reserves	6.339.405	5.917.288
Extraordinary reserves	192.101	182.100
Retained earnings/(accumulated losses)	(12.450.866)	(11.858.383)
Profit/(loss) for the period	2.309.201	3.046.126
	14.858.327	**15.755.617**

17. Sales and Cost of Sales

Sales consist of the following (TL):

	31 December 2008	31 December 2007
Domestic sales	571.602.930	524.207.003
Exports	368.809.872	404.401.632
Other sales	6.871	659.634
Sales returns (-)	(2.516.832)	(1.142.025)
Sales discounts (-)	(59)	(106.278)
Other deductions (-)	(29.438.055)	(27.693.465)
	908.464.727	**900.326.501**

Cost of sales consist of the following (TL):

	31 December 2008	31 December 2007
Cost of finished goods sold	758.513.161	774.033.290
Cost of trade goods sold	39.587.417	43.360.164
Cost of services sold	25.290.510	24.412.947
Cost of other sales	3.768.253	3.291.569
	827.159.341	**845.097.970**

Cost of goods sold consists of the following (TL):

	31 December 2008	31 December 2007
Raw materials and supplies	602.096.194	626.336.122
Depreciation expense (Note 19)	31.341.386	30.780.185
Overhead	101.634.233	93.603.404
Labour expense	23.441.348	23.313.579
	758.513.161	**774.033.290**

18. Research and Development Expenses; Marketing, Sales and Distribution Expenses; General Administration Expenses

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

	31 December 2008	31 December 2007
Research and development expenses	9.180.410	5.520.131
Marketing, sales and distribution expenses	1.854.349	1.669.398
General administration expenses	39.273.576	39.304.045
	50.308.335	**46.493.574**

Research and Development Expenses;

	31 December 2008	31 December 2007
Personnel expenses (Note 19)	4.144.223	1.942.102
Depreciation expenses (Note 19)	2.669.273	2.560.524
Subcontractor expenses	389.827	279.512
Maintenance, repair, and cleaning expenses	231.352	159.770
Auxiliary material expenses	267.120	155.671
Other outsourced benefits and services	106.722	122.871
Sampling expenses	935.033	255
Other expenses	436.860	299.426
	9.180.410	**5.520.131**

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Marketing, Sales and Distribution Expenses;

	31 December 2008	31 December 2007
Personnel expenses (Note 19)	1.215.926	1.018.239
Sampling expenses	76.755	89.253
Transportation and rent expenses	114.366	9.842
Travel expenses	122.767	92.857
Fair and exhibition expenses	93.383	31.830
Rent expenses	79.049	79.763
Depreciation expenses (Note 19)	21.674	79.117
Communication expenses	13.138	32.562
Maintenance, repair, and cleaning expenses	37.183	29.639
Social expenses	18.975	38.647
Advertisement, press and promotion expenses	5.794	82.297
Other expenses	55.339	85.352
	1.854.349	**1.669.398**

General Administration Expenses;

	31 December 2008	31 December 2007
Personnel expenses (Note 19)	14.039.827	15.126.407
Communication expenses	578.215	622.305
Consultancy expenses	4.912.086	5.533.687
Social expenses	2.799.331	3.264.530
Depreciation expenses (Note 19)	802.447	1.465.624
Office expenses	797.391	817.915
Insurance expenses	438.986	312.243
Rent expenses	677.928	425.263
Various tax expenses	361.797	397.319
Travel expenses	870.639	860.377
Advertisement expenses	42.926	61.894
Disallowable expenses	2.986.650	3.290.628
Provision for doubtful receivables (Note 7)	835.228	369
Inventory provision expense (Note 9)	2.698.447	-
IT service expenses	1.948.165	855.628
Maintenance, repair, and cleaning expenses	909.752	1.235.832
Other outsourced benefits and services	738.994	767.752
Court and notary expenses	51.369	105.843
Other expenses	2.783.398	4.160.429
	39.273.576	**39.304.045**

19. Expenses by Nature

Depreciation and amortization expenses consist of the following (TL):

	31 December 2008	31 December 2007
Cost of goods sold (Note 17)	31.341.386	30.780.185
Cost of services sold	2.808.435	2.928.034
Cost of other sales	21.670	32.366
Research and development expenses (Note 18)	2.669.273	2.560.524
Marketing expenses (Note 18)	21.674	79.117
General administration expenses (Note 18)	802.447	1.465.624
Inventory depreciation	1.430.355	1.172.373
	39.095.240	**39.018.223**
Depreciation (Note 10)	38.694.177	38.618.507
Amortisation (Note 11)	401.063	399.716
	39.095.240	**39.018.223**

Employee benefits consist of the following (TL):

	31 December 2008	31 December 2007
Production cost	29.468.187	29.243.094
Research and development expenses (Note 18)	4.144.223	1.942.102
Marketing and sales expenses (Note 18)	1.215.926	1.018.239
General administration expenses (Note 18)	14.039.827	15.126.407
	48.868.163	**47.329.842**

	31 December 2008	31 December 2007
Wages and salaries	39.643.945	37.315.763
Lunch and transportation expenses	2.683.739	2.518.054
Termination indemnity expenses and payments in lieu of notice	1.669.136	2.287.046
Social benefits	4.871.343	5.208.979
	48.868.163	**47.329.842**

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20. Other Operating Income and Expenses

Other operating income consists of the following (TL):

	31 December 2008	31 December 2007
Provisions no longer required	2.822.478	6.633.313
Profit on sales of investments (Note 5)	335.718	16.746.425
Profit on sales of fixed assets	328.902	65.879
R&D incentive premium income *	4.803.565	-
Maturity difference	3.800.769	3.402.713
Other income and profits	6.245.288	7.525.460
	18.336.720	**34.373.790**

* For the purpose of benefiting from tax advantages, the R&D incentive premium income recognized in the legal books within the equity account group will be stated in the equity account group in the future accounting periods.

Other operating expenses consist of the following (TL):

	31 December 2008	31 December 2007
Commission expenses	2.797.828	3.112.413
Prior period expenses and losses	11.961	-
Loss on sales of fixed assets	102.698	556
Other expenses and losses	1.197.912	669.779
	4.110.399	**3.782.748**

21. Financial Income

Financial income consists of the following (TL):

	31 December 2008	31 December 2007
Foreign exchange gains	138.271.670	59.775.635
Rediscount interest income	6.114.681	7.862.303
Interest income	3.979.573	6.551.489
	148.365.924	**74.189.427**

22. Financial Expenses

Financial expenses consist of the following (TL):

	31 December 2008	31 December 2007
Foreign exchange losses	66.641.900	95.812.513
Rediscount interest expenses	5.493.832	5.387.397
Short term borrowing expenses	29.571.198	3.694.115
	101.706.930	**104.894.025**

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23. Tax Assets and Liabilities

a) Corporation Tax;

The corporation tax rate for 2008 is 20% in Turkey (31 December 2007-20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation through addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Tax income and expenses recognized in the statement of income are summarized in the following (TL):

	31 December 2008	31 December 2007
Current period Corporation Tax	(15.750.109)	(1.552.888)
Deferred tax income/(expense)	(915.847)	707.740
Total tax income/(expense)	**(16.665.956)**	**(845.148)**

Current period corporation tax is calculated as follows (TL):

	31 December 2008	31 December 2007
Per statutory books	88.522.294	8.012.394
Disallowable expenses	6.905.176	558.720
Tax exempt income	(13.055.728)	(806.672)
Income from affiliates	(2.271.384)	-
R&D allowance used	(1.349.811)	-
Sub total	78.750.547	7.764.442
Tax rate (%)	20	20
Tax provision (Note 13)	**15.750.109**	**1.552.888**

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b) Deferred Tax Assets and Liabilities;

Temporary differences creating a basis for deferred tax calculations and deferred tax assets/liabilities and deferred tax income/expenses are as follows (TL):

	Total Temporary Differences		Deferred Tax Asset/Liability	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Adjustment on rediscount on receivables	2.699.002	5.077.268	539.800	1.015.454
Provision for termination indemnity	9.354.382	9.397.258	1.870.876	1.879.452
Provision for leaves	933.201	896.634	186.640	179.327
Inventory provision	1.416.879	-	283.376	-
Provision for litigation	300.521	907.580	60.104	181.516
Valuation of foreign exchange buying/selling rates	-	661.001	-	132.200
Provision for contingent losses related to derivative instruments	2.059.724	-	411.945	-
Loan discount adjustment	-	2.212	-	442
Expense accrual	2.088	-	418	-
Transactions related to consolidation	209.109	-	41.822	-
Deferred tax asset	16.974.906	16.941.953	3.394.981	3.388.391
Difference between the registered values of tangible/ intangible assets and their tax bases, net	(106.460.552)	(101.694.747)	(21.292.110)	(20.338.950)
Loan discount adjustment	25.607	-	5.121	-
Adjustment of rediscount on payables	(1.430.949)	(1.385.844)	(286.190)	(277.169)
Transactions related to consolidation	-	(173.115)	-	(34.623)
Deferred tax liability	(107.865.894)	(103.253.706)	(21.573.179)	(20.650.742)
Deferred Tax Asset/(Liability), Net	**(90.890.988)**	**(86.311.753)**	**(18.178.198)**	**(17.262.351)**

Deferred Tax Income/(Expense) (TL):

	31 December 2008	31 December 2007
Current period deferred tax asset/(liability)	(18.178.198)	(17.262.351)
Effect of subsidiaries excluded from consolidation	-	(13.061.867)
Reversal of prior period deferred tax (liability)/asset	17.262.351	31.031.958
Deferred tax income/(expense)	**(915.847)**	**707.740**

24. Earnings(Loss) Per Share

Earnings/(Loss) per share is calculated as follows;

	31 December 2008	31 December 2007
Profit/(loss) for the period (TL)	72.907.209	4.730.127
Weighted average number of ordinary shares (Per share of TL 1 Nominal value)	110.000.000	110.000.000
Parent Company earnings/(loss) per share (TL)	**0,66**	**0,04**

25. Related Party Disclosures

Trade receivables from related parties consist of the following (TL):

	31 December 2008	31 December 2007
Ak-Al Tekstil Sanayii A.Ş.	6.080.848	10.515.163
Aksu İplik Dokuma ve Boya Apre Fab. A.Ş.	2.593.565	418.843
Akiş Gayrimenkul Yatırımı A.Ş.	55	-
Akport Tekirdağ Liman İşletmeleri A.Ş.	34.647	-
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	10.760	-
Aksa Egypt Acrylic Fiber Industry SAE	16.704.925	15.392.989
Rediscount on receivables (-)	(197.106)	(712.061)
Total (Note 7)	**25.227.694**	**25.614.934**

Non-trade receivables from related parties consist of the following (TL):

	31 December 2008	31 December 2007
Aksu İplik Dokuma ve Boya Apre Fab. A.Ş.*	12.929.738	10.281.098
Akport Tekirdağ Liman İşletmeleri A.Ş.	-	21.973
Aksa Egypt Acrylic Fiber Industry SAE	8.104	4.440
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	-	129.108
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.*	4.609.104	3.862.907
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.	-	528.958
Akkim Kimya San. ve Tic. A.Ş.	3.000	-
Other receivables from related parties	130.811	10.967
Total (Note 8)	**17.680.757**	**14.839.451**

* Includes export loan receivables utilized and transferred by the subsidiary Ak-Pa Tekstil İhracat Pazarlama A.Ş. to group companies.

Trade payables to related parties consist of the following (TL):

	31 December 2008	31 December 2007
Akkim Kimya San. ve Tic. A.Ş.	6.751.214	9.448.788
Akenerji Elektrik Üretim A.Ş.	9.055.200	7.093.185
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	427.064	793.491
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	250.090	-
Dinkal Sigorta Acenteliği A.Ş.	90.496	118.261
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	190.767	-
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş.	182.035	552.224
Total (Note 7)	**16.946.866**	**18.005.949**

Non-trade payables to related parties consist of the following (TL):

Due to shareholders (Note 8)	2.810	2.810

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Sales to related parties for the years ended 31 December 2008 and 2007 consist of the following (TL):

	31 December 2008	31 December 2007
Ak-Al Tekstil Sanayi A.Ş.	28.357.307	26.011.550
Akenerji Elektrik Üretim A.Ş.	5.735.807	1.999.633
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	3.828.471	16.684.159*
Akiş Gayrimenkul Yatırımı A.Ş.	33.072	-
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş.	9.992	912
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	466.409	49.214.444**
Akkim Kimya San. ve Tic. A.Ş.	5.378.578	5.156.167
Dinkal Sigorta Acenteliği A.Ş.	27.632	2.661
Akmerkez Lokantacılık Gıda Sanayi ve Tic. A.Ş.	796	-
Aksa Egypt Acrylic Fiber Industry S.A.E.	38.172.074	35.006.447
Aktek Bilgi İşlem Tekn.San.ve Tic.A.Ş.	53.158	14.330
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	-	398
Akport Tekirdağ Liman İşletmeleri A.Ş.	61.664	-
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	13.225	-
Other	196.049	-
	82.334.234	**134.090.701**

* The portion of TL 11.603.944 is related to the sales of Akal Tekstil Sanayii A.Ş. shares.

** Includes shares of Akenerji Elektrik Üretim A.Ş. and Ak Havacılık ve Ulaştırma Hizmetleri A.Ş sold at TL 46.311.244 and TL 2.748.176, respectively.

Sales to related parties other than the abovementioned sales of affiliate shares consist of sales of goods and services and rent income.

Purchases from related parties for the years ended 31 December 2008 and 2007 consist of the following (TL):

	31 December 2008	31 December 2007
Ak-Al Tekstil Sanayi A.Ş.	1.232.247	3.218.833
Akenerji Elektrik Üretim A.Ş.	94.696.931	84.920.702
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	6.642.571	21.036.451*
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş.	631.591	337.263
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	72.003	-
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	104.058	631.487
Dinkal Sigorta Acenteliği A.Ş.	1.166.152	1.322.801
Akkim Kimya San. ve Tic. A.Ş.	66.261.525	21.186.049
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	1.767.582	1.545.686
Aktek Bilgi İşlem Tekn.San.ve Tic.A.Ş.	2.560.945	985.002
	175.135.605	**135.184.274**

* The portion of TL 16.250.000 is related to the purchase of Aktops Tekstil Sanayi A.Ş. shares from Akkök Sanayi Yatırım ve Geliştirme A.Ş.

The purchases from related parties other than the above mentioned purchase of participation shares consist of energy, chemicals, service acquisitions, consultancy and rent expenses.

As of 31 December 2008, remuneration provided to top executives such as the CEO and members of the Board of Directors amount to TL 4.142.532 (31 December 2007-TL 4.692.104).

As of 31 December 2008, there are no guarantee letters, cheques, notes, and mortgages received from or given to related parties (31 December 2007-None).

26. Nature and Extent of Risk Arising from Financial Instruments

For the purpose of determining, evaluating, and managing the risks incurred by the Company, a Risk Management and Follow-up System has been developed and approved by the Board of Directors.

Finance and Risk Management Board meets once a month for the purpose of effective implementation of risk management at the Company. Among the participants are the Board members with executive duties, the General Manager, and the Directors. At such meetings the Company's commercial and financial risks are evaluated as well as its financial performance.

The said financial risks consist of credit risk, liquidity risk, interest rate risk, and foreign currency risk.

i. Credit Risk

The credit risks of the Parent Company and its subsidiaries mainly originate from their trade receivables, other receivables, interest rate swap and forward exchange transactions. The Parent Company which has carried out its trade relations with its customers for several years has integrated in the risk management the information related to the sub-sector of the customer, rate of exports, export markets, and the history of customer's payment performance. The sales conditions on customer basis are mainly formed in the light of such information. Trade receivables risk is expected to be managed through various types of collaterals received from the customer. Such collaterals consist of bank guarantees, treasury bonds, mortgages, direct debiting system limits, letter of credit, Eximbank loan insurance, factoring limits and receiving the cheques of the clients of the customer for the purpose of risk distribution. The Company management makes provisions for doubtful receivables when deemed necessary. The Company does not foresee risks related to the Company's trade receivables in addition to the provisions made. The Parent Company has made foreign currency forward contracts for the purpose of hedging its net foreign currency assets against increase in the value of TL provided that such contracts do not exceed the limit of USD 20 million. The foreign exchange difference expense to arise from such transactions are calculated taking into account the foreign currency buying rate issued by the Turkish Central Bank as at 31 December 2008. The other receivables of the Parent Company and its subsidiaries mainly consist of VAT receivables. In order to realize cash reimbursement of these receivables, guarantee letters are given on behalf of tax offices.

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The following table displays information regarding the terms overrun and warranty structure of the receivables and the cash and cash equivalents of the Parent Company and its subsidiaries as of 31 December 2008 (TL):

	Receivables					
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party	Bank Deposits	Other[1]
Maximum credit risk incurred as of 31 December 2008 (A+B+C)[2] (Notes 4,7 and 8)	25.227.694	371.536.167	17.680.757	27.676.875	43.545.402	20.038.153
-Part of the maximum risk taken under guarantee through collaterals[3] (Dipnot 13(b))	1.478.573	189.531.261	-	-	-	3.041.157
A. Net book value of financial assets that are neither overdue nor impaired	20.139.556	341.284.823[4]	17.671.001	27.676.875	43.545.402	1.300.314[4]
B. Net book value of overdue assets that are not impaired	5.088.138	30.251.344	9.756	-	-	18.737.839
-Portion taken under guarantee through collaterals	-	78.350.366	-	-	-	3.041.157
C. Net book value of impaired assets	-	-	-	-	-	-
-Overdue (gross bookv alue)	-	2.247.869	-	-	-	-
-Impairment (-) (Note 7)	-	(2.247.869	-	-	-	-
D. Elements involving unrecognized credit risk	-	-	-	42.819.880[5]	-	-

[1] Consists of the sum of cash and cheques received stated among cash and cash equivalents.
[2] In determining the amount of credit risk to be incurred, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.
[3] Consists of collaterals, guarantee letters received, customer cheques and notes, treasury bonds, direct debiting system limits, Eximbank limits, factoring limits, letter of credit, and mortgages.
[4] The cheques and notes in the swap stated in trade receivables amount to TL 42.984, and the cheques and notes in the swap stated as Other amount to TL 1.165.604.
[5] Guarantee letters to be able to get cash reimbursement on the VAT receivables.

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The following table displays information regarding the terms overrun and warranty structure of the receivables and the cash and cash equivalents of the Parent Company and its subsidiaries as of 31 December 2007 (TL):

	Receivables					
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party	Bank Deposits	Other[1]
Maximum credit risk incurred as of 31 December 2007 (A+B+C)[2] (Notes 4,7and 8)	25.614.934	257.198.610	14.839.451	20.987.402	44.637.611	15.036.189
-Part of the maximum risk taken under guarantee through collaterals[3]	1.603.188	126.697.458	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	22.698.874	248.432.986[4]	14.839.451	20.987.402	44.637.611	13.184.587[4]
B. Net book value of overdue assets that are not impaired	2.916.060	8.765.624	-	-	-	1.851.602
-Portion taken under guarantee through collaterals	-	36.254.166	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
-Overdue (gross book value)	-	1.412.641	-	-	-	-
-Impairment (-) (Note 7)	-	(1.412.641)	-	-	-	-
D. Elements involving unrecognized credit risk	-	-	-	38.307.345[5]	-	-

[1] Consists of the sum of cash and cheques received stated among cash and cash equivalents.
[2] In determining the amount of credit risk to be incurred, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.
[3] Consists of collaterals, guarantee letters received, customer cheques and notes, treasury bonds, direct debiting system limits, Eximbank limits, factoring limits, letter of credit, and mortgages.
[4] The cheques and notes in the swap stated in trade receivables amount to TL 17.935, and the cheques and notes in the swap stated as Other amount to TL13.184.587.
[5] Guarantee letters to be able to get cash reimbursement on the VAT receivables.

As of 31 December 2008, aging of assets past due but not impaired is as follows (TL):

	Receivables		Other
	Trade Receivables	Other Receivables	(Cash and Cash Equivalents)
1-30 days overrun	23.920.881	-	7.336.726
1-3 months overrun	6.059.948	-	11.401.113
3-12 months overrun	2.919.590	9.756	-
1-5 years overrun	2.439.063	-	-
More than 5 years overrun	-	-	-
Total	35.339.482	9.756	18.737.839
Portion taken under guarantee through collaterals(-)	(78.350.366)	-	(3.041.157)

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As of 31 December 2007, aging of assets past due but not impaired is as follows (TL):

	Receivables		Other
	Trade Receivables	Other Receivables	(Cash and Cash Equivalents)
1-30 days overrun	10.490.620	-	1.851.602
1-3 months overrun	991.377	-	-
3-12 months overrun	177.736	-	-
1-5 years overrun	21.951	-	-
More than 5 years overrun	-	-	-
Total	11.681.684	-	1.851.602
Portion taken under guarantee through collaterals(-)	(36.254.166)	-	-

ii. Liquidity Risk

The Parent Company and its subsidiaries benefit from the weekly, monthly and yearly cash flow projections they have prepared during the course of liquidity risk management. For prompt fulfillment of the liabilities of the Parent Company and its subsidiaries, the maturity structure of the working capital is managed in line with the requirements.

As of 31 December 2008, the Parent Company has given external guarantee letter amounting to USD 54.966.596 (31 December 2007-USD 40.422.500) and guarantee letter amounting to USD 44.472.000 (31 December 2007-USD 57.172.000) as collateral for trade payables related to raw material purchase. As of 31 December 2008 and 2007, the guarantee letters given to customs administrations amount to TL 9.263.902 and TL 8.071.363, respectively.

As of 31 December 2008 and 2007, the Company's liquid assets (current assets-stocks) exceed its short term payables by TL 243.646.017 and TL 180.943.876, respectively.

There is no guarantees or mortgages given by the Parent Company in favor of third parties for loans and other financial liabilities.

As of 31 December 2008, the maturity distribution of the Parent Company and its subsidiaries' financial liabilities are as follows (TL):

Maturities per Contract	Book Value	Total Cash Outflows as per The Contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	5 or more years (IV)
Non-derivative financial liabilities						
Bank loans (Note 6)	239.572.275	257.305.615	81.841.633	40.612.800	134.851.183	-
Trade payables (Note 7)	86.549.412	87.654.608	81.943.170	5.711.438	-	-

Expected Maturities	Book Value	Total Cash Outflows on expected maturities (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	5 or more years (IV)
Non-derivative financial liabilities						
Trade payables (Note 7)	24.567.691	24.893.444	24.893.444	-	-	-
Other payables (Note 8)	3.293.370	3.293.370	3.293.370	-	-	-

Maturities per Contract	Book Value	Total Cash Outflows on expected maturities (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	5 or more years (IV)
Derivative financial liabilities (net)	**-**	**(6.765.479)**	**(670.986)**	**(2.641.403)**	**(3.453.090)**	**-**
Derivative cash inflows (Note 27)*	-	20.548.763	7.042.050	11.520.817	1.985.896	-
Derivative cash outflows (Note 27)*	-	(27.314.242)	(7.713.036)	(14.162.220)	(5.438.986)	-

* The fair values of derivative operations made in the calculation of derivative cash inflows and outflows. 6 months Libor interest rate at 31 December 2008 is taken into account in interest swaps, and the foreign currency buying rate of the Turkish Central Bank is used in forward transactions.

As of 31 December 2007, the maturity distribution of the Parent Company and its subsidiaries' financial liabilities are as follows (TL):

Maturities per Contract	Book Value	Total Cash Outflows as per the Contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	5 or more years (IV)
Non-derivative financial liabilities						
Bank loans (Note 6)	101.821.000	108.577.850	70.377.751	11.877.883	21.805.458	4.516.758
Trade payables (Note 7)	97.420.035	98.805.879	98.805.879	-	-	-

Expected Maturities	Book Value	Total Cash Outflows on expected maturities (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	5 or more years (IV)
Non-derivative financial liabilities						
Trade payables (Note 7)	28.672.330	28.672.330	28.672.330	-	-	-
Other payables (Note 8)	2.937.298	2.937.298	2.937.298	-	-	-

iii. Interest Rate Risk

Interest risk arises from the probable effect of changes in interest rates on the financial statements. Long term interest swap agreements have been made in order to avoid interest risk on long term investment loans used by the Parent Company. 6 months Libor rate is taken into account in the measurement of fair values of these transactions as of 31 December 2008. The swap transactions made by the Parent Company for hedging interest risk as of 31 December 2008 are as follows:

Bank	Loan Amount USD	Contract Date	Maturity	Interest Rate
Garanti Bankası A.Ş.	18.500.000	2 January 2008	15 December 2014	4,18%
Akbank T.A.Ş.	13.500.000	2 September 2008	15 December 2014	4,10%
Akbank T.A.Ş.	18.000.000	27 March 2008	15 December 2014	3,47%

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

		31 December 2008	31 December 2007
Financial instruments with fixed interest			
Financial assets	Time deposits	36.684.594	33.337.514
Financial liabilities	Foreign currency bank loans	114.066.697	48.780.285

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		31 December 2008	31 December 2007
	Financial instruments with variable interest		
Financial liabilities	Foreign currency bank loans	125.505.578	53.040.715

As of 31 December 2008, if the variable interest rate on USD loans were higher/lower by 0,5% with all other variables remaining constant, the profit/(loss) before tax would have been lower/higher by TL 22.623 due to change in interest expenses (31 December 2007-TL 34.537) and the total assets would have been lower/higher by TL 958.450 due to capitalized finance cost (31 December 2007-TL 521.748).

iv. Foreign Currency Risk

The Company's foreign currency balances arising from operating, investment and financial activities are disclosed below. Foreign currency risk is checked through continuous analysis of foreign currency receivables and payables. The Company's net foreign currency surplus as of 31 December 2008 amounts to TL 154.561.600 (31 December 2007-TL 139.708.383 foreign currency surplus).

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

	31 December 2008						31 December 2007					
	TL Equivalent (Functional currency)	USD	Euro	SEK	GBP	CHF	TL Equivalent (Functional currency	USD	Euro	SEK	GBP	CHF
1. Trade Receivables	365.552.177	221.255.836	14.455.800	-	-	-	297.854.059	235.987.164	13.448.608	-	-	-
2a. Monetary Financial Assets (Including Cash and Banks)	49.713.134	31.838.179	724.093	1.883	6.272	-	28.300.637	23.881.577	274.998	1.995	6.494	-
2b. Non-monetary Financial Assets	35.745.697	21.770.691	1.318.143	-	-	-	7.590	-	4.438	-	-	-
3. Other	912.576	562.270	29.081	-	-	-	964.759	723.842	69.129	-	1.494	-
4. Current Assets (1+2+3)	451.923.584	275.426.976	16.527.117	1.883	6.272	-	327.127.045	260.592.583	13.797.173	1.995	7.988	-
5. Trade Receivables	13.115.765	8.672.727	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-	-	-
8. Non-current Assets (5+6+7)	13.115.765	8.672.727	-	-	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	465.039.349	284.099.703	16.527.117	1.883	6.272	-	327.127.045	260.592.583	13.797.173	1.995	7.988	-
10. Trade Payables	88.452.490	58.413.541	53.107	-	-	-	100.367.756	85.079.767	458.362	-	4.768	104
11. Financial Liabilities	100.935.398	66.742.973	-	-	-	-	65.396.720	55.880.304	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	189.387.888	125.156.514	53.107	-	-	-	165.764.476	140.960.071	458.362	-	4.768	104
14. Trade Payables	-	-	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	121.089.861	80.070.000	-	-	-	-	21.650.550	18.500.000	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-	-	-	3.636	3.107	-	-	-	-
17. Long Term Liabilities (14+15+16)	121.089.861	80.070.000	-	-	-	-	21.654.186	18.503.107	-	-	-	-
18. Total Liabilities (13+17)	310.477.749	205.226.514	53.107	-	-	-	187.418.662	159.463.178	458.362	-	4.768	104
19. Net Asset/(Liability) Position of Unrecognized Derivative Instruments in Foreign Currency (19a-19b)	-	-	-	-	-	-	-	-	-	-	-	-
19a. Unrecognized derivative instruments in foreign currency of asset type	-	-	-	-	-	-	-	-	-	-	-	-
19b. Unrecognized derivative instruments in foreign currency of liability type	-	-	-	-	-	-	-	-	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	154.561.600	78.873.189	16.474.010	1.883	6.272	-	139.708.383	101.129.405	13.338.811	1.995	3.220	104
21. Monetary Items Net Foreign Currency Asset/(Liability) Position (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	117.903.327	56.540.228	15.126.786	1.883	6.272	-	138.739.670	100.408.670	13.265.244	1.995	1.726	104
22. Total Fair Value of Financial Instruments used in Foreign Currency Hedging	-	-	-	-	-	-	-	-	-	-	-	-
23. Hedged Portion of Foreign Currency Assets	19.902.174	11.780.000	975.000	-	-	-	-	-	-	-	-	-
24. Hedged Portion of Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
25. Exports*	356.984.739	279.212.067	-	-	-	-	382.782.297	294.223.250	-	-	-	-
26. Imports*	437.571.537	345.182.582	555.702	-	-	53.016	437.863.342	331.074.662	2.327.647	-	5.850	33.200

* Weighted average rates of exchange are taken as basis in translation of the import and export totals into Turkish Liras.

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

	Profit/Loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
When USD changes by 10% against TL:				
1-Net Assets/Liabilities in USD	24.036.978	(24.036.978)	-	-
2-Portion prevented from USD risk (-)	(1.781.489)	1.781.489	-	-
3-USD Net Effect (1+2)	22.255.489	(22.255.489)	-	-
When EURO changes by 10% against TL:				
4-Net Assets/Liabilities in Euro	3.526.756	(3.526.756)	-	-
5-Portion prevented from Euro risk(-)	(208.728)	208.728	-	-
6-Euro Net Effect (4+5)	3.318.028	(3.318.028)	-	-
When other currencies change by 10% against TL:				
7-Net Assets/Liabilities in other currencies	14.117	(14.117)	-	-
8-Part prevented from other currency risks (-)	-	-	-	-
9-Net Effect of Assets in Other Currencies (7+8)	14.117	(14.117)	-	-
TOTAL (3+6+9)	**25.587.634**	**(25.587.634)**	**-**	**-**

As of 31 December 2008, if the currency of the USD loans used in financing investments gained/lost value by 10% against the Turkish Lira with all other variables remaining constant, the total assets would have been higher/lower by TL 8.007.000 due to the capitalized finance cost (31 December 2007-TL 1.850.000).

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

	Profit/Loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
When USD changes by 10% against TL:				
1-Net Assets/Liabilities in USD	13.933.237	(13.933.237)	-	-
2-Portion prevented from USD risk (-)	-	-	-	-
3-USD Net Effect (1+2)	13.933.237	(13.933.237)	-	-
When EURO changes by 10% against TL:				
4-Net Assets/Liabilities in Euro	2.281.203	(2.281.203)	-	-
5-Portion prevented from Euro risk(-)	-	-	-	-
6-Euro Net Effect (4+5)	2.281.203	(2.281.203)	-	-
When other currencies change by 10% against TL:				
7-Net Assets/Liabilities in other currencies	7.837	(7.837)	-	-
8-Part prevented from other currency risks (-)	-	-	-	-
9-Net Effect of Assets in Other Currencies (7+8)	7.837	(7.837)	-	-
TOTAL (3+6+9)	**16.222.277**	**(16.222.277)**	**-**	**-**

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27. Financial Instruments

The Parent Company and its subsidiaries assume that the registered values of the financial instruments represent their fair values. Fair value is the amount for which a financial instrument could be exchanged between two willing parties in an arm's length transaction. It is primarily considered the same as the quoted value of the financial instrument; however in case there is no quoted value, the purchase or sales value of an instrument is deemed to be the fair value of the financial instrument. The Parent Company and its subsidiaries' significant accounting policies related to financial instruments are disclosed in paragraph (a) "Financial Instruments" of Note 2 "Presentation of Financial Statements".

For hedging purposes against foreign currency risk, the Parent Company has made American knock out reverse participant forward transactions and the current value of the outstanding forward contract have been calculated as of 31 December 2008 by referring to internal pricing models and the unrealized foreign exchange losses amounting to TL 2.059.724 (Note 13) have been recognized in the statement of income (31 December 2007-none). As of 31 December 2008, the amount, maturity, calculated expense accruals of the forward contracts are as follows:

Maturity Date	Date of Contract	Currency	Type of Currency	Total	Calculated Expense Accrual (TL)
30 January-30 March 2009	25 March 2008	2,1100 ≤ x	Euro	325.000	(30.030)
		1,7000 ≤ x ≤2,1100		162.500	
		1,7000 ≥ x		Transaction is annulled	
7 January-23 September 2009	13 August 2008	1,3400 ≤ x	USD	310.000	(2.029.694)
		1,1400 ≤ x ≤1,3400		155.000	
		1,1400 ≥ x		Transaction is annulled	
					(2.059.724)

28. Subsequent Events

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

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

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

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

c) Pursuant to the Board resolution of Aksa Akrilik Kimya Sanayii A.Ş dated 13 February 2009; it has been resolved that the cogeneration-type facility of 70,004-MW power established in Yalova and operating with natural gas/naphta, whose ownership belongs to Akenerji Elektrik Üretim A.Ş. is allowed to be transferred to the Company upon retaining the subscribers of the existing busbar; Article 4 "Objective and Key Concern", Article 4 "Head Office and Branches", Article 6 "Share Capital", Article 20 "Changes in Articles of Association", Article 28 "Statutory Provisions" of the Company's Articles of Association are amended in accordance with the provisions of the Electricity Market Law and Electricity Market License Regulation so as to enable the Company to operate in the field of power generation in addition to its other key concerns within the scope of the production license application approved by the writing of T.C. Energy Markets Regulatory Board dated 07.01.2009 nr. 319; and the Article 30 "Share Transfer" and Article 31 "Merger Provisions" are added to the Articles of Association; authorization is received from the Energy Markets Regulatory Board, the Capital Markets Board, and the Ministry of Industry and Commerce for the amendment of the Articles of Association; upon receipt of the required authorizations, the amendment of the Articles of Association is submitted to the approval of the General Assembly.

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

a) Insurance total on assets as of 31 December 2008 amounts to TL 24.482.948 and USD 240.746.823 (31 December 2007-TL 49.834.811 and USD 201.215.418).

b) As per the Valuation Report of June 2008 prepared by Kapital Karden Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş., the Parent Company and its subsidiary Akpa Tekstil İhracat Pazarlama A.Ş. have transferred 33.000 participation shares of Akhan Bakım Yönetim Servis Hizmetleri Güvenlik Malzemeleri Tic. A.Ş. with nominal value TL 33.000 to the shareholder Akkök Sanayi Yatırım ve Geliştirme A.Ş. at a total value of TL 399.300.

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