**AKSA AKRİLİK KİMYA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**
**Consolidated Balance Sheets**
**As of**
**31 December 2007 and 31 December 2006**
**(TRY )**

| | Notes | 31 December 2007 | 31 December 2006 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | **528,724,111** | **870,133,750** |
| Liquid Assets | 3.4 | 59,673,800 | 191,938,804 |
| Marketable Securities (net) | 3.5 | - | - |
| Trade Receivables (net) | 3.7 | 277,021,711 | 404,403,115 |
| Receivables from Financial Leasings (net) | 8 | - | - |
| Due from Related Parties (net) | 3.9 | 20,669,531 | 19,069,124 |
| Other Receivables (net) | 10 | 20,939,798 | 28,351,592 |
| Biological Assets (net) | 11 | - | - |
| Inventories (net) | 3.12 | 135,167,679 | 144,349,782 |
| Receivables from Deferred Project Contracts (net) | 13 | - | - |
| Deferred Tax Assets | 3 | - | - |
| Other Current Assets | 15 | 15,251,592 | 82,021,333 |
| **Non - Current Assets** | | **383,359,797** | **787,820,307** |
| Trade Receivables (net) | 3.7 | 9,357 | 9,991,667 |
| Receivables from Financial Leasings (net) | 8 | - | - |
| Due from Related Parties (net) | 3.9 | - | - |
| Other Receivables (net) | 10 | - | - |
| Financial Assets (net) | 3.16 | 8,063,363 | 18,761,339 |
| Positive/Negative Goodwill (net) | 2.17 | 5,789,028 | 22,472,300 |
| Investment Properties (net) | 18 | - | - |
| Tangible Assets (net) | 3.19 | 366,332,749 | 698,703,407 |
| Intangible Assets (net) | 3.20 | 3,164,486 | 37,744,432 |
| Deferred Tax Assets | 3.14 | - | - |
| Other Non - Current Assets | 15 | 814 | 147,162 |
| **Total Assets** | | **912,083,908** | **1,657,954,057** |

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**
**Consolidated Balance Sheets**
**As of**
**31 December 2007 and 31 December 2006**
**(TRY )**

| | Notes | 31 December 2007 | 31 December 2006 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Short Term Liabilities** | | **222,577,686** | **389,585,842** |
| Financial Liabilities (net) | 3.6 | 80,104,886 | 150,302,137 |
| Current Portion of Long Term Liabilities (net) | 4 | 65,564 | 13,456,807 |
| Liabilities from Financial Leasings (net) | 8.0 | - | - |
| Other Financial Liabilities (net) | 3.6 | - | - |
| Trade Payables (net) | 3.7 | 108,087,452 | 125,309,170 |
| Due to Related Parties (net) | 3.90 | 18,008,759 | 14,470,281 |
| Advances Received | 3 | 545,392 | 12,701,789 |
| Project Accrued Contract Income (net) | 13.00 | - | - |
| Provision for Liabilities and Expenses | 23 | 4,132,507 | 8,602,840 |
| Deferred Tax Liabilities | 3 | - | - |
| Other Liabilities (net) | 10 | 11,633,126 | 64,742,818 |
| **Long Term Liabilities** | | **48,505,611** | **178,299,003** |
| Financial Liabilities (net) | 3.6 | 21,650,550 | 126,726,667 |
| Liabilities from Financial Leasings (net) | 8 | - | - |
| Other Financial Liabilities (net) | 3.6 | - | - |
| Trade Payables (net) | 3.7 | - | - |
| Due to Related Parties (net) | 3.9 | - | - |
| Advances Received | 3.21 | - | - |
| Provision for Liabilities and Expenses | 23 | 9,592,710 | 20,482,752 |
| Deferred Tax Liabilities | 3.14 | 17,262,351 | 31,031,958 |
| Other Liabilities (net) | 15 | - | 57,626 |
| **MINORITY INTEREST** | 2.24 | **15,755,617** | **417,588,759** |
| **EQUITY** | | **625,244,994** | **672,480,453** |
| **Share Capital** | 25 | **110,000,000** | **110,000,000** |
| **Adjustment for cross shareholding** | 25 | **-** | **-** |
| **Capital Reserves** | 26 | **393,852,246** | **481,531,017** |
| Share Premium | | - | - |
| Share Premium of Cancelled Shares | | - | - |
| Revaluation Fund | | - | - |
| Revaluation Fund of Financial Assets | | - | - |
| Differences Arising from Inflation Adjustment in Equity | | 393,852,246 | 481,531,017 |
| **Profit Reserves** | 26 | **64,316,150** | **24,251,428** |
| Legal Reserves | | 7,508,532 | 2,423,924 |
| Statutory Reserves | | - | - |
| Extraordinary Reserves | | 56,807,618 | 22,499,469 |
| Special Reserves | | - | - |
| Profit on Disposal of Tangible Assets and Investments To Be Added to Share Capital | 44 | - | - |
| Translation Differences | | - | (671,965) |
| **Net Profit/(Loss) For The Period** | | **4,530,504** | **61,461,963** |
| **Retained Earnings / (Accumulated Losses)** | 28 | **52,546,094** | **(4,763,955)** |
| **Total Liabilities and Equity** | | **912,083,908** | **1,657,954,057** |

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**
**Consolidated Statements of Income**
**for the years ended**
**31 December 2007 and 2006**
**(TRY )**

| | Notes | 31 December 2007 | 31 December 2006 |
|---|---|---|---|
| **INCOME FROM PRINCIPAL ACTIVITIES** | | | |
| Income From Sales (net) | 36 | 900,326,501 | 1,384,802,519 |
| Cost of Sales (-) | 36 | (845,097,970) | (1,267,966,773) |
| Service Income (net) | | - | - |
| Other Income From Principle Activities/interest+dividend+rent (net) | | - | - |
| **GROSS PROFIT/ (LOSS) FROM PRINCIPAL ACTIVITIES** | | 55,228,531 | 116,835,746 |
| Operating Expenses (-) | 37 | (46,693,197) | (98,585,643) |
| **NET PROFIT / (LOSS) FROM PRINCIPAL ACTIVITIES** | | 8,535,334 | 18,250,103 |
| Other Income and Profits | 38 | 108,563,217 | 160,238,528 |
| Other Expense and Losses (-) | 38 | (104,982,658) | (141,132,235) |
| Financial Expenses (-) | 39 | (3,694,115) | (46,322,807) |
| **OPERATING PROFIT / (LOSS)** | | 8,421,778 | (8,966,411) |
| Net Monetary Profit/(Loss) | 40 | - | - |
| **MINORITY INTEREST** | 2.24 | **(3,046,126)** | **53,470,876** |
| **PROFIT / (LOSS) BEFORE TAX** | | **5,375,652** | **44,504,465** |
| Taxes | 3.41 | (845,148) | 16,957,498 |
| **NET PROFIT / (LOSS) FOR THE PERIOD** | | **4,530,504** | **61,461,963** |
| **EARNINGS / (LOSS) PER SHARE** | 3.42 | **0.04** | **0.56** |

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**
**Consolidated Statements of Shareholders' Equity**
**for the years ended**
**( TRY )**

| | Share Capital | Differences Arising from Inflation Adjustment on Equity | Translation Differences | Legal Reserves | Other Reserves and Retained Earnings | Net Profit/ (Loss) for the Period | Retained Earnings / (Accumulated Losses) | Total |
|---|---|---|---|---|---|---|---|---|
| Balance as at 01 January 2006 | 27,156,288 | 600,592,397 | 139,812 | 2,335,654 | 22,474,725 | (826,562) | (34,003,650) | 617,868,664 |
| Capital increase from differences arising from inflation adjusment in equity* | 82,843,712 | (82,843,712) | - | - | - | - | - | - |
| Transfer | - | - | - | - | - | 826,562 | (826,562) | - |
| Offsetting prior period losses | - | (36,217,668) | - | - | - | - | 36,217,668 | - |
| Effect of subsidiaries excluded from consolidation | - | - | - | - | - | - | (15,761) | (15,761) |
| Adjustment related to minority interest | - | - | - | - | - | - | (6,003,705) | (6,003,705) |
| Transfer to reserves | - | - | - | 88,270 | 24,744 | - | (113,014) | - |
| Effect of subsidiary included from the consolidation | - | - | - | - | - | - | (22,895) | (22,895) |
| Effect of rate change in the subsidiary included in the consolidation | - | - | - | - | - | - | 3,964 | 3,964 |
| Translation difference | - | - | (811,777) | - | - | - | - | (811,777) |
| Profit for the period | - | - | - | - | - | 61,461,963 | - | 61,461,963 |
| Balance as at 31 December 2006 | 110,000,000 | 481,531,017 | (671,965) | 2,423,924 | 22,499,469 | 61,461,963 | (4,763,955) | 672,480,453 |
| Transfer | - | - | - | - | - | (61,461,963) | 61,461,963 | - |
| Transfer to reserves | - | - | - | 5,122,760 | 34,405,370 | - | (39,528,130) | - |
| Dividend payments | - | - | - | - | - | - | (17,633,957) | (17,633,957) |
| Effect of rate change in the subsidiary included in the consolidation | - | (136,862) | - | (328,184) | (96,305) | - | (155,305) | (716,656) |
| Effect of subsidiary excluded from the consolidation | - | (87,541,909) | 671,965 | 290,032 | (916) | - | 53,165,478 | (33,415,350) |
| Profit for the period | - | - | - | - | - | 4,530,504 | - | 4,530,504 |
| Balance as at 31 December 2007 | 110,000,000 | 393,852,246 | - | 7,508,532 | 56,807,618 | 4,530,504 | 52,546,094 | 625,244,994 |

*The issued capital of the Parent Company amounting to TRY 27.156.288 has been increased to TRY 110.000.000 by the addition of a total of TRY 82.843.712 from the Differences Arising from Inflation Adjustment in Equity. The amounts used in the said capital increase are those stated in the legal records and tax they are lower than the same totals calculated as per the accounting standards of the CMB.

## AKSA AKRİLİK KİMYA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
## Consolidated Statements of Cash Flows
## for the years ended
## 31 December 2007 and 2006

| ( TRY ) | Not | 31 December 2007 | 31 December 2006 |
|---|---|---|---|
| A. CASH FLOWS FROM PRINCIPAL ACTIVITIES | | | |
| Net profit (+) / loss (-) before tax | | 5,375,652 | 44,504,465 |
| *Adjustments:* | | | |
| Depreciation (+) | | 37,845,850 | 105,050,503 |
| Goodwill amortisation (+) | | 199,623 | 76,697 |
| Termination Indemnity | | 1,152,615 | 876,497 |
| Provision for Debts | | (10,399,610) | 2,711,963 |
| Other Provisions | | - | (8,070,261) |
| Profit From Marketable Securities or Long Term Investment (-) | | (6,551,489) | (18,610,251) |
| (Profit)/Loss on Disposal of Tangible Assets | | (65,323) | 22,268,156 |
| Interest Expense (+) | | 3,694,115 | 11,182,179 |
| **Net Income (+) Before Working Capital Changes (+)** | | 31,251,433 | 159,989,948 |
| Increase (-) / decrease (+) in trade operations and other receivables | | 137,363,714 | (135,601,096) |
| Increase (-) / decrease (+) in balances due from related parties | | (1,600,407) | 23,127,455 |
| Increase (-) / decrease (+) in inventories | | 10,354,476 | (41,587,574) |
| Increase (-) / decrease (+) in other receivables | | 74,327,883 | (66,479,283) |
| Increase (+) / decrease (-) in trade payables | | (17,221,718) | 52,658,212 |
| Increase (+) / decrease (-) in balances due to related parties | | 3,538,478 | (1,428,034) |
| Increase (+) / decrease (-) in advances received | | (12,156,397) | 8,195,708 |
| Increase (+) /decrease (-) in other liabilities | | (53,167,318) | 33,312,531 |
| Interest payments (-) | | (3,222,804) | (8,390,873) |
| Tax payments (-) | | (4,188,875) | (18,687,494) |
| **Net cash provided from principal activities** | 43 | 165,278,465 | 5,109,500 |
| B. CASH FLOWS FROM INVESTMENT ACTIVITIES | | | |
| Acquisition (-)/disposal (+) of financial assets, net | | 10,697,976 | (4,781,038) |
| Disposal of marketable securities (+) | | - | 29,674,017 |
| Increase (-)/decrease (+) in Positive Goodwill (-) | | 16,483,649 | (22,548,997) |
| Acquisition of tangible assets (-) | | (96,399,170) | (77,302,546) |
| Acquisition of intangible assets (-) | | (250,700) | (611,023) |
| Cash inflows from disposal of tangible and intangible assets(+) | | 66,146 | 10,169,291 |
| Tangible and intangibles assets of companies excluded from consolidation | | 424,581,427 | - |
| Interest received (+) | | 6,551,489 | 18,473,642 |
| Dividends received (+) | | - | 136,609 |
| **Net cash provided from/(used in) investing activities** | 43 | 361,730,817 | (46,790,045) |
| C. CASH FLOWS FROM FINANCIAL ACTIVITIES | | | |
| Cash inflows/(outflows) related to short and long term debts | | (189,135,922) | 138,917,848 |
| Dividends paid (-) | | (17,633,957) | - |
| Effect of subsidiaries excluded in the consolidation | | (49,954,609) | (15,761) |
| Effect of subsidiary included in the consolidation | | - | (22,895) |
| Effect of rate change in subsidiaries included in the consolidation | | (716,656) | 3,964 |
| Translation differences | | - | (811,777) |
| Decrease in minority interest (-) | | (401,833,142) | (59,976,567) |
| **Net cash provided from financial activities** | 43 | (659,274,286) | 78,094,812 |
| Increase / (decrease) in liquid assets | 43 | (132,265,004) | 36,414,267 |
| Liquid assets at the beginning of the period | 4 | 191,938,804 | 155,524,537 |
| Liquid assets at the end of the period | 4 | 59,673,800 | 191,938,804 |

## 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, fabric and tops. Its subsidiaries and affiliates mainly operate in textiles, chemistry, investment, foreign trade and services sectors. The Parent Company's affiliate and 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 * | Textiles |
| Fitco BV – the Netherlands ** | Investment |
| Aksa Egypt Acrylic Fiber Industry SAE – Egypt ** | Textiles |
| Akgirişim Kimya ve Ticaret A.Ş. ** | Chemistry |
| **Affiliates :** | |
| Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. – Turkey ** | Service |

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

** Stated in the consolidated financial statements at cost.

The address of the head office of the Parent Company is as follows:
Miralay Şefik Bey Sok. No: 15 Akhan 34437 Gümüşsuyu / İstanbul – Turkey

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

The Parent Company is registered at the Capital Markets Board and 37,81 % of its shares are traded at the Istanbul Stock Exchange.

1. Organization and Principal Activities (continued)

As of 31 December 2007 and 2006, the shareholding structure of the Parent Company is as follows:

| Name | Shareholding |
|---|---|
| Akkök Sanayi Yatırım ve Geliştirme A.Ş. | 39,58 % |
| Emniyet Tic. ve San. A.Ş. | 18,72 % |
| Other * | 41,70 % |
| | 100,00 % |

* Represents shareholdings of less than 10%.

As of 31 December 2007, the average number of employees is 911 (31 December 2006 – 2.233).

2. Presentation of the Financial Statements

(a) 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. As stated below, certain adjustments and classifications have been made during the preparation of the accompanying consolidated financial statements in order to comply with the Communiqué nr XI/25 of the Capital Markets Board (CMB). The adjustments reflect to the accompanying financial statements are summarized in Note 2(b) and (d).

The accompanying consolidated financial statements and the related notes are presented in the formats held mandatory by the CMB announcement made on 10 December 2004.

(b) Adjustment of Financial Statements During Hyper-Inflationary Periods:

Section 15 of the Communiqué Nr XI/25 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 accompanying financial statements are restated at the purchasing value of the Turkish Lira as at 31 December 2004.

## 2. Presentation of the Financial Statements (continued)

(b) Adjustment of Financial Statements During Hyper-Inflationary Periods (continued):

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

| Date | Index | Conversion Factor |
|---|---|---|
| 31 December 2001 | 4.951,7 | 1,70 |
| 31 December 2002 | 6.478,8 | 1,30 |
| 31 December 2003 | 7.382,1 | 1,14 |
| 31 December 2004 | 8.403,8 | 1,00 |

The following principles have been applied in the preparation of the restated financial statements as of 31 December 2004:

- Financial statements are stated in terms of the measuring unit current at 31 December 2004 and the corresponding figures for the previous periods are restated in the same terms.
- Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities are restated by applying the relevant conversion factors.
- The effect of general inflation is included in the statement of income as “Net Monetary Gain / (Loss)”

The additions to monetary items subsequent to 1 January 2005 are stated at their nominal values.

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

2. Presentation of the Financial Statements (continued)

(c) 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 :

| Subsidiaries | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Ak-Al Tekstil Sanayii A.Ş. (1) | - | 22,10 % |
| Akenerji Elektrik Üretim A.Ş. (2) | - | 17,33 % |
| Ak-Pa Tekstil İhracat Pazarlama A.Ş. (3) | 13,47 % | 16,45 % |
| Ak-Tops Tekstil San. A.Ş. (3) | 60,00 % | 12,21 % |
| Akel Yalova Elektrik Üretim A.Ş. (4) | - | 15,59 % |
| Akenerji Elektrik Enerjisi İth.–İhr. ve Toptan Tic. A.Ş. (4) | - | 15,60 % |
| Akkur Enerji Üretim Tic. ve San. A.Ş. (4) | - | 17,16 % |
| Aken BV (5) | - | 17,33 % |
| Akrom Ak-Al Textile Romania SRL (6) | - | 22,10 % |
| Bozüyük Orman Ürünleri Sanayi Tesisleri A.Ş. (7) | - | 21,98 % |
| Fitco BV (8) | 100,00 % | 100,00 % |
| Aksa Egypt Acrylic Fiber Industry SAE (8) | 99,14 % | 99,14 % |
| Akgirişim Kimya ve Ticaret A.Ş. (8) | 58,00 % | - |

(1) As stated in Note 44 (d), it has been sold to Aksu İplik Dokuma ve Boya Apre Fabrikaları Türk A.Ş. as of 6 July 2007 and stated in the accompanying consolidated financial statements as of 31 December 2006 as per the full consolidation method.

(2) As stated in Note 44 (c), it has been sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. as of 6 July 2007 and stated in the accompanying consolidated financial statements as of 31 December 2006 as per the full consolidation method.

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

(4) The Company which is under indirect ownership of the Parent Company has been included in the consolidated financial statements as of 31 December 2006 as per the full consolidation method and excluded from consolidation as of 31 December 2007 due to Akenerji Elektrik Üretim A.Ş. having been sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. as of 6 July 2007.

(5) The Company which is under indirect ownership of the Parent Company has been stated in the consolidated financial statements as of 31 December 2006 at cost due to its immaterial effect and excluded from consolidation as of 31 December 2007 due to Akenerji Elektrik Üretim A.Ş having been sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. as at 6 July 2007.

(6) The Company which is under indirect ownership of the Parent Company has been included in the consolidated financial statements as of 31 December 2006 as per the full consolidation method and excluded from consolidation as of 31 December 2007 due to Ak-Al Tekstil Sanayii A.Ş. having been sold to Aksu İplik Dokuma ve Boya Apre Fabrikaları Türk A.Ş. as at 6 July 2007.

(7) The Company which is under indirect ownership of the Parent Company has been stated in the consolidated financial statements as of 31 December 2006 at cost due to its immaterial effect and excluded from consolidation as of 31 December 2007 due to Ak-Al Tekstil Sanayii A.Ş. having been sold to Aksu İplik Dokuma ve Boya Apre Fabrikaları Türk A.Ş. as at 6 July 2007.

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

2. Presentation of the Financial Statements (continued)

(c) Consolidation Principles (continued) :

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 affiliates are as follows :

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Affiliates | | |
| Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. * | - | 10,07 % |
| Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. ** | 33,33 % | 45,15 % |

* As explained in Note 44(e), the company is sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. as at 20 September 2007 and stated in the accompanying consolidated financial statements as of 31 December 2006 at cost.

** Stated in the accompanying consolidated financial statements at cost due to its immaterial effect.

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.

2. Presentation of the Financial Statements (continued)

(c) Consolidation Principles (continued) :

Full Consolidation Method (continued):

- As of the acquisition date, the Parent Company's shareholding in its subsidiaries is offsetting against the portion of share capital it owns in the subsidiary's equity for once. The equity of the subsidiary at the acquisition date should be drawn up according to the market value of the subsidiary's net assets at that date. If the cost value of the Parent Company's shareholding in its subsidiary is more than the nominal value of the part of the share capital in the subsidiary's equity, the difference is recorded as positive goodwill in the consolidated balance sheet as a separate item and it is amortised over the useful life of the future economic benefits that are expected to flow to the Parent Company. The amortisation period cannot exceed 20 years. If the cost value of the investment is less than the nominal value of the share capital of the subsidiary, the difference is recorded as the negative goodwill in the assets as a negative item and is also amortised over 20 years at maximum. However, in the event that the goodwill is explicitly related to an asset or a group of assets and that the asset or group of assets is expected to provide benefit throughout its economic life, the assumption that the economic life of the goodwill is limited to 20 years becomes void. The subsidiary Akenerji Elektrik Üretim A.Ş. has acquired 99% the shares of Akkur Enerji Üretim Ticaret ve Sanayi A.Ş., a company with TRY 5.000.000 capital of which TRY 4.541.600 is unpaid, for a total of USD 15.592.500 at 20 November 2006. The installed capacities of the hydroelectic power plants of the acquired company, Akkur Enerji Üretim Ticaret ve Sanayi A.Ş., owning manufacturing licenses are as follows:

| | |
|---|---|
| Burç Bendi ve Hidroelektrik Santrali (*planned to be established in Adıyaman*) | : 18,86 MWm/17,54 MWe |
| FEKE – I HES (*planned to be established in Adana*) | : 25,64 MWm/24,61 MWe |
| FEKE –II HES (*planned to be established in Adana*) | : 149,57 MWm/143,58 MWe |

Furthermore, the said power plants have Water Consumption contracts entered into with Public Waterworks Administration within the scope of application for manufacturing license. The term of license for each of the three power plants is 49. For that reason, the economic life of the positive goodwill constituted due to the acquisition of Akkur Enerji Üretim Ticaret ve Sanayi A.Ş. is determined as 49 years and normal amortisation method has been used. As of 6 July 2007, the shares of Akenerji Akenerji Elektrik Üretim A.Ş. have been sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş., hence the positive goodwill which stood at a value of TRY 22.472.300 as of 31 December 2006 has been excluded from the accompanying consolidated financials as of 31 December 2007. The Parent Company has taken over at a total price of TRY 16.250.000,00 the participation shares of TRY 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 TRY 2.000.000 which is directly related to our 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. The economic life of the positive goodwill constituted due to the transfer operation is determined as 10 years and normal amortisation method has been used. Goodwill amortisation expense amounts to TRY 199.623 as of 31 December 2007 and it is recognised among the general administration expenses in the accompanying consolidated financial statements (31 December 2006 – TRY 76.697).

2. Presentation of the Financial Statements (continued)

(c) Consolidation Principles (continued) :

Full Consolidation Method (continued):

- 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 before the equity account group and in the statement of income.
- The purchases 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.

(d) Adjustments :

The accompanying consolidated financial statements have been prepared in accordance with the Communiqué Nr XI/25 with the below mentioned adjustments which are not stated in the statutory records:

- Rediscount calculation on post-dated cheques, notes receivable, customers, suppliers and loans
- Depreciation adjustment
- Reversal of establishment and organization expenses
- Adjustment of termination indemnity and vacation
- Deferred tax adjustment
- Provision for litigation
- Calculation of goodwill and amortization
- Provision for value decrease in affiliates
- Provision for doubtful receivables
- Provision for inventories
- Provision for value decrease in tangible assets
- Elimination of inter-group balances and transactions as per the consolidation procedure

(e) Comparative Information and Adjustment of Prior Period Financial Statements:

Balance sheets as of 31 December 2007 and 2006 and notes to these balance sheets as well as the statements of income, changes in equity, and cash flows for the years then ended have been presented comparatively. In order to comply with the presentation of the current period financial statements, the comparative information is reclassified when deemed necessary.

2. Presentation of the Financial Statements (continued)

(f) 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.

3. Accounting Techniques and Valuation Procedures Applied

(a) Financial Instruments :

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

i. Liquid Assets

Liquid assets consist of cash balances on hand, bank accounts, cheques received, and other liquid assets.

Cash is composed of New Turkish Lira and foreign currency balances. The New Turkish Lira balances are stated at face values, and the foreign currency balances are translated into New Turkish Lira at the foreign currency purchasing 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. New Turkish Lira deposit accounts are stated at face values and foreign currency accounts are translated into New 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

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.

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

As 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.

3. Accounting Techniques and Valuation Procedures Applied (continued)

(a) Financial Instruments (continued):

ii. Trade Receivables

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

Fair Value

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

iii. Related Parties

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

iv. Short and Long Term Bank Loans and Trade Payables

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. Trade payables are financial liabilities created by the Company through purchasing goods directly from the suppliers. Trade payables are subject to rediscount.

Fair Value

The fair value of the short and long term bank loans are 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. Similarly, discounted values of trade payables are considered to be equivalent to their fair values.

3. Accounting Techniques and Valuation Procedures Applied (continued)

(b) Financial Risk Management:

i. Foreign Currency Risk

Balances of foreign currency transactions of the Parent Company and its subsidiaries originating from operations, investment and financial activities as of the reporting date are stated in Note 29. As the long term loans are in foreign currency, the payments to be made in foreign currency create foreign currency risk at times when the exchange rates increase to the disadvantage of New Turkish Lira. The said foreign currency risk is monitored and controlled by the Parent Company and its subsidiaries through continuous analysis of foreign currency position.

ii. Doubtful Receivables Risk

The Parent Company and its subsidiaries have made provisions for doubtful receivables developed until the reporting date.

iii. Liquidity Risk

The funding risk of current and future loan requirements is monitored through maintaining continuous access to sufficient number of high quality commercial credit companies. The Parent Company and its subsidiaries create funds through converting short term financial instruments such as trade receivables into cash. The excess portion of the liquid assets (current assets – inventories) over the short term payables of the Parent Company and its subsidiaries is stated below in relation to the corresponding periods (TRY):

| | |
|---|---|
| 31 December 2007 | 170.978.746 |
| 31 December 2006 | 336.198.126 |

iv. Counterparty Risk

Retaining the financial instruments may lead to failure of the counterparty to fulfill the terms and conditions of the agreement. The Company management takes measures to prevent such risks through limiting the average risk for the counterparty (except for the related parties) at each agreement, and receiving guarantees if necessary.

v. Interest Rate Risk

The financial loan agreements of the Parent Company and its Subsidiaries are denominated in USD, Euro, and GBP and the interest rates are variable. As the payments are made in foreign currency, it is assumed that the market interest rate will not be subject to considerable changes until the maturity date; hence the interest rate risk is considered to be negligible.

(c) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method for the raw material, supplies, labor and general administration expenses.

3. Accounting Techniques and Valuation Procedures Applied (continued)

(d) Financial Assets :

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

Financial assets available for sale are those assets other than the loans and receivables, held-to-maturity investments and held for trading investments. Financial assets available for sale are valued at their fair value in the periods subsequent to the initial recognition. Financial assets available for sale representing shareholdings in which the direct and indirect votes of the Company is below 20% or with insignificant influence even if above 20%, or those that do not have material effect on consolidated financial statements, or are not traded in the active markets or whose fair values cannot be determined reliably, are reflected in the financial statements at their cost values, less provision for value decrease, if any.

Financial assets do not have a market value and are stated at their restated unit values as of 31 December 2004, less the value decrease, if any.

(e) Tangible Assets :

Tangible assets are stated at cost less their accumulated depreciation and less the value decrease, if any.

Tangible assets have been restated using the measuring unit current at 31 December 2004 based on the dates of acquisition. Acquisitions subsequent to 1 January 2005 are stated at their nominal values. Depreciation of tangible assets is made over the inflation-adjusted amounts and the nominal values of the acquisitions subsequent to 1 January 2005 on a straight-line basis as per the estimated useful lives of these assets. Information related to the approximate useful lives of the assets is as follows:

| | |
|---|---|
| Buildings | 5-50 years |
| Land improvements | 5-50 years |
| Machinery, plant and equipment | 5-22 years |
| Motor vehicles | 4 - 8 years |
| Furniture and fixtures | 2-20 years |
| Other tangible assets | 5 years |

3. Accounting Techniques and Valuation Procedures Applied (continued)

(f) Intangible Assets :

Intangible assets are stated at cost less their accumulated amortization and less the value decrease, if any.

Intangible assets have been restated using the measuring unit current at 31 December 2004 based on the dates of acquisition. Acquisitions subsequent to 1 January 2005 are stated at their nominal values. Amortization of intangible assets is made over the totals adjusted with respect to inflation accounting and the nominal values of acquisitions subsequent to 1 January 2005, considering the approximate useful lives of the assets as stated in the following:

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

(g) Assets and Liabilities in Foreign Currency :

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

| | 31 December 2007 | | 31 December 2006 | |
|---|---|---|---|---|
| | Purchasing | Selling | Purchasing | Selling |
| USD | 1,1647 | 1,1703 | 1,4056 | 1,4124 |
| EURO | 1,7102 | 1,7184 | 1,8515 | 1,8604 |
| CHF | 1,0273 | 1,0339 | 1,1503 | 1,1577 |
| GBP | 2,3259 | 2,3381 | 2,7569 | 2,7713 |

(h) 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.

3. Accounting Techniques and Valuation Procedures Applied (continued)

(i) 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 Communiqué Nr XI/25 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 Company 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.

(j) 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% (10% prior to 26 July 2006). However, income tax withholding is not applicable to the dividends arising from 1998 and prior years' profits and from the exempt profits relating to the years 1999, 2000, 2001 and 2002 as well as income and profits corresponding to the above mentioned investment allowance taxed at the rate of 19,8%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

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

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%.

3. Accounting Techniques and Valuation Procedures Applied (continued)

(j) Income Taxes (continued) :

With respect to the article 298 (bis) of the Tax Law amended by Law 5024, the inflation adjustment application which started in 2004 has ended as the increase in the wholesale price indices for the last 36 months and the last 12 months ended March 2005 are below 100% and 10%, respectively. In the 31 December 2007 and 2006 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 2007 and 2006, income tax provisions have been made in accordance with the prevailing tax legislation.

(k) Provision for Termination Indemnity:

Under Turkish Labour Law Article 25/II, the Parent Company and its subsidiaries 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 TRY 2.030,19 in respect of each year of service as of 31 December 2007 (31 December 2006 – TRY 1.857,44).

The Company has determined the termination indemnity liability stated in the accompanying financial statements as per the recognition and valuation principles stated in “Employee Benefits” section 29 of the Communiqué Nr XI/25. 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 2007 and 2006 to remain constant for restatement purposes, and later on, this value is reduced by the actual discount rate of 5,71% (31 December 2006-5,71%) calculated upon the assumption that the expected annual inflation rate will be 5 % (31 December 2006 - 5%) and the expected discount rate will be 11% (31 December 2006 – 11%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the termination indemnity liability at the balance sheet date.

3. Accounting Techniques and Valuation Procedures Applied (continued)

(k) Provision for Termination Indemnity (continued) :

- Actuarial calculation is needed to determine the ratio of the employees to gain their right for receiving termination indemnity to the total number of employees. This calculation is made through determining the ratio of former Company personnel who received their termination indemnity rights to the total number of personnel.

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

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Discount rate | 5,71 % | 5,71 % |
| The ratio of the number of employees who have gained the right to receive termination indemnity in the prior years to the total number of employees | 100 % | 100% |

(l) Revenues and Expenses:

The accrual 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.

(m) 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 adjustments 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.

(n) Accounting Estimates:

During the preparation of financial statements in accordance with the Communiqué Nr XI/25, the Management is required to disclose the balance sheet value of the assets and liabilities stated in the financial statements as of the balance sheet date and explanations regarding off balance sheet liabilities, and to provide assumptions that might affect the totals of income and expense realized during the period. However, actual results may vary from these results.

3. Accounting Techniques and Valuation Procedures Applied (continued)

(o) Subsequent Events :

In case there are subsequent events requiring adjustment, the Parent Company and its subsidiaries adjust the amounts stated in the financial statements with respect to the new status. In case there are subsequent events which do not require adjustment, the Parent Company and its subsidiaries disclose them in the related period, if deemed necessary.

(p) 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.

(r) 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 is discontinued. As of 31 December 2007, the net balance of TRY (820.382) remaining after the deduction of interest expenses from the foreign exchange differences directly related to the investments in progress has been deducted from the cost of the related asset. As of 31 December 2006, the subsidiary Akenerji Elektrik Üretim A.Ş. has deducted the net balance of TRY (6.298.755) remaining after the deduction of interest expenses from the foreign exchange differences directly related to the investments in progress, from the cost of the related asset.

(s) Segment Reporting :

The activities of the Parent Company and its subsidiaries are classified under four sectors, namely, chemistry, textile, energy and other. The other sector includes marketing operations. The companies within this group have low commercial volume; hence they are not regarded as separately reportable sectors.

(t) Government Incentives and Aids:

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

4. Liquid Assets

Liquid assets consist of the following (TRY) :

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Cash | 54.449 | 255.339 |
| Banks | | |
| - TRY demand deposit | 6.377.849 | 5.213.986 |
| - Foreign currency demand deposit | 4.922.248 | 5.046.513 |
| - TRY time deposit * | 9.936.684 | 55.243.594 |
| - Foreign currency time deposit ** | 23.400.830 | 113.061.508 |
| Cheques received | 14.981.740 | 13.102.402 |
| Other liquid assets | - | 15.462 |
| | 59.673.800 | 191.938.804 |

* As of 31 December 2007, the interest rate on TRY time deposit accounts varies between 18,65% and 21,00% (31 December 2006 – 18,7% - 21,5%).

** As of 31 December 2007, the interest rates applied to USD time deposits vary between 4,50% and 8,59% (31 December 2006 - Euro 3,1% - 4%; GBP 5,75%; USD 4,25% - 5,75%).

5. Marketable Securities

As of 31 December 2007 and 2006 there are no marketable securities.

6. Financial Liabilities

Financial liabilities consist of the following (TRY) :

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Short term bank loans | 80.104.886 | 150.302.137 |
| Principal payments and interests of long term bank loans | 65.564 | 13.456.807 |
| Long term bank loans | 21.650.550 | 126.726.667 |
| | 101.821.000 | 290.485.611 |

The maturity of long term loans is 14.12.2014.

As of 31 December 2007, the interest rate on long term USD bank loans vary between 6,86% and 6,22%. (As of 31 December 2006, the interest rates on long term Euro loans vary between 2,85% and 6,86%; and those of USD loans vary between 5,27% and 7,13%.)

## 7. Trade Receivables and Payables

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

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Customers | 130.023.614 | 211.008.765 |
| Notes receivable and post dated cheques | 150.931.521 | 200.708.088 |
| Rediscount on receivables (-) | ( 3.971.671) | ( 7.400.219) |
| Deposits and guarantees given | 38.247 | 86.178 |
| Other short term receivables | - | 303 |
| Doubtful trade receivables | 1.412.641 | 4.675.672 |
| Provision for doubtful trade receivables (-) | ( 1.412.641) | ( 4.675.672) |
| | 277.021.711 | 404.403.115 |

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

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Deposits and guarantees given | 9.357 | 352.596 |
| Notes receivable and post dated cheques | - | 10.679.749 |
| Rediscount on receivables (-) | - | ( 1.040.678) |
| | 9.357 | 9.991.667 |

Trade payables consist of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Suppliers | 109.472.260 | 125.280.709 |
| Notes payable | - | 1.565.892 |
| Rediscount on payables (-) | ( 1.385.844) | ( 1.546.098) |
| Deposits and guarantees received | 1.036 | 1.862 |
| Other trade payables | - | 6.805 |
| | 108.087.452 | 125.309.170 |

## 8. Leasing Receivables and Payables

As of 31 December 2007 and 2006, there are no leasing receivables and payables.

## 9. Due From and To Related Parties and Transactions

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

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Ak-Al Tekstil Sanayii A.Ş. * | 10.515.163 | - |
| Aksu İplik Dokuma ve Boya Apre Fab. A.Ş. | 10.699.941 | 7.691.446 |
| Üçgen Bakım ve Yönetim Hiz. A.Ş. | - | 325.899 |
| Akport Tekirdağ Liman İşletmeleri A.Ş. | 21.973 | 18.408 |
| Aken B.V. | - | 5.107 |
| Aksa Egypt Acrylic Fiber Industry SAE | 4.440 | 61.698 |
| Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. | 129.108 | - |
| Bozüyük Orman Ürünleri Sanayi Tesisleri A.Ş. | - | 172.954 |
| Other ** | - | 10.723.213 |
| Due from shareholders | 10.967 | 89.202 |
| Rediscount on receivables (-) | ( 712.061) | ( 18.803) |
| | 20.669.531 | 19.069.124 |

* Sold to Aksu İplik Dokuma ve Boya Apre Fab. A.Ş. as of 6 July 2007, hence stated among the related parties (Note 2(c)).

** The number of shareholders which the subsidiary Akenerji Elektrik Üretim A.Ş. effects sales with the exception of shareholders included in Akkök Group is 153 as of 31 December 2006 and they are recognised as “others” as a whole. As of 31 December 2007, there are no balances due from shareholders in relation to the disposal of Akenerji Elektrik Üretim A.Ş.

## 9. Due From and To Related Parties and Transactions

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

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Akkim Kimya San. ve Tic. A.Ş. | 9.448.788 | 5.336.616 |
| Akenerji Elektrik Üretim A.Ş. * | 7.093.185 | - |
| Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. | 552.224 | 234.641 |
| Akkök Sanayi Yatırım ve Geliştirme A.Ş.** | 793.491 | 4.188.465 |
| Dinkal Sigorta Acenteliği A.Ş. | 118.261 | 651.044 |
| Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. | - | 57.334 |
| Expert Contab SRL Suceava | - | 4.217 |
| Due to shareholders *** | 2.810 | 18.160 |
| Other **** | - | 3.979.804 |
| | 18.008.759 | 14.470.281 |

* Sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. as of 6 July 2007, hence stated among the related parties (Note 2(c)).

** Includes the unpaid USD 1.000.000 of the bank loan of USD 2.000.000 used by the subsidiary Akrom Ak-Al Textile Romania S.R.L. from Akkök Sanayi Yatırım ve Geliştirme A.Ş. as at 25 September 2000 which has been paid in on 31 July 2007.

*** As of 31 December 2006, a portion of TRY 14.888 of the trade payables of the subsidiary Akenerji Elektrik Üretim A.Ş. to its shareholders consists of deposits and guarantees received .

**** The number of shareholders which the subsidiary Akenerji Elektrik Üretim A.Ş. effects sales with the exception of shareholders included in Akkök Group is 153 as of 31 December 2006 (31 December 2007 – None) and they are recognised as “others” as a whole. As of 31 December 2007, there are no balances due from shareholders in relation to the disposal of Akenerji Elektrik Üretim A.Ş.

9. Due From and To Related Parties and Transactions (continued)

For the years ended 31 December 2007 and 2006, sales to related parties consist of the following (TRY):

| | 31 December 2007 | | 31 December 2006 |
|---|---|---|---|
| Ak-Al Tekstil Sanayi A.Ş. (1) | 26.011.550 | | - |
| Akenerji Elektrik Üretim A.Ş. (2) | 1.999.633 | | - |
| Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş. | 16.684.159 | (3) | 13.395.498 |
| Akal Dış Ticaret A.Ş. (4) | - | | 5.029 |
| Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. | 912 | | 494 |
| Akkök Sanayi Yatırım ve Geliştirme A.Ş. | 49.214.444 | (5) | 178.506 |
| Akkim Kimya San. ve Tic. A.Ş. | 5.156.167 | | 23.266.120 |
| Dinkal Sigorta Acenteliği A.Ş. | 2.661 | | 2.198 |
| Aksa Egypt Acrylic Fiber Industry SAE | - | | 61.698 |
| Üçgen Bakım ve Yönetim Hiz. A.Ş. | - | | 3.158.075 |
| Aktek Bilgi İşlem Tekn.San.ve Tic.A.Ş. | 14.330 | | - |
| Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. | 398 | | 867 |
| Akport Tekirdağ Liman İşletmeleri A.Ş. | - | | 62.044 |
| Atak Garn und Textilhandel GmbH | - | | 64.671 |
| Other (6) | - | | 188.645.732 |
| | 99.084.254 | | 228.840.932 |

(1) Sold to Aksu İplik Dokuma ve Boya Apre Fab. A.Ş. as of 6 July 2007, hence stated among the related parties.

(2) Sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. as of 6 July 2007, hence stated among the related parties.

(3) A portion of TRY 11.603.944 is related to the sales of Akal Tekstil Sanayii A.Ş. shares.

(4) Started liquidation process as at 26 January 2006, hence not included in the consolidation as of 31 December 2006 but stated among the related parties.

(5) Consists of TRY 46.311.244 and TRY 2.748.176 which stands for share certificate sales totals of Akenerji Elektrik Üretim A.Ş. and Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. respectively.

(6) Consists of the balance related to shareholders of the subsidiary Akenerji Elektrik Üretim A.Ş., with the exception of shareholders included in Akkök Group.

9. Due From and To Related Parties and Transactions (continued)

For the years ended 31 December 2007 and 2006, purchases from related parties consist of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Ak-Al Tekstil Sanayi A.Ş. (1) | 3.218.833 | - |
| Akenerji Elektrik Üretim A.Ş. (1) | 84.920.702 | - |
| Akkök Sanayi Yatırım ve Geliştirme A.Ş. | 21.036.451 (2) | 4.669.368 |
| Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. | 337.263 | 573.783 |
| Akal Tekstil Pazarlama A.Ş. (3) | - | 1.000 |
| Expert Contab SRL Suceava | - | 40.762 |
| Bozüyük Orman Ürünleri Sanayi Tesisleri A.Ş. | - | 360.000 |
| Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş. | 631.487 | 171.781 |
| Dinkal Sigorta Acenteliği A.Ş. | 1.322.801 | 3.361.082 |
| Akkim Kimya San. ve Tic. A.Ş. | 21.186.049 | 23.740.242 |
| Üçgen Bakım ve Yönetim Hiz. A.Ş. | - | 146.218 |
| Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. | 1.545.686 | 2.468.933 |
| Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. | - | 1.644 |
| Aktek Bilgi İşlem Tekn.San.ve Tic.A.Ş. | 985.002 | |
| Other (4) | - | 38.696.055 |
| | 135.184.274 | 74.230.868 |

(1) Sold as at 6 July 2007, hence stated among the related parties.

(2) A portion of TRY 16.250.000 is related to the sales of Aktops Tekstil Sanayi A.Ş. shares to Akkök Sanayi Yatırım ve Geliştirme A.Ş.

(3) Started liquidation process as at 26 January 2006, hence not included in the consolidation as of 31 December 2006 but stated among the related parties.

(4) Consists of the balance related to shareholders of the subsidiary Akenerji Elektrik Üretim A.Ş., with the exception of shareholders included in Akkök Group.

10. Other Receivables and Liabilities

Other receivables consist of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Due from personnel | 143.931 | 237.101 |
| Short term other receivables | 20.795.867 | 28.114.491 |
| Other doubtful receivables | - | 141.876 |
| Provision for other doubtful receivables (-) | - | ( 141.876) |
| | 20.939.798 | 28.351.592 |

Other liabilities consist of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Due to personnel | 4.673 | 566.082 |
| Other miscellaneous debts | - | 1.654 |
| Taxes, duties and other withholdings payable | 2.040.087 | 3.503.361 |
| Social security premiums payable | 886.876 | 1.652.091 |
| Income related to future months | - | 9.546.406 |
| Other VAT | 8.597.321 | 49.441.936 |
| VAT calculated | - | - |
| Expense accruals | 102.353 | 28.146 |
| Expenses payable | 1.816 | 3.142 |
| | 11.633.126 | 64.742.818 |

11. Biological Assets

None (2006 : None).

12. Inventories

Inventories are as follows (TRY) :

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Raw materials and supplies | 93.158.517 | 76.416.808 |
| Semi finished goods | 7.558.176 | 10.639.060 |
| Finished goods | 21.375.316 | 29.402.257 |
| Merchandise | 295.172 | 431.843 |
| Other inventories | 90.026 | 9.602.841 |
| Inventories held for sale | - | 1.012.032 |
| Provision for inventories (-) | - | ( 1.124.480) |
| Order advances given | 12.690.472 | 17.969.421 |
| | 135.167.679 | 144.349.782 |

13. Receivables Related to Ongoing Construction Contracts and Contract Progress Income

As of 31 December 2007 and 2006 there are no receivables related to ongoing construction contract and no contract progress income.

14. 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 (TRY):

Temporary Income / (Expense) Differences

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Adjustment on rediscount on receivables | 5.077.268 | 10.017.296 |
| Provision for termination indemnity | 9.397.258 | 11.710.432 |
| Provision for leaves | 896.634 | - |
| Adjustment on value decrease in affiliates | - | 14.194.132 |
| Provision for doubtful receivables | - | 21.531 |
| Provision for litigation | 907.580 | 697.785 |
| Valuation of foreign exchange buying/selling rates | 661.001 | 1.186.065 |
| Valuation of order advances given | - | 213.346 |
| Valuation of order advances received | - | 107.574 |
| Adjustment on loan discount | 2.212 | 581.306 |
| 2005 prior year losses * | - | 63.571.095 |
| Transactions related to consolidation | - | 587.261 |
| Deferred tax asset base | 16.941.953 | 102.887.823 |
| Adjustment on rediscount on payables | 1.385.844 | 2.512.456 |
| Transactions related to consolidation | 173.115 | - |
| Difference between the book values of tangible/intangible assets and their tax bases, net | 101.694.747 | 255.535.160 |
| Deferred tax liability base | 103.253.706 | 258.047.616 |
| Deferred tax liability base (net) | 86.311.753 | 155.159.793 |
| Tax rate | 20 % | 20 % |
| Deferred tax liability (net) | 17.262.351 | 31.031.958 |

* As per the Company management's future assumptions there are high chances of generating taxable profit hence the tax loss for 2005 related to the subsidiary Akenerji Elektrik Üretim A.Ş. has been considered in the deferred tax calculations.

14. Deferred Tax Assets and Liabilities (continued)

Deferred Tax Income / (Expense) (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Current period deferred tax asset/(liability) | (17.262.351) | (31.031.958) |
| Effect of subsidiaries excluded from consolidation | (13.061.866) | 170 |
| Reversal of prior period deferred tax (liability) / asset | 31.031.958 | 69.356.780 |
| Deferred tax income /(expense) (Note 41) | 707.741 | 38.324.992 |

15. Other Current/Non-current Assets and Short/Long Term Liabilities

Other current/short term assets consist of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Expenses related to future months | 295.886 | 1.509.384 |
| Deferred VAT | 2.440.069 | 16.096.204 |
| Deductible VAT | - | 8.434 |
| Other VAT | 8.597.322 | 49.441.937 |
| Prepaid taxes and funds | 2.553.056 | 1.243.036 |
| Job advances | 95.610 | 53.020 |
| Personnel advances | 1.269.649 | 1.260.681 |
| Fixed assets held for sale | - | 29.697.517 |
| Value decrease in fixed assets | - | (17.288.880) |
| | 15.251.592 | 82.021.333 |

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

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Expenses related to future years | 814 | 89.536 |
| Other VAT | - | 57.626 |
| | 814 | 147.162 |

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

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Other VAT | - | 57.626 |

## 16. Financial Assets

Financial assets consist of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Affiliates; | | |
| Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. * | - | 22.181.034 |
| Ak-Han Bak. Yön. Serv. Hizm. Güven. Malz. A.Ş. | 63.582 | 97.597 |
| Provision for value decrease in affiliates (-) | - | (14.194.132) |
| Subsidiaries; | | |
| Aken BV ** | - | 1.988.943 |
| Aksa Egypt Acrylic Fiber Industry SAE | 78.695 | 78.695 |
| Fitco BV | 7.863.032 | 7.863.032 |
| Bozüyük Orman Ürünleri Sanayi Tesisleri A.Ş. *** | - | 735.919 |
| Akgirişim Kimya ve Ticaret A.Ş. | 58.000 | - |
| Other financial assets | 54 | 10.251 |
| | 8.063.363 | 18.761.339 |

* Sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. as of 20 September 2007 and stated in the accompanying consolidated financial statements as of 31 December 2006 at cost (Note 44(e)).

** The company under indirect ownership of the Parent Company through Akenerji Elektrik Üretim A.Ş. has been excluded from the consolidated financial statements as of 31 December 2007 upon disposal of Akenerji Elektrik Üretim A.Ş.

*** The company under indirect ownership of the Parent Company through Ak-Al Tekstil Sanayii A.Ş has been excluded from the consolidated financial statements as of 31 December 2007 upon disposal of Ak-Al Tekstil Sanayii A.Ş.

## 17. Positive/Negative Goodwill

Positive/negative goodwill consist of the following (TRY):

As of 31 December 2007;

| | Opening 1 January 2007 | Exclusions from Consolidation | Additions | Disposals | Closing 31 December 2007 |
|---|---|---|---|---|---|
| Pozitif şerefiye | | | | | |
| 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 |
| Sub total | 22.548.997 | (22.548.997) | 5.988.651 | - | 5.988.651 |
| Accumulated amortisation (-) | (76.697) | 76.697 | (199.623) | - | (199.623) |
| | 22.472.300 | (22.472.300) | 5.789.028 | - | 5.789.028 |

17. Positive/Negative Goodwill (continued)

Positive/negative goodwill consist of the following (TRY) (continued):

As of 31 December 2006;

| | Opening 1 January 2006 | Additions | Disposals | Closing 31 December 2006 |
|---|---|---|---|---|
| Positive goodwill | | | | |
| Akkur Enerji Üretim Ticaret ve Sanayi A.Ş. | - | 22.548.997 | - | 22.548.997 |
| Accumulated amortisation (-) | - | ( 76.697) | - | ( 76.697) |
| | - | 22.472.300 | - | 22.472.300 |

18. Investment Property

As of 31 December 2007 and 2006 there are no investment properties.

19. Tangible Assets

Tangible assets consist of the following (TRY):

As of 31 December 2007;

| | Opening 1 January 2007 | Additions | Transfers | Disposals | Exclusions from Consolidation | Closing 31 December 2007 |
|---|---|---|---|---|---|---|
| Land | 60.088.909 | 578.730 | - | - | ( 6.090.092) | 54.577.547 |
| Land improvments | 79.640.031 | 1.572.908 | - | - | ( 49.545.111) | 31.667.828 |
| Buildings | 119.831.488 | 137.818 | 1.006.001 | - | ( 41.768.930) | 79.206.377 |
| Machinery and equipment | 1.206.680.939 | 40.954 | 16.681.299 | ( 9.613) | (728.388.293) | 495.005.286 |
| Motor vehicles | 6.549.831 | 89.806 | - | (129.057) | ( 5.303.317) | 1.207.263 |
| Furniture and fixtures | 30.247.530 | 454.628 | 145.720 | ( 35.042) | ( 16.455.004) | 14.357.832 |
| Other tangible assets | 9.899 | - | - | - | - | 9.899 |
| Investments in progress | 59.194.268 | 90.916.612 | (16.954.247) | - | ( 43.436.676) | 89.719.957 |
| Order advances given | 32.046.813 | 2.701.979 | ( 973.038) | - | ( 32.015.045) | 1.760.709 |
| Sub total | 1.594.289.708 | 96.493.435 | (94.265) | (173.712) | (923.002.468) | 767.512.698 |
| Accumulated depreciation (-) | ( 881.333.998) | (38.618.507) | - | 172.889 | 518.599.667 | ( 401.179.949) |
| | 712.955.710 | 57.874.928 | ( 94.265) | ( 823) | (404.402.801) | 366.332.749 |
| Provision for value decrease (-) * | ( 14.252.303) | - | - | - | 14.252.303 | - |
| Total | 698.703.407 | 57.874.928 | ( 94.265) | ( 823) | (390.150.498) | 366.332.749 |

* The provision for value decrease made for a total of TRY 14.252.303 over the fixed assets of Akenerji Elektrik Üretim A.Ş. as of 31 December 2006 has been reversed as of 31 December 2007 upon exclusion of Akenerji Elektrik Üretim A.Ş. from the consolidation.

## 19. Tangible Assets (continued)

Tangible assets consist of the following (TRY) (continued):

As of 31 December 2006;

| | Opening 1 January 2006 | Effect of subsidiary included in the Consolidation | Additions | Transfers | Sales | Translation Differences and Elimination* | Closing 31 December 2006 |
|---|---|---|---|---|---|---|---|
| Land | 60.088.909 | - | - | - | - | - | 60.088.909 |
| Land improvements | 79.381.197 | - | 27.340 | 442.915 | ( 211.421) | - | 79.640.031 |
| Buildings | 130.823.986 | - | 847.688 | (15.002.885) | ( 790.777) | 3.953.476 | 119.831.488 |
| Machinery and equipment | 1.415.491.660 | - | 1.882.401 | 23.593.681 | (240.651.728) | 6.364.925 | 1.206.680.939 |
| Motor vehicles | 7.994.142 | 33.183 | 4.834 | - | ( 2.138.499) | 656.171 | 6.549.831 |
| Furniture and fixtures | 32.400.128 | | 853.227 | 2.413.510 | ( 5.410.980) | ( 8.355) | 30.247.530 |
| Other tangible assets | 9.899 | | - | - | - | - | 9.899 |
| Investments in progress | 44.326.626 | 139.026 | 74.256.953 | (58.054.095) | ( 1.507.426) | 33.184 | 59.194.268 |
| Order advances given | 14.089.408 | - | 43.722.743 | (25.765.338) | - | - | 32.046.813 |
| Sub total | 1.784.605.955 | 172.209 | 121.595.186 | (72.372.212) | (250.710.831) | 10.999.401 | 1.594.289.708 |
| Accumulated depreciation (-) | (1.012.227.660) | ( 8.849) | (101.082.059) | 16.907.962 | 218.367.441 | ( 3.290.833) | ( 881.333.998) |
| | 772.378.295 | 163.360 | 20.513.127 | (55.464.250) | ( 32.343.390) | 7.708.568 | 712.955.710 |
| Provision for value decrease ** | ( 36.516.696) | - | - | - | 22.264.393 | - | ( 14.252.303) |
| Total | 735.861.599 | 163.360 | 20.513.127 | (55.464.250) | ( 10.078.997) | 7.708.568 | 698.703.407 |

* Includes the effect of subsidiaries excluded from consolidation.

** A portion of TRY 22.264.393 out of the provision for value decrease amounting to TRY 36.516.696 as of 31 December 2005 has been cancelled due to the sales made.

## 20. Intangible Assets

Intangible assets consist of the following (TRY):

As of 31 December 2007;

| | Opening 1 January 2007 | Additions | Disposals and Transfers * | Closing 31 December 2007 |
|---|---|---|---|---|
| Rights | 38.717.458 | 23.200 | (37.124.860) | 1.615.798 |
| Special costs | 7.932.045 | 24.391 | ( 2.250.948) | 5.705.488 |
| Other intangible assets | 3.036.758 | 108.844 | ( 1.807.034) | 1.338.568 |
| Sub total | 49.686.261 | 156.435 | (41.182.842) | 8.659.854 |
| Accumulated amortisation (-) | (11.941.829) | (399.716) | 6.846.177 | (5.495.368) |
| | 37.744.432 | (243.281) | (34.336.665) | 3.164.486 |

As of 31 December 2006;

| | Opening 1 January 2006 | Effect of Subsidiary included in the consolidation | Additions | Disposals and Transfers* | Closing 31 December 2006 |
|---|---|---|---|---|---|
| Rights | 38.837.126 | 1.650 | 53.436 | (174.754) | 38.717.458 |
| Special costs | 8.165.814 | - | 248.955 | (482.724) | 7.932.045 |
| Other intangible assets | 2.739.027 | - | 306.982 | ( 9.251) | 3.036.758 |
| Sub total | 49.741.967 | 1.650 | 609.373 | (666.729) | 49.686.261 |
| Accumulated amortisation (-) | (10.401.871) | ( 248) | (2.112.382) | 572.672 | (11.941.829) |
| | 39.340.096 | 1.402 | (1.503.009) | ( 94.057) | 37.744.432 |

* Includes the effect of subsidiaries excluded from consolidation.

## 21. Advances Received

Advances received consist of the following (TRY) :

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Order advances received | 545.392 | 12.701.789 |
| | 545.392 | 12.701.789 |

22. Pension Plans

As of 31 December 2007 and 2006 there are no pension plans.

23. Provisions for Debts

Provisions for short term debts consist of the following (TRY) :

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Current period tax provisions (Note 41) | 1.552.888 | 21.367.494 |
| Prepaid taxes | (1.172.421) | (18.351.039) |
| Provision for cost expenses | - | 2.701.614 |
| Provision for leaves | 701.182 | - |
| Provision for TRT share | - | 2.513.794 |
| Provision for other debts and expenses | 3.050.858 * | 370.977 |
| | 4.132.507 | 8.602.840 |

* The portion of TRY 2.844.992 is comprised of short term provision for litigation (Note 31 (d)).

Provisions for long term debts consist of the following (TRY) :

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Provisions for termination indemnity and leaves (Note 31) | 9.592.710 | 11.722.036 |
| Provisions for other debts and expenses ** | - | 8.760.716 |
| | 9.592.710 | 20.482.752 |

** Comprises of provisions for litigation.

## 24. Minority Interest

As of 31 Decmeber 2007 and 2006, minority interest consists of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Share capital | 18.468.486 | 236.397.872 |
| Share premium | - | 143.501.900 |
| Legal reserves | 5.917.288 | 43.469.779 |
| Extraordinary reserves | 182.100 | 350.206.794 |
| Retained Earnings/(Accumulated losses) | (11.858.383) | (302.516.710) |
| Profit/(loss) for the period | 3.046.126 | ( 53.470.876) |
| | 15.755.617 | 417.588.759 |

## 25. Share Capital

As of 31 December 2007 and 2006, the Parent Company's share capital consists of the following (TRY):

| Name | Shareholding | Book Value | Capital Adjustment | Total Adjusted Capital |
|---|---|---|---|---|
| Akkök Sanayi Yatırım ve Geliştirme A.Ş. | 39,58 % | 43.546.625 | 101.018.142 | 144.564.767 |
| Emniyet Tic. ve San. A.Ş. | 18,72 % | 20.596.070 | 47.778.142 | 68.374.212 |
| Other * | 41,70 % | 45.857.305 | 106.378.389 | 152.235.694 |
| | 100,00 % | 110.000.000 | 255.174.673 | 365.174.673 |

* Represents total of shareholdings less than 10 %.

## 26. Capital Reserves

"Capital, Share Premium, Legal Reserves and Extraordinary Reserves" recognised among equity items in the financial statements prepared subsequent to the first-time inflation adjustment are stated at their book values. The differences arising from the inflation adjustment of the related equity items are stated in the "Differences Arising from Inflation Adjustment of Equity" account. The "Differences Arising from Inflation Adjustment of Equity" will only be used in offsetting bonus share increase or in offsetting losses.

26. Capital Reserves (continued)

The differences arising from inflation adjustment in equity originating from restatement of share capital, share premium, legal and extraordinary reserves as of 31 December 2007 and 2006 are as follows (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Inflation adjustment related to share capital | 255.174.673 | 255.174.673 |
| Inflation adjustment related to extraordinary reserves | 5.323.651 | 92.865.560 |
| Inflation adjustment related to legal reserves | 110.092.166 | 110.229.028 |
| Inflation adjustment related to share premium | 23.261.756 | 23.261.756 |
| Differences arising from the inflation adjustment related to the equity | 393.852.246 | 481.531.017 |

27. Profit Reserves

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.

## 28. Retained Earnings / (Accumulated Losses)

Retained earnings / (accumulated losses) consist of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Retained earnings / (accumulated losses) | ( 4.763.955) | (34.003.650) |
| Deduction of prior year losses | - | 36.217.668 |
| Transfer of profit/(loss) for the period | 61.461.963 | ( 826.562) |
| Effect of subsidiaries excluded from consolidation | 53.165.478 | ( 15.761) |
| Effect of subsidiary included in the consolidation | - | ( 22.895) |
| Effect of rate change in the subsidiary included in the consolidation | ( 155.305) | 3.964 |
| Adjustment related to minority interest | - | ( 6.003.705) |
| Transfer to reserves | (39.528.130) | ( 113.014) |
| Dividend payments | (17.633.957) | - |
| | 52.546.094 | ( 4.763.955) |

## 29. Foreign Currency Position

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

| | 31 December 2007 | | | Total |
|---|---|---|---|---|
| | USD | Euro | GBP | (TRY) |
| Assets; | | | | |
| Liquid Assets; | | | | |
| Parent Company; | 20.977.625 | 37.626 | | 24.496.988 |
| Subsidiaries; | 2.903.952 | 237.372 | 6.494 | 3.803.291 |
| | 23.881.577 | 274.998 | 6.494 | 28.300.279 |
| Trade Receivables; | | | | |
| Parent Company; | 232.768.365 | 10.638.580 | - | 289.299.414 |
| Subsidiaries; | 53.294.847 | 13.448.608 | - | 85.072.318 |
| Consolidation Eliminations | (50.076.048) | (10.638.580) | - | ( 76.517.673) |
| | 235.987.164 | 13.448.608 | - | 297.854.059 |
| Non-trade Receivables; | | | | |
| Subsidiaries; | 723.842 | 69.129 | 1.494 | 964.758 |
| | 723.842 | 69.129 | 1.494 | 964.758 |
| Order Advances given | | | | |
| Subsidiaries; | - | 4.438 | - | 7.590 |
| | - | 4.438 | - | 7.590 |
| Liabilities; | | | | |
| Trade Payables; | | | | |
| Parent Company; | (84.443.890) | (265.513) | (4.768) | ( 99.292.090) |
| Subsidiaries; | ( 635.877) | (192.849) | - | ( 1.075.559) |
| | (85.079.767) | (458.362) | (4.768) | (100.367.649) |
| Financial Debts; | | | | |
| Parent Company; | (74.380.304) | - | - | (87.047.270) |
| | (74.380.304) | - | - | (87.047.270) |
| Non-trade Payables ; | | | | |
| Subsidiaries; | ( 3.107) | - | - | ( 3.636) |
| | ( 3.107) | - | - | ( 3.636) |
| Net Foreign Currency Position | 101.129.405 | 13.338.811 | 3.220 | 139.708.131 |

## 29. Foreign Currency Position (continued)

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

| | 31 December 2007 | | | | Total |
|---|---|---|---|---|---|
| | USD | Euro | GBP | CHF | (TRY) |
| Assets; | | | | | |
| Liquid Assets; | | | | | |
| Parent Company; | 5.480.494 | - | | | 7.703.382 |
| Subsidiaries; | 31.344.326 | 34.633.257 | 1.838.814 | 2.078 | 113.252.877 |
| | 36.824.820 | 34.633.257 | 1.838.814 | 2.078 | 120.956.259 |
| Trade Receivables; | | | | | |
| Parent Company; | 243.923.082 | 8.005.640 | 151.053 | | 358.097.164 |
| Subsidiaries; | 94.600.551 | 11.051.314 | 555.277 | | 154.962.886 |
| Consolidation Eliminations | (79.211.680) | (8.005.640) | (151.053) | - | (126.578.818) |
| | 259.311.953 | 11.051.314 | 555.277 | - | 386.481.232 |
| Non-trade Receivables; | | | | | |
| Subsidiaries; | 741.902 | 64.651 | 2.392 | - | 1.169.113 |
| | 741.902 | 64.651 | 2.392 | - | 1.169.113 |
| Order Advances given | | | | | |
| Subsidiaries; | 6.652.311 | 3.149.291 | - | - | 15.181.401 |
| | 6.652.311 | 3.149.291 | - | - | 15.181.401 |
| Liabilities; | | | | | |
| Trade Payables; | | | | | |
| Parent Company; | (59.727.807) | ( 461.774) | (28.424) | | (85.297.410) |
| Subsidiaries; | (17.416.703) | (2.210.831) | ( 1.135) | - | ( 28.715.527) |
| | (77.144.510) | (2.672.605) | (29.559) | - | (114.012.937) |
| Financial Debts; | | | | | |
| Parent Company; | ( 70.084.353) | - | - | - | ( 98.987.141) |
| Subsidiaries; | ( 49.994.231) | (38.788.403) | (1.758.047) | - | (147.645.872) |
| | (120.078.584) | (38.788.403) | (1.758.047) | - | (246.633.013) |
| Non-trade Payables ; | | | | | |
| Subsidiaries; | ( 124.619) | - | - | (475) | ( 176.562) |
| | ( 124.619) | - | - | (475) | ( 176.562) |
| Net Foreign Currency Position | 106.183.273 | 7.437.505 | 608.877 | 1.603 | 162.965.493 |

30. Government Incentives and Aids

The Parent Company benefits from the government incentives within the frame of the communiqué related to the Support On Participation In Foreign Country Exhibitions Nr. 204/6 issued by the Money, Loans and Coordination Board which are obtained by the authority granted by the Article 4 of the Decree on Government Aids Related to Exports issued by the Council of Ministers dated 27.12.1994 Nr. 94/6401.

As of 31 December 2007, government incentives and aids amount to TRY 6.969 (31 December 2006 – TRY 6.478).

31. Provisions, Conditional Assets and Liabilities

a) As of 31 December 2007 contingent liabilities amount to TRY 63.394.567, USD 94.382.500 and EURO 1.108.800 (31 December 2006 –TRY 77.015.078, EURO 830.536, USD 127.971.475).

b) As of 31 December 2007 guarantees received for short term trade receivables amount to TRY 46.205.910 (31 December 2006 – TRY 93.358.854, USD 7.609.549, EURO 7.984.866 and GBP 12.945).

c) As of 31 December 2007 there is no ongoing litigation commenced by the Parent Company and its subsidiaries against third parties (31 December 2006 – TRY 3.780.434).

d) As of 31 August 2007, the company has been sued for damages by 25 people at a total of TRY 31.250 related to the 1999 earthquake, however the file has not been accepted by the court as yet. As of 31 December 2007, provision is made for a total of TRY 2.844.992 including a capital of TRY 631.250 and the related interest of TRY 2.213.742 (Note 23) (31 December 2006 - TRY 9.845.597).

e) As of 31 December 2007 the overdue receivables and the related provisions stated in the books of the Parent Company and its subsidiaries amount to TRY 1.412.641 (31 December 2006 – TRY 4.817.548).

f) As of 31 December 2006 the sureties given by the subsidiary Ak-Al Tekstil Sanayii A.Ş. on behalf of its subsidiaries amount to USD 15.500.000 (31 December 2007 - None).

g) As of 31 December 2006 there is an export commitment of USD 16.911.250 received by the subsidiary Ak-Al Tekstil Sanayii A.Ş. as per the Exports Incentive Document (31 December 2007 – None).

h) As of 31 December 2006 there is an export commitment of USD 1.000 received by the subsidiary Ak-Al Tekstil Sanayii A.Ş. as per the Investment Incentive Document (31 December 2007 – None).

i) As of 31 December 2006 there is an export commitment of USD 5.500.000 related to the foreign currency loans utilized by the subsidiary Ak-Al Tekstil Sanayii A.Ş. (31 December 2007 – None).

31. Provisions, Conditional Assets and Liabilities (continued)

j) Termination indemnity consists of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Provision for termination indemnity at the beginning of the period | 11.722.036 | 10.845.539 |
| Provision for leaves | 195.452 | - |
| Effect of subsidiary excluded from consolidation | (3.477.393) | - |
| Current period provision for termination indemnity | 1.152.615 | 876.497 |
| Provision for termination indemnity and leaves at the end of the period (Note 23) | 9.592.710 | 11.722.036 |

32. Mergers

As of 31 December 2007 and 2006, there are no mergers among companies.

## 33. Segment Reporting

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

| | Chemistry * | Textiles | Marketing | Classification and Elimination | Total |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Current Assets | 492.670.863 | 12.091.658 | 107.373.680 | (83.412.090) | 528.724.111 |
| Liquid Assets | 49.030.696 | 4.318.261 | 6.324.843 | - | 59.673.800 |
| Marketable Securities (net) | - | - | - | - | - |
| Trade Receivables (net) | 188.382.422 | 135.633 | 88.503.656 | - | 277.021.711 |
| Leasing Assets (net) | - | - | - | - | - |
| Due from Related Parties (net) | 86.447.169 | 5.342.542 | 12.039.209 | (83.159.389) | 20.669.531 |
| Other Receivables (net) | 20.804.805 | - | - | 134.993 | 20.939.798 |
| Biological Assets (net) | - | - | - | - | - |
| Inventories (net) | 133.374.574 | 1.805.355 | 375.444 | ( 387.694) | 135.167.679 |
| Receivables from Ongoing Construction Contracts (net) | - | - | - | - | - |
| Deferred Tax Assets | - | - | - | - | - |
| Other Current Assets | 14.631.197 | 489.867 | 130.528 | - | 15.251.592 |
| Non-current Assets | 378.605.732 | 16.104.666 | 2.891.295 | (14.241.896) | 383.359.797 |
| Trade Receivables (net) | 9.357 | - | - | - | 9.357 |
| Leasing Assets (net) | - | - | - | - | - |
| Due from Related Parties (net) | - | - | - | - | - |
| Other Receivables (net) | - | - | - | - | - |
| Financial Assets (net) | 27.178.240 | 39.361 | 63.000 | (19.217.238) | 8.063.363 |
| Positive / Negative Goodwill (net) | - | - | - | 5.789.028 | 5.789.028 |
| Investment Properties (net) | - | - | - | - | - |
| Tangible Assets (net) | 351.083.899 | 13.243.392 | 2.819.144 | ( 813.686) | 366.332.749 |
| Intangible Assets (net) | 333.422 | 2.821.913 | 9.151 | - | 3.164.486 |
| Deferred Tax Assets | - | - | - | - | - |
| Other Non-current Assets | 814 | - | - | - | 814 |
| TOTAL ASSETS | 871.276.595 | 28.196.324 | 110.264.975 | (97.653.986) | 912.083.908 |

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

## 33. Segment Reporting (continued)

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

| | Chemistry * | Textiles | Marketing | Classification and Elimination | Total |
|---|---|---|---|---|---|
| LIABILITIES | | | | | |
| Short Term Liabilities | 199.064.951 | 1.900.129 | 102.352.814 | (80.740.208) | 222.577.686 |
| Financial Debts (net) | 65.333.368 | 4.274 | 14.767.244 | - | 80.104.886 |
| Short term portion of long term financial debts (net) | 65.564 | - | - | - | 65.564 |
| Leasing payables (net) | - | - | - | - | - |
| Other Financial Liabilities (net) | - | - | - | - | - |
| Trade Payables (net) | 106.541.141 | 475.722 | 1.070.589 | - | 108.087.452 |
| Due to Related Parties (net) | 15.345.511 | 881.415 | 85.367.033 | (83.585.200) | 18.008.759 |
| Advances Received | 545.392 | - | - | - | 545.392 |
| Contract Progress Income (net) | - | - | - | - | - |
| Debt Provisions | 701.182 | 244.456 | 341.877 | 2.844.992 | 4.132.507 |
| Deferred Tax Liability | - | - | - | - | - |
| Other Liabilities (net) | 10.532.793 | 294.262 | 806.071 | - | 11.633.126 |
| Long Term Liabilities | 47.866.394 | 3.017.659 | 431.927 | (2.810.369) | 48.505.611 |
| Financial Debts (net) | 21.650.550 | - | - | - | 21.650.550 |
| Leasing Payables (net) | - | - | - | - | - |
| Other Financial Liabilities (net) | - | - | - | - | - |
| Trade Payables (net) | - | - | - | - | - |
| Due to Related Parties (net) | - | - | - | - | - |
| Advances Received | - | - | - | - | - |
| Debt Provisions | 10.171.707 | 1.744.098 | 521.897 | (2.844.992) | 9.592.710 |
| Deferred Tax Liabilities | 16.044.137 | 1.273.561 | ( 89.970) | 34.623 | 17.262.351 |
| Other Liabilities (net) | - | - | - | - | - |
| MINORITY INTEREST | - | - | - | 15.755.617 | 15.755.617 |
| EQUITY | 624.345.250 | 23.278.536 | 7.480.234 | (29.859.026) | 625.244.994 |
| Share Capital | 365.174.674 | 8.465.590 | 17.430.150 | (281.070.414) | 110.000.000 |
| Adjustment for Cross-Shareholding | - | - | - | - | - |
| Capital Reserves | 1.669.549 | - | - | 392.182.697 | 393.852.246 |
| Share Certificates Issue Premiums | 1.669.549 | - | - | (1.669.549) | - |
| Share Premium of Cancelled Shares | - | - | - | - | - |
| Revaluation Fund | - | - | - | - | - |
| Financial Assets Value Increase Fund | - | - | - | - | - |
| Differences Arising from Inflation Adjustment in Equity | - | - | - | 393.852.246 | 393.852.246 |
| Profit Reserves | 812.246.203 | 10.185.818 | 2.340.293 | (760.456.164) | 64.316.150 |
| Legal Reserves | 119.337.456 | 9.842.871 | 2.288.383 | (123.960.178) | 7.508.532 |
| Statutory Reserves | - | - | - | - | - |
| Extraordinary Reserves | 692.908.747 | 342.947 | 51.910 | (636.495.986) | 56.807.618 |
| Special Reserves | - | - | - | - | - |
| Profit on Disposal of Tangible Assets and Investments to be Added to Share Capital | - | - | - | - | - |
| Translation Differences | - | - | - | - | - |
| Net Profit/(Loss) for the Period | 25.325.098 | 2.755.837 | 2.246.378 | (25.796.809) | 4.530.504 |
| Retained Earnings/ (Accumulated loss) | (580.070.274) | 1.871.291 | (14.536.587) | 645.281.664 | 52.546.094 |
| Total Liabilities and Equity | 871.276.595 | 28.196.324 | 110.264.975 | (97.653.986) | 912.083.908 |

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

## 33. Segment Reporting (continued)

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

| | Chemistry * | Textiles | Marketing | Classification and Elimination | Total |
|---|---|---|---|---|---|
| INCOME FROM 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) |
| Service Income (net) | - | - | - | - | - |
| Other income from principal Activities/interest +dividend +rent (net) | - | - | - | - | - |
| GROSS PROFIT/(LOSS) FROM OPERATING ACTIVITIES | 64.667.262 | 5.138.545 | 22.205.880 | (36.783.156) | 55.228.531 |
| Operating expenses (-) | (43.120.878) | (2.428.305) | (5.366.410) | 4.222.396 | (46.693.197) |
| NET PROFIT/(LOSS) FROM OPERATING ACTIVITIES | 21.546.384 | 2.710.240 | 16.839.470 | (32.560.760) | 8.535.334 |
| Income and Profits from Other Operations | 128.808.058 | 1.212.149 | 2.544.021 | (24.001.011) | 108.563.217 |
| Expenses and Losses from Other Operations(-) | (122.065.381) | (309.994) | (16.570.446) | 33.963.163 | ( 104.982.658) |
| Financial Expenses (-) | ( 3.694.115) | - | - | - | ( 3.694.115) |
| OPERATING PROFIT/ (LOSS) | 24.594.946 | 3.612.395 | 2.813.045 | (22.598.608) | 8.421.778 |
| Net Monetary Profit/(Loss) | - | - | - | - | - |
| MINORITY INTEREST | - | - | - | ( 3.046.126) | ( 3.046.126) |
| PROFIT BEFORE TAX | 24.594.946 | 3.612.395 | 2.813.045 | (25.644.734) | 5.375.652 |
| Taxes | 730.152 | ( 856.558) | ( 566.667) | ( 152.075) | ( 845.148) |
| NET PROFIT / (LOSS) FOR THE PERIOD | 25.325.098 | 2.755.837 | 2.246.378 | (25.796.809) | 4.530.504 |

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

## 33. Segment Reporting (continued)

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

| | Chemistry* | Textile | Energy | Other | Classification and Elimination | Total |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Current Assets | 583.733.985 | 93.422.977 | 208.929.728 | 128.427.629 | (144.380.569) | 870.133.750 |
| Liquid Assets | 31.155.836 | 18.060.042 | 139.516.796 | 3.206.130 | - | 191.938.804 |
| Marketable Securities (net) | - | - | - | - | - | - |
| Trade Receivables (net) | 353.337.679 | 51.579.621 | 23.469.182 | 115.800.984 | (139.784.351) | 404.403.115 |
| Leasing Receivables (net) | - | - | - | - | - | - |
| Due from Related Parties (net) | 332.635 | 70.086 | 23.098.056 | - | ( 4.431.653) | 19.069.124 |
| Other Receivables (net) | 28.015.507 | 5.017 | 47 | - | 331.021 | 28.351.592 |
| Biological Assets (net) | - | - | - | - | - | - |
| Inventories (net) | 116.967.116 | 10.956.832 | 7.608.328 | 9.313.092 | ( 495.586) | 144.349.782 |
| Receivables from Ongoing Construction Contracts (net) | - | - | - | - | - | - |
| Deferred Tax Assets | - | - | - | - | - | - |
| Other Current Assets | 53.925.212 | 12.751.379 | 15.237.319 | 107.423 | - | 82.021.333 |
| Non-current Assets | 339.021.939 | 80.471.234 | 428.333.721 | 1.971.429 | (61.978.016) | 787.820.307 |
| Trade Receivables (net) | 9.125 | 9.656.132 | 326.410 | - | - | 9.991.667 |
| Leasing Receivables (net) | - | - | - | - | - | - |
| Due from Related Parties (net) | - | - | - | - | - | - |
| Other Receivables (net) | - | - | - | - | - | - |
| Financial Assets (net) | 42.687.352 | 29.979.408 | 4.967.379 | 63.000 | (58.935.800) | 18.761.339 |
| Positive/Negative Goodwill (net) | - | - | 22.472.300 | - | - | 22.472.300 |
| Investment Properties (net) | - | - | - | - | - | - |
| Tangible Assets (net) | 295.947.598 | 37.550.780 | 366.346.757 | 1.900.488 | ( 3.042.216) | 698.703.407 |
| Intangible Assets (net) | 370.290 | 3.227.288 | 34.138.913 | 7.941 | - | 37.744.432 |
| Deferred Tax Assets | - | - | - | - | - | - |
| Other Non-current Assets | 7.574 | 57.626 | 81.962 | - | - | 147.162 |
| Total Assets | 922.755.924 | 173.894.211 | 637.263.449 | 130.399.058 | (206.358.585) | 1.657.954.057 |

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

## 33. Segment Reporting (continued)

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

| | Chemistry * | Textile | Energy | Other | Classification and Elimination | Total |
|---|---|---|---|---|---|---|
| LIABILITIES | | | | | | |
| Short Term Liabilities | 274.164.227 | 74.026.595 | 64.826.024 | 121.607.057 | (145.038.061) | 389.585.842 |
| Financial Debts (net) | 107.606.163 | 33.334.655 | - | 12.393.198 | ( 3.031.879) | 150.302.137 |
| Short term portion of long term financial debts (net) | - | - | 13.456.807 | - | - | 13.456.807 |
| Leasing Payables(net) | - | - | - | - | - | - |
| Other Financial Liabilities (net) | - | - | - | - | - | - |
| Trade Payables (net) | 110.004.553 | 26.422.374 | 40.637.363 | 98.360.415 | (150.115.535) | 125.309.170 |
| Due to Related Parties (net) | 1.411.569 | - | 4.949.359 | - | 8.109.353 | 14.470.281 |
| Advances Received | 1.293.335 | 11.401.507 | 6.947 | - | - | 12.701.789 |
| Contract Progress Income (net) | - | - | - | - | - | - |
| Debt Provisions | 2.508.308 | 1.043.176 | 4.554.821 | 496.535 | - | 8.602.840 |
| Deferred Tax Liability | - | - | - | - | - | - |
| Other Liabilities (net) | 51.340.299 | 1.824.883 | 1.220.727 | 10.356.909 | - | 64.742.818 |
| Long Term Liabilities | 31.937.589 | 3.080.438 | 142.813.239 | 585.189 | ( 117.452) | 178.299.003 |
| Financial Debts (net) | - | - | 126.726.667 | - | - | 126.726.667 |
| Leasing Payables (net) | - | - | - | - | - | - |
| Other Financial Liabilities (net) | - | - | - | - | - | - |
| Trade Payables (net) | - | - | - | - | - | - |
| Due to Related Parties (net) | - | - | - | - | - | - |
| Advances Received | - | - | - | - | - | - |
| Debt Provisions | 15.163.300 | 3.277.658 | 1.323.815 | 717.979 | - | 20.482.752 |
| Deferred Tax Liabilities | 16.774.289 | ( 254.846) | 14.762.757 | ( 132.790) | ( 117.452) | 31.031.958 |
| Other Liabilities (net) | - | 57.626 | - | - | - | 57.626 |
| MINORITY INTEREST | - | - | 1.283.805 | - | 416.304.954 | 417.588.759 |
| EQUITY | 616.654.108 | 96.787.178 | 428.340.381 | 8.206.812 | (477.508.026) | 672.480.453 |
| Share Capital | 365.174.674 | 131.757.870 | 167.328.908 | 17.430.150 | (571.691.602) | 110.000.000 |
| Adjustment for Cross-Shareholding | - | - | - | - | - | - |
| Capital Reserves | 1.669.549 | 358.459 | 173.250.498 | - | 306.252.511 | 481.531.017 |
| Share Certificates Issue Premiums | 1.669.549 | 358.459 | 173.250.498 | - | (175.278.506) | - |
| Share Premium of Cancelled Shares | - | - | - | - | - | - |
| Revaluation Fund | - | - | - | - | - | - |
| Financial Assets Value Increase Fund | - | - | - | - | - | - |
| Differences Arising from Inflation Adjustment in Equity | - | - | - | - | 481.531.017 | 481.531.017 |
| Profit Reserves | 773.182.154 | 132.576.003 | 347.902.893 | 1.885.142 | (1.231.294.764) | 24.251.428 |
| Legal Reserves | 114.568.587 | 32.544.392 | 18.917.455 | 1.833.232 | ( 165.439.742) | 2.423.924 |
| Statutory Reserves | - | - | - | - | - | - |
| Extraordinary Reserves | 658.613.567 | 100.031.611 | 328.985.438 | 51.910 | (1.065.183.057) | 22.499.469 |
| Special Reserves | - | - | - | - | - | - |
| Profit on Disposal of Tangible Assets and Investments to be Added to Share Capital | - | - | - | - | - | - |
| Translation Differences | - | - | - | - | ( 671.965) | ( 671.965) |
| Net Profit/(Loss) for the Period | 69.449.307 | ( 9.666.302) | ( 59.790.065) | 3.334.986 | 58.134.037 | 61.461.963 |
| Retained Earnings/ (Accumulated loss) | (592.821.576) | (158.238.852) | (200.351.853) | (14.443.466) | 961.091.792 | ( 4.763.955) |
| Total Liabilities and Equity | 922.755.924 | 173.894.211 | 637.263.449 | 130.399.058 | ( 206.358.585) | 1.657.954.057 |

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

33. Segment Reporting (continued)

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

| | Chemistry * | Textile | Energy | Other | Classification and Elimination | Total |
|---|---|---|---|---|---|---|
| INCOME FROM OPERATING ACTIVITIES | | | | | | |
| Sales Income (net) | 962.231.365 | 124.413.439 | 434.274.123 | 381.622.618 | (517.739.026) | 1.384.802.519 |
| Cost of Sales (-) | (824.107.490) | (100.038.484) | (466.779.040) | (381.478.263) | 504.436.504 | (1.267.966.773) |
| Service Income (net) | - | - | - | - | - | - |
| Other income from principal Activities/interest +dividend +rent (net) | - | - | - | - | - | - |
| GROSS PROFIT/(LOSS) FROM OPERATING ACTIVITIES | 138.123.875 | 24.374.955 | (32.504.917) | 144.355 | (13.302.522) | 116.835.746 |
| Operating expenses (-) | ( 38.213.848) | (35.112.778) | (24.515.206) | (4.380.025) | 3.636.214 | (98.585.643) |
| NET PROFIT/(LOSS) FROM OPERATING ACTIVITIES | 99.910.027 | (10.737.823) | (57.020.123) | (4.235.670) | (9.666.308) | 18.250.103 |
| Income and Profits from Other Operations | 96.720.253 | 51.022.597 | 34.825.368 | 12.589.628 | (34.919.318) | 160.238.528 |
| Expenses and Losses from Other Operations (-) | (93.147.116) | (44.089.200) | (49.033.851) | (4.093.483) | 49.231.415 | (141.132.235) |
| Financial Expenses (-) | (28.452.581) | ( 7.302.278) | (10.621.822) | - | 53.874 | ( 46.322.807) |
| OPERATING PROFIT/ (LOSS) | 75.030.583 | (11.106.704) | (81.850.428) | 4.260.475 | 4.699.663 | ( 8.966.411) |
| Net Monetary Profit/Loss | - | - | - | - | - | - |
| MINORITY INTEREST | - | - | ( 165.803) | - | 53.636.679 | 53.470.876 |
| PROFIT / (LOSS) BEFORE TAX | 75.030.583 | (11.106.704) | (82.016.231) | 4.260.475 | 58.336.342 | 44.504.465 |
| Taxes | ( 5.581.276) | 1.440.402 | 22.226.166 | ( 925.489) | ( 202.305) | 16.957.498 |
| NET PROFIT / (LOSS) FOR THE PERIOD | 69.449.307 | (9.666.302) | (59.790.065) | 3.334.986 | 58.134.037 | 61.461.963 |

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

33. Segment Reporting (continued)

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

| | Chemistry * | Textiles | Marketing | Total |
|---|---|---|---|---|
| Tangible Assets | 34.619.879 | 2.704.548 | 121.705 | 37.446.132 |
| Intangible Assets | 170.102 | 223.486 | 6.130 | 399.718 |
| Total depreciation and amortisation for the current period | 34.789.981 | 2.928.034 | 127.835 | 37.845.850 |

Distribution of depreciation expenses per segments stated in the statement of income for the year ended 31 December 2006 is as follows (TRY):

| | Chemistry* | Textiles | Energy | Other | Elimination | Total |
|---|---|---|---|---|---|---|
| Tangible Assets | 32.360.014 | 13.846.818 | 56.757.735 | 138.983 | (165.675) | 102.937.875 |
| Intangible Assets | 166.463 | 645.155 | 1.292.079 | 8.931 | - | 2.112.628 |
| Total depreciation and amortisation for the current period | 32.526.477 | 14.491.973 | 58.049.814 | 147.914 | (165.675) | 105.050.503 |

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

34. Subsequent Events

The termination indemnity upper limit which stood at TRY 2.030,19 as of 31 December 2007 has been increased to TRY 2.087,92 with effect from 1 January 2008 and to TRY 2.122,59 with effect from 1 July 2008 (31 December 2006 – TRY 1.857,44).

## 35. Discontinued Operations

As of 31 December 2006, the production licenses of the power plants listed below have been cancelled by the Energy Markets Regulatory Board upon application of the subsidiary Akenerji Elektrik Üretim A.Ş. at the corresponding dates below:

| Power Plant | Date and Number of License | Date of cancellation |
|---|---|---|
| Power Plant located at Orhangazi district in Bursa | 1 April 2005 - EÜ/468-08/531 | 1 May 2006 |
| Mebal Power Plant located at E/5 road, Misinli Village Junction, Tekirdağ – Çorlu | 1 April 2005 - EÜ/468-07/530 | 19 November 2006 |
| Uşak Power Plant located at Uşak Industrial Zone 102 Ave. Block 132 No.81 | 1 April 2005 - EÜ/468-9/532 | 31 January 2007 |
| Deba Power Plant located at Taşgeçit – Denizli | 1 April 2005 - EÜ/468-11/534 | 12 November 2006 |

Application has been made to the Energy Markets Regulatory Board for cancellation of the license dated 1 April 2005 – EÜ/468-05/528 related to Batıçim Power Plant located at Ankara highway No:335 Naldöken Village, Bornova – Izmir, and the said license has not yet been cancelled as of the balance sheet date. Akenerji Elektrik Üretim A.Ş. has resolved to withdraw the application made to the EMRB for canceling the license in order to re-start the operations of Batıçim Power Plant.

## 36. Income from Principal Activities

Income on sales, net, consists of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Domestic sales | 524.207.003 | 983.329.071 |
| Exports | 404.401.632 | 434.386.307 |
| Other sales | 659.634 | 1.022.808 |
| Sales returns (-) | ( 1.142.025) | ( 1.240.910) |
| Sales discounts (-) | ( 106.278) | - |
| Other deductions (-) | ( 27.693.465) | ( 32.694.757) |
| | 900.326.501 | 1.384.802.519 |

Cost of sales consist of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Cost of finished goods sold | (774.033.290) | (1.219.200.391) |
| Cost of trade goods sold | ( 43.360.164) | ( 28.617.622) |
| Cost of services sold | ( 24.412.947) | ( 16.912.349) |
| Cost of other sales | ( 3.291.569) | ( 3.236.411) |
| | (845.097.970) | (1.267.966.773) |

37. Operating Expenses

Operating expenses consist of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Research and Development Expenses | ( 5.520.131) | ( 5.859.399) |
| Marketing, Sales and Distribution Expenses | ( 1.669.398) | (11.596.120) |
| General Administration Expenses | (39.503.668) | (81.130.124) |
| | (46.693.197) | (98.585.643) |

38. Income/Expense and Profit/Loss from Other Operations

Income and profits from other operations consist of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Foreign exchange gains | 59.775.635 | 99.354.207 |
| Income on disposal of affiliates | 16.746.425 | - |
| Provisions no longer required | 6.633.313 | 21.841.342 |
| Interest and other dividend income | 6.551.489 | 18.473.643 |
| Rediscount interest income | 7.862.303 | 7.567.424 |
| Other extraordinary income and profits | 6.009.473 | 7.483.924 |
| Other income and profits | 4.918.700 | 3.579.469 |
| Profit on sales of fixed assets | 65.879 | 1.526.774 |
| Prior period income and profits | - | 275.136 |
| Income on liquidation of subsidiaries | - | 136.609 |
| | 108.563.217 | 160.238.528 |

38. Income/Expense and Profit/Loss from Other Operations (continued)

Expenses and losses from other operations consist of the following (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Foreign exchange losses | ( 95.812.513) | ( 53.413.462) |
| TRT share | - | ( 28.226.351) |
| TRT share delay interest | - | ( 2.194.738) |
| Loss on sales of fixed assets | ( 556) | ( 23.794.930) |
| Rediscount interest expense | ( 5.387.397) | ( 9.320.211) |
| Provision for value decrease in affiliates | - | ( 14.194.132) |
| Other expenses and losses related to operations | ( 669.779) | ( 6.475.140) |
| Commission expenses | ( 3.112.413) | ( 3.300.612) |
| Idle section expenses and losses | - | ( 101.143) |
| Prior period expenses and losses | - | ( 111.516) |
| | (104.982.658) | (141.132.235) |

39. Financial Expenses

Financial expenses consist of the following (TRY) :

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Borrowing expenses | (3.694.115) | (46.322.807) |

40. Net Monetary Profit/Loss

CMB has declared that the high inflation period has come to an end. Therefore as of 31 December 2007 and 2006, the financial statements are no longer subject to inflation adjustments, hence monetary gain /loss is not reflected to the statement of income.

## 41. Income Taxes

The corporation tax rate for 2007 is 20% in Turkey (2006 – 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Calculation of provision for corporate tax stated in the consolidated statement of income is summarized below (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Profit per statutory books | 8.012.394 | 102.112.093 |
| Disallowable expenses | 558.722 | 13.212.240 |
| Tax-exempt income | ( 806.671) | ( 7.015.030) |
| Investment allowance used | - | - |
| Accumulated losses written off | - | ( 1.471.831) |
| Sub total | 7.764.445 | 106.837.472 |
| Tax rate (%) | 20 | 20 |
| Tax provision (Note 23) | 1.552.889 | 21.367.494 |

Tax income and expenses stated in the consolidated statement of income is summarized below (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Current period Corporation Tax | (1.552.889) | ( 21.367.494) |
| Deferred tax income / (expense) (Note 14) | 707.741 | 38.324.992 |
| Total tax income / (expense) | ( 845.148) | 16.957.498 |

## 42. Earnings/(Loss) Per Share

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

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Profit / (loss) for the period (TRY) | 4.530.504 | 61.461.963 |
| Weighted number of ordinary shares at the beginning of the period * | 110.000.000 | 27.156.288 |
| Rights issue * | - | 82.843.712 |
| Revised weighted number of ordinary shares at the end of the period * | 110.000.000 | 110.000.000 |
| Earnings / (loss) per share (TRY) | 0,04 | 0,56 |

* (per share of TRY 1 nominal value)

The Company Management has announced that no profit distribution will be made due to the resulting loss.

## 43. Statement of Cash Flows

Cash flows realized for the years ended 31 December 2007 and 2006 are as follows (TRY):

| | 31 December 2007 | 31 December 2006 |
|---|---|---|
| Net cash (outflows)/ inflows from principal activities | 165.278.465 | 5.109.500 |
| Net cash (outflows)/inflows from investment activities | 361.730.817 | (46.790.045) |
| Net cash inflows/(outflows) from financial activities | (659.274.286) | 78.094.812 |
| | (132.265.004) | 36.414.267 |

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

a) As of 31 December 2007, insurance on assets amounts to TRY 49.834.811 and USD 201.215.418 (31 December 2006 – TRY 652.071.845 and USD 222.734.305).

b) As of 31 December 2007, remuneration provided to top executives such as the CEO and members of the Board of Directors amount to TRY 4.692.104 (31 December 2006 – TRY 7.885.959).

c) Out of the total participation shares amounting to TRY 10.174.535,00 of the company Akenerji Elektrik Üretim A.Ş., an affiliate of the Parent Company, a portion of TRY 8.269.864,00 has been sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. and a portion of TRY 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 TRY 5,60 and the sales transaction has been realized on 6 July 2007. As per the legal records, a total income of TRY 56.977.396 and a total profit of TRY 34.929.875 have been obtained upon sales of 10.174.535 participation shares owned by the Parent Company. The sales fee 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.

d) The participation shares amounting to TRY 6.630.825,00 of the company Ak-Al Tekstil Sanayii A.Ş., an affiliate of the Parent Company, 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 TRY 1,75 and the sales transaction has been realized on 6 July 2007. As per the legal records, a total income of TRY 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.

44. Other Issues Materially Affecting the Financial Statements or Requiring Disclosure for a Proper Interpretation and Understanding of the Financial Statements (continued)

e) The announcement made by the Parent Company to the Istanbul Stock Exchange on 18 September 2007 is as follows:

"In search of maintaining focus on the sector within the frame of restructuring work in Akkök Sanayi Yatırım ve Geliştirme A.Ş. of which our company is a subsidiary, the Board of Directors of our Company has unanimously resolved to transfer to Akkök Sanayi Yatırım ve Geliştirme A.Ş. 152.468.983 shares of Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. which is owned by our company and whose paid in capital amounts to TRY 20.800.000,00, at a nominal value of TRY 1.524.689,83 corresponding to 7,33% of the company's share capital via the valuation report submitted by Kapital Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. at a total price of TRY 2.748.176,00, and to collect the transfer fee in cash simultaneously with the transfer operation, to take over at a total price of TRY 16.250.000,00 the participation shares of TRY 1.000.000,00 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 TRY 2.000.000,00 which is directly related to our company's principal activities and which makes exclusive custom manufacturing for our company and whose share transfer fee has been determined by the Valuation Report submitted by İş Yatırım Menkul Değerler A.Ş. as of 08.06.2007, and to pay the transfer fee in cash simultaneously with the transfer operation, to finish the above mentioned operations in due course, and to make a public announcement of information related to the said transaction as per the Communiqué Related to Material Disclosures."

f) The announcement made by the Parent Company to the Istanbul Stock Exchange on 18 September 2007 is as follows:

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