AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
Consolidated Balance Sheets
as of 31 December 2008 and 2007
(TL)

	Notes	31 December 2008	31 December 2007
ASSETS			
Current Assets		**609,076,143**	**525,998,769**
Cash and cash equivalents	2.4	63,583,555	59,673,800
Trade Receivables			
- Other Trade Receivables	2.7	358,870,759	254,473,268
- Trade Receivables from Related Parties	2,7,25	25,227,694	25,614,934
Other Receivables	8	45,348,215	35,817,496
Inventories	3	98,778,945	122,477,207
Other Current Assets	15	17,266,975	27,942,064
Non - Current Assets		**519,407,632**	**386,284,762**
Trade Receivables	2.7	12,665,408	2,725,342
Other Receivables	8	9,417	9,357
Financial Assets	2.5	7,999,781	8,063,363
Tangible Assets	2	454,539,216	364,572,040
Intangible Assets	2.11	3,025,618	3,164,486
Goodwill	2.12	5,988,651	5,988,651
Other Non-current Assets	15	35,179,541	1,761,523
Total Assets		**1,128,483,775**	**912,283,531**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
Consolidated Balance Sheets
as of 31 December 2008 and 2007
(TL)

	Notes	31 December 2008	31 December 2007
LIABILITIES			
Short Term Liabilities		**266,651,181**	**222,577,686**
Financial Liabilities	2.6	118,482,414	80,170,450
Trade Payables			
- Other Trade Payables	3	94,170,237	108,086,416
- Trade Payables to Related Parties	2,7,25	16,946,866	18,005,949
Other Liabilities	8.0	3,293,370	2,937,298
Taxes on Profit for the Period	2,13,23	8,103,146	380,467
Debt Provisions	2.13	3,800,167	3,752,040
Other Short Term Liabilities	15	21,854,981	9,245,066
Long Term Liabilities		**148,622,441**	**48,505,611**
Financial Liabilities	2.6	121,089,861	21,650,550
Provision related to			
Employee Benefits	2.1	9,354,382	9,592,710
Deferred Tax Liabilitiy	2.2	18,178,198	17,262,351
EQUITY		**713,210,153**	**641,200,234**
Parent Company Equity		**698,351,826**	**625,444,617**
Share Capital	16	110,000,000	110,000,000
Capital Adjustment Differences	16	255,174,673	255,174,673
Issue Premiums	16	43,606	43,606
Değer Artış Fonları	16	-	-
Translation Differences	16	-	-
Restricted Profit Reserves	16	42,776,591	16,579,576
Retained Earnings / (Accumulated Losses)	16	217,449,747	238,916,635
Net Profit/(Loss) For The Period		72,907,209	4,730,127
Minority Interests	2.16	**14,858,327**	**15,755,617**
Total Liabilities and Equity		**1,128,483,775**	**912,283,531**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
Consolidated Statements of Income
for the years ended 31 December 2008 and 2007
(TL)

	Notes	31 December 2008	31 December 2007
CONTINUING OPERATIONS			
Sales Income	17	908,464,727	900,326,501
Cost of Sales (-)	17	(827,159,341)	(845,097,970)
GROSS PROFIT/ (LOSS)		81,305,386	55,228,531
Marketing, Sales and Distribution Expenses (-)	18	(1,854,349)	(1,669,398)
General Administration Expenses (-)	18	(39,273,576)	(39,304,045)
Research and Development Expenses (-)	18	(9,180,410)	(5,520,131)
Other Operating Income	20	18,336,720	34,373,790
Other Operating Expenses (-)	20	(4,110,399)	(3,782,748)
OPERATING PROFIT / (LOSS)		45,223,372	39,325,999
Financial Income	21	148,365,924	74,189,427
Financial Expenses (-)	22	(101,706,930)	(104,894,025)
CONTINUING OPERATIONS			
PROFIT/(LOSS) BEFORE TAX		91,882,366	8,621,401
Current Year Income Tax	2,13,23	(15,750,109)	(1,552,888)
Deferred Tax Income/(Expense)	2.23	(915,847)	707,740
Tax Income/(Expense) on Principal Activities	2.23	(16,665,956)	(845,148)
PROFIT / (LOSS) FOR THE PERIOD			
ON PRINCIPAL ACTIVITIES		75,216,410	7,776,253
PROFIT/(LOSS) FOR THE PERIOD		75,216,410	7,776,253
Distribution of Profit/(Loss) for the Period			
Minority Interest		1,389,066	299,884
Parent Company Shares		28,451,204	273,362
Earnings/(Loss) Per Share			
of the Parent Company	2.24	0.26	0.00

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
Consolidated Statements of Cash Flows
for the years ended 31 December 2008 and 2007
(TL)

A. CASH FLOWS FROM PRINCIPAL ACTIVITIES	Notes	31 December 2008	31 December 2007
Net profit (+) / loss (-) before tax		91,882,366	8,621,401
Adjustments:			
Depreciation (+)	3	37,664,885	37,845,850
Provisions related to employee benefits	14	(6,309)	1,152,615
Inventory provision	9	2,698,447	-
Debt provisions	13	(183,892)	(10,399,610)
Rediscount income, net	21.22	(620,849)	-
Provision for doubtful trade receivables, net		835,228	(3,263,031)
Income from marketable securities or long term investments (-)	21	(3,979,573)	(6,551,489)
(Profit) / loss on sales of fixed assets	20	(226,204)	(65,323)
Profit on sales of financial assets		(335,718)	-
Interest expense (+)		4,610,072	3,694,115
Income Before Working Capital Changes (-)		132,338,453	31,034,528
Increase (-) / decrease (+) in trade receivables	7	(114,209,801)	148,874,656
Increase (-) / decrease (+) in inventories	9	22,430,172	5,075,527
Increase (-) /decrease (+) in other receivables	8	(9,530,779)	(2,436,524)
Increase (-) / decrease (+) in other assets	15	10,675,089	72,048,690
Decrease(-)/increase in trade payables	7	(14,930,157)	(13,685,224)
Increase (+) / decrease (-) in other payables	8	356,072	(2,790,894)
Increase (+) / decrease (-) in other liabilities	15	12,609,915	(62,530,837)
Interest payments (-)		(2,853,931)	(3,222,804)
Tax payments (-)	13	(8,027,430)	(4,188,875)
Net cash provided from operating activities		28,857,603	168,178,243
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition (-)/disposal (+) of financial assets, net	5	-	10,697,976
Financial assets sales total		399,300	-
Increase (-) / decrease (+) in goodwill	12	-	16,560,346
Tangible asset acquisition (-)	10	(129,855,903)	(94,670,229)
Intangible asset acquisition (-)	11	(262,590)	(250,700)
Cash inflows from disposal of tangible and intangible assets(+)	10.11	1,421,147	66,146
Tangible and intangibles assets of companies excluded from consolidation	10.11	-	392,566,383
Increase (-) / decrease (+) in other non-current assets	15	(33,418,018)	30,432,451
Collected interests (+)	21	3,979,573	6,551,489
Net cash flows (used in) / provided from investing activities		(157,736,491)	361,953,862
C. CASH FLOWS FROM FINANCIAL ACTIVITIES			
Cash inflows / (outflows) related to short and long term liabilities	6	135,995,134	(189,135,922)
Dividends paid (-)		-	(17,633,957)
Effect of subsidiary excluded from consolidation		-	(50,031,306)
Effect of rate change in the subsidiary included in the consolidation		-	(716,656)
Effect of change in minority interest		(3,206,491)	(404,879,268)
Net cash flows provided from / (used in) financing activities		132,788,643	(662,397,109)
Increase/(decrease) in cash and cash equivalents		3,909,755	(132,265,004)
Cash and cash equivalants at the beginning of the period	2.4	59,673,800	191,938,804
Cash and cash equivalents at the end of the period	2.4	63,583,555	59,673,800

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
Consolidated Statements of Changes in Equity
for the years ended 31 December 2008 and 2007
(TL)

	Note	Share Capital	Share Capital Inflation Adjustment Differences	Translation Differences	Issue Premiums	Restricted Profit Reserves	Retained Earnings/ (Accumulated Losses)	Net Profit/ (Loss) for the Period	Parent Company Equity	Minority Interest	Total
Balance as at 1 January 2007	16	110,000,000	255,174,673	(671,965)	43,606	11,810,708	234,661,468	61,538,660	672,557,150	417,588,759	1,090,145,909
Transfer	16	-	-	-	-	-	61,538,660	(61,538,660)	-	-	-
Transfer to reserves	16	-	-	-	-	4,768,868	-4,768,868	-	-	-	-
Dividend payments	16	-	-	-	-	-	(17,633,957)	-	-17,633,957	-5,925,822	-23,559,779
Effect of rate change in the subsidiary included in consolidation	16	-	-	-	-	-	(716,656)	-	-716,656	-9,807,741	-10,524,397
Effect of subsidiaries excluded from consolidation	16	-	-	671,965	-	-	(34,164,012)	-	-33,492,047	-389,145,705	-422,637,752
Profit for the period	16.2	-	-	-	-	-	-	4,730,127	4,730,127	3,046,126	7,776,253
Balance as at 31 December 2007		110,000,000	255,174,673	-	43,606	16,579,576	238,916,635	4,730,127	625,444,617	15,755,617	641,200,234
Transfer	16	-	-	-	-	26,197,015	(21,466,888)	(4,730,127)	-	-	-
Dividend payments	16	-	-	-	-	-	-	-	-	(3,206,491)	(3,206,491)
Profit for the period	16.2	-	-	-	-	-	-	72,907,209	72,907,209	2,309,201	75,216,410
Balance as at 31 December 2008		110,000,000	255,174,673	-	43,606	42,776,591	217,449,747	72,907,209	698,351,826	14,858,327	713,210,153

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

1. Organization and Principal Activities

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

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

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

** Stated in the consolidated financial statements at cost.

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

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

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

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

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

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

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

* Represents shareholdings of less than 10%.

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

2. Presentation of the Financial Statements

i. Basis of Presentation:

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

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

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

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

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

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

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

2. Presentation of the Financial Statements (continued)

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

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

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

iii. Consolidation Principles:

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

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

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

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

2. Presentation of the Financial Statements (continued)

iii. Consolidation Principles (continued):

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

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

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

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

Full Consolidation Method :

- All balance sheet items except for the paid in capital of the Parent Company and its Subsidiaries and their equities at the acquisition date are added, and inter-company balances are eliminated.
- The Parent Company's interest in the subsidiaries is set off against the Long Term Financial Assets account of the Parent Company and the Share Capital accounts of the Subsidiaries.

2. Presentation of the Financial Statements (continued)

iii. Consolidation Principles (continued):

Full Consolidation Method :

- As of the acquisition date, the Parent Company's shareholding in its subsidiaries is offset against the portion of share capital it owns in the subsidiary's equity for one time only. The equity of the subsidiary at the acquisition date should be drawn up according to the market value of the subsidiary's net assets at that date. The difference that appears in favor of the recorded value is recognized as positive goodwill in the consolidated balance sheet as a separate item and that which appears against the recorded value is recognized as negative goodwill in the statement of income. The Parent Company has taken over at a total price of TL 16.250.000,00 the participation shares of TL 1.000.000 nominal value representing 50% of the share capital of Aktops Tekstil Sanayi A.Ş., a company under the ownership of Akkök Sanayi Yatırım ve Geliştirme A.Ş., with a share capital of TL 2.000.000,00 which is directly related to the Parent Company's principal activities and which makes exclusive custom manufacturing for the Parent Company and whose share transfer fee has been determined by the Valuation Report submitted by İş Yatırım Menkul Değerler A.Ş. as of 8 June 2007.
- As the cost of acquired subsidiary as of 31 March 2008 is higher than the value of shares stated among equities in the balance sheets prepared in accordance with TAS/TFRS at the acquisition dates of the subsidiaries, a total positive goodwill of TL 5.988.651 has been created (Note 12). In the event of any value decrease related to the goodwill amount, it is reflected to the statement of income. A value decrease test is performed at the same date of each year in order to determined if there is any value decrease in the goodwill.
- Minority interests are deducted from all equity account group items including the paid in/issued share capital of subsidiaries included in the consolidation and are recognized as "Minority Interests" in the consolidated balance sheet and in the statement of income, as an item separated from the Parent Company's equity share.
- The purchase and sales among the Parent Company and its Subsidiaries and the profit and losses arising from these transactions are eliminated in the Consolidated Income Statement. Profit and losses arising from the purchase or sale of marketable securities, inventories, tangible and intangible assets, long term financial assets and other assets among the consolidated group companies are also eliminated.

2. Presentation of the Financial Statements (continued)

iv. Adjustments:

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

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

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

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

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

2. Presentation of the Financial Statements (continued)

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

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

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

vi. Offsetting:

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

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

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

2. Presentation of the Financial Statements (continued)

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

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

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

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

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

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

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

TFRS 1	The initial application of the Turkish Financial Reporting Standards —Change Brought to Investment Costs in the First Application of TFRS	Valid at and subsequent to 1 January 2009
TFRS 2	Share Based Payments —Change Brought to the Conditions and Reversals of Progress Payments	Valid at and subsequent to 1 January 2009
TFRS 3	Mergers —Comprehensive Revision in the Implementation of Purchasing Management	Valid at and subsequent to 1 July 2009
TFRS 5	Assets Held for Sale and Discontinued Operations Plan Related to the Sales of Control Share in the Subsidiary	Valid at and subsequent to 1 July 2009

2. Presentation of the Financial Statements (continued)

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

TFRS 8	Operating Segments	Valid at and subsequent to 1 January 2009
TAS 1	Presentation of Financial Statements —Comprehensive Changes Related to Preparing Comprehensive Income Statement —Change in Financial Instruments with Repurchasing Option and the Disclosure of Liabilities to Arise from their Conversion into Cash —Classification of Derivative Instruments as Current/Non-Current	Valid at and subsequent to 1 January 2009
TAS 16	Tangible Assets —Recoverable Value, Sales of Assets Held for Leasing	Valid at and subsequent to 1 January 2009
TAS 19	Employee Benefits —Curtailment and Negative Past Service Cost, Plan Management Costs, Change in the Term “Matured”, Guideline to Contingent Liabilities	Valid at and subsequent to 1 January 2009
TAS 20	Recognition of Government Incentive and Disclosing Government Aids —Government Loans with Interests Lower than the Market Interest Rates	Valid at and subsequent to 1 January 2009
TAS 23	Borrowing Costs —Comprehensive Changes Restricting Direct Expensing —Elements of Borrowing Costs	Valid at and subsequent to 1 January 2009
TAS 32	Financial Instruments : Presentation —Change in Disclosure Related to Liabilities to Arise from Financial Instruments with Repurchase Options and Converting Them Into Cash	Valid at and subsequent to 1 January 2009
TAS 39	Financial Instruments : Recognition and Measurement —Change in Items that may be subject to Hedging	Valid at and subsequent to 1 January 2009
TAS 27, 28 and 31	Consolidated and Separate Financial Statements, Investments in Associates, Interests in Joint Ventures-Comprehensive Change in Implementation of Purchasing Procedure	Valid at and subsequent to 1 July 2009

2. Presentation of the Financial Statements (continued)

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

	TFRS COMMENTS	
TFRS Comment 15	Real Estate Construction Contracts	Valid at and subsequent to 1 January 2009
TFRS Comment 17	Distribution of Intangible Assets among Shareholders	Valid at and subsequent to 1 July 2009

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

ix. Significant Accounting Policies and Valuation Procedures Applied:

(a) Financial Instruments:

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

i. Cash and Cash Equivalents

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

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

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

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

2. Presentation of the Financial Statements (continued)

ix. Significant Accounting Policies and Valuation Procedures Applied (continued):

(a) Financial Instruments (continued) :

i. Cash and Cash Equivalents (continued)

Fair Value

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

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

ii. Trade Receivables

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

Fair Value

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

iii. Related Parties

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

2. Presentation of the Financial Statements (continued)

ix. Significant Accounting Policies and Valuation Procedures Applied (continued):

(a) Financial Instruments (continued) :

iv. Trade Payables

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

Fair Value

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

v. Short and Long Term Bank Loans

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

Fair Value

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

vi. Financial Derivative Instruments

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

2. Presentation of the Financial Statements (continued)

ix. Significant Accounting Policies and Valuation Procedures Applied (continued):

(b) Inventories:

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

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

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

(c) Financial Investments:

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

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

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

2. Presentation of the Financial Statements (continued)

ix. Significant Accounting Policies and Valuation Procedures Applied (continued):

(d) Tangible Assets :

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

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

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

(e) Intangible Assets :

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

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

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

2. Presentation of the Financial Statements (continued)

ix. Significant Accounting Policies and Valuation Procedures Applied (continued):

(f) Assets and Liabilities in Foreign Currency :

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

(g) Impairment of Assets:

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

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

(h) Deferred Taxes :

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

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

2. Presentation of the Financial Statements (continued)

ix. Significant Accounting Policies and Valuation Procedures Applied (continued):

(i) Income Taxes :

Corporate earnings are subject to corporation tax at a rate of 20%. In case investment allowance is deducted in the calculation of taxable income, same as with other profits exempted from corporation tax, no withholding calculation is required in cases where such earnings are not distributed. However in case the investment allowance used is based on the supplementary articles 1 and 6 of the Income Tax Law (ITL) which have been annulled by Law nr 4842, income tax withholding, whether distributed or not, is calculated at a rate of 19,8% according to the Provisional Articles 61 and 69 of ITL. Whether exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax withholding at a rate of 15%. However, income tax withholding is not applicable to the dividends arising from 1998 and prior years' profits and from the exempt profits relating to the years 1999, 2000, 2001 and 2002 as well as income and profits corresponding to the above mentioned investment allowance taxed at the rate of 19,8%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

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

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

With respect to the bis article 298 of the Tax Law amended by Law 5024, the inflation adjustment application which started in 2004 has ended as the increase in the wholesale price indices for the last 36 months and the last 12 months ended March 2005 are below 100% and 10%, respectively. Also, in the 2008 and 2007 accounting periods, the criteria of 100% and 10% have not been realized simultaneously in the Producers Price Index and for that reason no inflation adjustment has been applied.

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

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

2. Presentation of the Financial Statements (continued)

ix. Significant Accounting Policies and Valuation Procedures Applied (continued):

(j) Employee Benefits :

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

The Company has determined the termination indemnity liability stated in the accompanying financial statements as per the recognition and valuation principles stated in TAS 19 “Employee Benefits”. As the characteristics of the termination indemnity liabilities are similar to the “Post Employment Benefit Plans” stated in this section, these liabilities are calculated and stated in the financial statements on the basis of below mentioned “Proposed Unit Loan Method” and other various assumptions.

- The dates that the employees will gain their pension rights are determined with respect to the prevailing social security laws with consideration to their past employment durations.
- In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or the value of the termination indemnity upper limit determined by the Labour Law for 31 December 2008 to remain constant for restatement purposes, and later on, this value is reduced by the actual discount rate of 6,26% (31 December 2007 - 5,71%) calculated upon the assumption that the expected annual inflation rate will be 5,4% (31 December 2007 - 5%) and the expected discount rate will be 12% (31 December 2007 - 11%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the termination indemnity liability at the balance sheet date.

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

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

2. Presentation of the Financial Statements (continued)

ix. Significant Accounting Policies and Valuation Procedures Applied (continued):

(k) Revenues and Expenses :

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

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

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

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

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

(l) Earnings/(Loss) Per Share :

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

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

2. Presentation of the Financial Statements (continued)

ix. Significant Accounting Policies and Valuation Procedures Applied (continued):

(m) Accounting Estimates :

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

(n) Subsequent Events:

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

(o) Conditional Assets and Liabilities:

Assets and liabilities that originate from past incidents and whose presence is not fully under the company management control as it can only be confirmed through the realization of one or more indefinite incidents to take place in the future are not included in the financial statements and are deemed as conditional liabilities and assets.

(p) Borrowing Costs :

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

(r) Segment Reporting :

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

2. Presentation of the Financial Statements (continued)

ix. Significant Accounting Policies and Valuation Procedures Applied (continued):

(s) Government Incentives and Aids :

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

3. Segment Reporting

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

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

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

3. Segment Reporting (continued)

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

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

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

3. Segment Reporting (continued)

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

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

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

3. Segment Reporting (continued)

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

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

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

3. Segment Reporting (continued)

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

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

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

3. Segment Reporting (continued)

As of 30 September 2007, segment reporting consists of the following (TL) (continued):

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

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

3. Segment Reporting (continued)

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

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

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

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

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

4. Cash and Cash Equivalents

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

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

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

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

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

5. Financial Assets

Financial assets consist of the following (TL) :

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

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

** Indirect subsidiary.

6. Financial Liabilities

Financial liabilities consist of the following (TL) :

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

The maturity of long term loans is 30 December 2014.

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

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

7. Trade Receivables and Payables

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

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

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

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

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

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

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

7. Trade Receivables and Payables (continued)

Trade payables consist of the following (TL) :

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

8. Other Receivables and Payables

Other receivables consist of the following (TL) :

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

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

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

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

8. Other Receivables and Payables (continued)

Other payables consist of the following (TL) :

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

9. Inventories

Inventories consist of the following (TL) :

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

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

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

10. Tangible Assets

Tangible assets consist of the following (TL) :

As of 31 December 2008;

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

10. Tangible Assets (continued)

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

As of 31 December 2007;

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

11. Intangible Assets

Intangible assets consist of the following (TL) :

As of 31 December 2008;

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

As of 31 December 2007;

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

12. Goodwill

Goodwill consists of the following (TL) :

As of 31 December 2008;

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

As of 31 December 2007;

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

13. Provisions, Contingent Assets and Liabilities

Debt provisions consist of the following (TL) :

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

13. Provisions, Contingent Assets and Liabilities (continued)

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

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

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

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

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

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

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

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

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

13. Provisions, Contingent Assets and Liabilities (continued)

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

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

14. Employee Benefits

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

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

15. Other Assets and Liabilities

Other current assets consist of the following (TL) :

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

15. Other Assets and Liabilities (continued)

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

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

Other liabilities consist of the following (TL) :

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

16. Equity

(a) Share Capital :

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

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

* Represents shareholding of less than 10%.

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

16. Equity (continued)

(b) Restricted Profit Reserves

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

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

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

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

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

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

(c) Retained Earnings /(Accumulated Losses)

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

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

16. Equity (continued)

(c) Retained Earnings /(Accumulated Losses) (continued)

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

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

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

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

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

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

16. Equity (continued)

(d) Minority Interest

Minority interest consists of the following (TL) :

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

17. Sales and Cost of Sales

Sales consist of the following (TL) :

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

Cost of sales consist of the following (TL) :

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

17. Sales and Cost of Sales (continued)

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

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

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

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

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

Research and Development Expenses;

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

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

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

Marketing, Sales and Distribution Expenses;

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

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

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

General Administration Expenses;

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

19. Expenses by Nature

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

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

Employee benefits consist of the following (TL) :

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

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

20. Other Operating Income and Expenses

Other operating income consists of the following (TL):

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

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

Other operating expenses consist of the following (TL) :

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

21. Financial Income

Financial income consists of the following (TL) :

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

22. Financial Expenses

Financial expenses consist of the following (TL) :

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

23. Tax Assets and Liabilities

a) Corporation Tax;

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

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

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

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

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

23. Tax Assets and Liabilities (continued)

b) Deferred Tax Assets and Liabilities;

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

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

23. Tax Assets and Liabilities (continued)

b) Deferred Tax Assets and Liabilities (continued);

Deferred Tax Income / (Expense) (TL):

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

24. Earnings(Loss) Per Share

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

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

25. Related Party Disclosures

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

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

25. Related Party Disclosures (continued)

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

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

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

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

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

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

Due to shareholders (Note 8)	2.810	2.810

25. Related Party Disclosures (continued)

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

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

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

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

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

25. Related Party Disclosures (continued)

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

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

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

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

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

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

26. Nature and Extent of Risk Arising from Financial Instruments

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

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

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

26. Nature and Extent of Risk Arising from Financial Instruments (continued)

i. Credit Risk

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

26. Nature and Extent of Risk Arising from Financial Instruments (continued)

i. Credit Risk (continued)

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

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

[1] Consists of the sum of cash and cheques received stated among cash and cash equivalents.

[2] In determining the amount of credit risk to be incurred, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

[3] Consists of collaterals, guarantee letters received, customer cheques and notes, treasury bonds, direct debiting system limits, Eximbank limits, factoring limits, letter of credit, and mortgages.

[4] The cheques and notes in the swap stated in trade receivables amount to TL 42.984, and the cheques and notes in the swap stated as Other amount to TL 1.165.604.

[5] Guarantee letters to be able to get cash reimbursement on the VAT receivables.

26. Nature and Extent of Risk Arising from Financial Instruments (continued)

i. Credit Risk (continued)

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

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

[1] Consists of the sum of cash and cheques received stated among cash and cash equivalents.

[2] In determining the amount of credit risk to be incurred, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

[3] Consists of collaterals, guarantee letters received, customer cheques and notes, treasury bonds, direct debiting system limits, Eximbank limits, factoring limits, letter of credit, and mortgages.

[4] The cheques and notes in the swap stated in trade receivables amount to TL 17.935, and the cheques and notes in the swap stated as Other amount to TL13.184.587.

[5] Guarantee letters to be able to get cash reimbursement on the VAT receivables.

26. Nature and Extent of Risk Arising from Financial Instruments (continued)

i. Credit Risk (continued)

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

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

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

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

26. Nature and Extent of Risk Arising from Financial Instruments (continued)

ii. Liqudity Risk

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

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

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

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

26. Nature and Extent of Risk Arising from Financial Instruments (continued)

ii. Liqudity Risk (continued):

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

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

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

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

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

26. Nature and Extent of Risk Arising from Financial Instruments (continued)

ii. Liqudity Risk (continued):

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

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

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

26. Nature and Extent of Risk Arising from Financial Instruments (continued)

iii. Interest Rate Risk

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

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

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

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

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

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

iv. Foreign Currency Risk

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

26. Nature and Extent of Risk Arising from Financial Instruments (continued)

iv. Foreign Currency Risk (continued)

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

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

* Weighted average rates of exchange are taken as basis in translation of the import and export total

26. Nature and Extent of Risk Arising from Financial Instruments (continued)

iv. Foreign Currency Risk (continued)

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

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

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

26. Nature and Extent of Risk Arising from Financial Instruments (continued)

iv. Foreign Currency Risk (continued)

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

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

27. Financial Instruments

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

27. Financial Instruments (continued)

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

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

28. Subsequent Events

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

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

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

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

28. Subsequent Events (continued)

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

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

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

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