2005 ANNUAL REPORT

AKSA

Akrilik Kimya Sanayii A.Ş.

ANNUAL REPORT 2005

38th Year

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AGENDA OF THE SHAREHOLDERS' ORDINARY ASSEMBLY OF
AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
18 APRIL 2006

1. Opening remarks and formation of the Council,
2. Authorizing the Council for the signing of meeting minutes,
3. Reading and discussion of the Annual Report 2005 and the Auditors' Report 2005,
4. Reading of Independent Auditors' Report 2005,
5. Reading of the Company's Dividend Distribution Policy prepared by the Board of Directors,
6. Advising the Board of Directors of the Company's donations and grants in 2005,
7. Reading, discussion and approval of the Company's Balance Sheet and Profit/Loss Statements for 2005 and discussion and either acceptance or rejection of the proposal for dividend distribution,
8. Releasing the Members of the Board of Directors and Auditors,
9. Determination of fees and honorarium for the Auditors and Members of the Board of Directors,
10. Tabling a resolution for the assignment made in accordance with Article 315 of the Turkish Commercial Code,
11. Election of the Members of the Board of Directors and determination of their terms of office,
12. Election of the Auditors and determination of their terms of office and
13. Furnishing the Members of the Board of Directors with the authorization stated in Articles 334 and 335 of the Turkish Commercial Code.

Ömer DİNÇKÖK

Chairman

Board of Directors and Auditors

BOARD OF DIRECTORS*

Chairman	**: Ömer DİNÇKÖK**
Vice-Chairman	**: A. Raif DİNÇKÖK**
Member	**: Erol LODRİK**
Member	**: Nevzat AYAZ**
Member	**: Hasan DENİZKURDU**
Member and General Manager	**: Mustafa YILMAZ**

AUDIT COMMITTEE

Member	**: Nevzat AYAZ**
Member	**: Hasan DENİZKURDU**

AUDITORS

Bülent ÜSTÜNEL
Y. Hilmi YAZAN

*The Board of Directors was elected on 14 April 2003 for a period of three years.

Board of Directors Report

BOARD OF DIRECTORS REPORT 2005 OF AKSA AKRİLİK KİMYA SANAYİİ A.Ş. PRESENTED TO THE GENERAL SHAREHOLDERS' ASSEMBLY

Distinguished Shareholders,

We are gathered here to examine the 2005 accounts of our Company and discuss and decide on the issues within our General Shareholders' Assembly agenda. We extend our regards to our shareholders that are participating in this meeting.

The "Corporate Governance Principles" announced to the public by the Capital Market Board in July 2003 were adopted by our Company and the primary principles of Corporate Governance, universally accepted and viable, have been implemented successfully ever since.

The Annual Report 2005 comprising general information on our Company is hereby presented for your attention.

Message from the General Manager

Distinguished Shareholders,

World Economy and the Textile Industry

AKSA, the largest acrylic fiber producer in the world, started production in 1971 at its Yalova factory. The Company, which is a member of the Akkök Group of Companies, **provides service to the industries in over 50 countries on five continents.** AKSA projects the advantage of its economies of scale onto its customers, serving as a solution partner for them. With its sound financial standing, flexible and swift production planning, rapid shipping facilities and proximity to the market, the Company is a favored supplier both in Turkey and around the world.

Since the day it started production, AKSA planned its development on the basis of customer satisfaction, productivity, continuity and innovation in line with its strategy of seeing "quality" as a prerequisite for growth. The Company recognizes that profitability can only be sustained through investments in technology.

For the purpose of improving its activities with respect to quality and environmental management and sharing its best practices with all segments of society, AKSA is a member of such notable associations as the Turkish Quality Association (KalDer), EFQM (European Foundation for Quality Management) and the Turkish Chemical Industrialists Association (TKSD).

Acting with the awareness and responsibility for carrying out production solely in a healthy environment, the Company draws on efficiency in energy and natural resource consumption in its production technology.

Sustaining its efforts to improve its human resources and business organization, AKSA extended its performance management system to its entire staff. Having integrated its remuneration and rewarding system into its performance management system, the Company foresees an increase in employee motivation and productivity.

AKSA is continuing with its investments in the area of human resources since it acknowledges that the only strength that will make a difference in worldwide competition is the "human" factor. Based on its "Win/Win" philosophy, the Company motivates its employees and increases their productivity and creativity through its Selection, Training, Performance, Remuneration/Rewarding and Career Planning systems. Creative, self-confident and motivated employees who believe in constant development assure AKSA's bright future.

Expectations for 2006

AKSA is the most powerful brand name in the global acrylic fiber market, with an average annual growth rate of 0.5%. In 2005, the competition in this market intensified further through the capacity increase of approximately 250,000 tons/year in total by Chinese, Mexican and Japanese acrylic fiber producers. The gross national product in our country is expected to increase by over 5%. The textile and clothing industry will continue to maintain its significant position in exports and become net exporters in the production and trading of synthetic fibers.

Aksa has set as an objective an increase in its current global market share of 10% planned to be 12% by the year 2010 through the development of marketing strategies with which it would make maximum use of its competitive advantages. In 2006, the Company will continue investments and maintain its policy of producing high-quality products along with its previous performance in full capacity utilization. Aksa will sustain its leading position in the world acrylic market through new product development and increase its share in the market. "Full capacity utilization" will continue to be AKSA's unchanging strategy.

The Company looks to the future with full confidence, thanks to its low fixed costs brought about by its size, high overall operating output, proximity to the market, strong marketing staff, effective technical service capacity and its competence in developing new products and processes. The main strategies AKSA will pursue in 2006 are: focusing on textile products with high added values, reinforcing its strategies to maintain added value at an elevated level, producing special industrial fibers, increasing acrylic fiber's share in home textiles, focusing on the toy industry, concentrating further on new product development efforts and raising customer awareness in turning fashion into a commercial value.

The turnover targeted by the Company for 2006 is approximately US$ 550 million. AKSA's facilities in Egypt went into operation in 2005; feasibility studies for new investments are underway. The Company describes North African countries as internal markets while the Chinese market is considered indispensable.

Having spent US$ 38.7 million for investment projects in 2005, AKSA forecasts its total expenditure on investment projects in 2006 to be US$ 33 million. The share of projects that aim at increasing productivity among investment projects is 50%. The Company's other investments are for R&D projects planned for high value-added special fiber production and sustainable projects.

AKSA investigates overseas investment opportunities, as well. The Far East and Middle East are the target markets in this respect. The purpose of the Company's overseas investments is to lower production costs to a considerable extent and increase its market share in the growing acrylic fiber market.

Our Stakeholders

Founding its growth strategies on "QUALITY" and its profitability strategies on "TECHNOLOGY", AKSA has adopted the principle of distributing dividends to its shareholders at a higher level than what is legally required. Being fully aware that employee satisfaction would reflect upon productivity and product quality, AKSA aims to be a pioneer and setting an example for the implementation of Corporate Governance Principles.

AKSA operates with accountable and transparent responsibility within the framework of its mission expressed as "being the most innovative, most efficient, most environment-friendly, most sustainable development-oriented and most prominent corporation to come to mind worldwide in the production of all kinds of acrylic tows, tops and fibers." The Company will continue to share with all of its stakeholders the gains and accomplishments it attains due to its devotion to this mission.

Mustafa YILMAZ
Board Member and
General Manager

Mission and Vision

MISSION

TO BE THE FIRST AND MOST INNOVATIVE, EFFICIENT, ENVIRONMENT-FRIENDLY, SUSTAINABLE DEVELOPMENT-ORIENTED AND PROMINENT CORPORATION TO COME TO MIND WORLDWIDE IN THE PRODUCTION OF ALL KINDS OF ACRYLIC TOWS, TOPS AND FIBERS.

In line with this mission, our primary policies are:

- Ensuring unconditional customer satisfaction by producing cost effective acrylic fibers through capacity planning and in line with the understanding of constant development while contributing particularly to the development of our customers through sharing our Company's developments and experiences with our suppliers and customers,
- Continuously advancing training levels, living standards and job satisfaction of our employees,
- Making protection of environmental values a primary priority by using natural resources in the most efficient way while creating an exemplary environment by eliminating waste and motivating other corporations in this respect,
- Contributing to the educational and socio-economic development of society and
- Increasing the net profitability of the Company and shareholder satisfaction.

VISION

- *REACHING A CAPACITY OF 350,000 TONS/ YEAR AND OVER 12% OF MARKET SHARE BY 2010*
- *INTRODUCING AT LEAST TWO NEW TECHNOLOGIES TO OUR PROCESSES BY 2010*
- *LAUNCHING AT LEAST TWO NEW PRODUCTS ANNUALLY UNTIL 2010*
- *SCORING AT LEAST 600 IN SELF-EVALUATION BY 2007.*

Capital and Capital Structure

AKSA has adopted the registered capital system in accordance with the provisions of Law # 2499; it was transferred to this system with Capital Market Board authorization decision # 90, on 20 February 1992. The registered capital of the Company is TRY 40,000,000.00 - and its paid-in capital is TRY 27,156,288.09. Company stocks representing 100 % are quoted at the Istanbul Stock Exchange.

Capital distribution of our shareholders with shares of 5% and above are as follows:

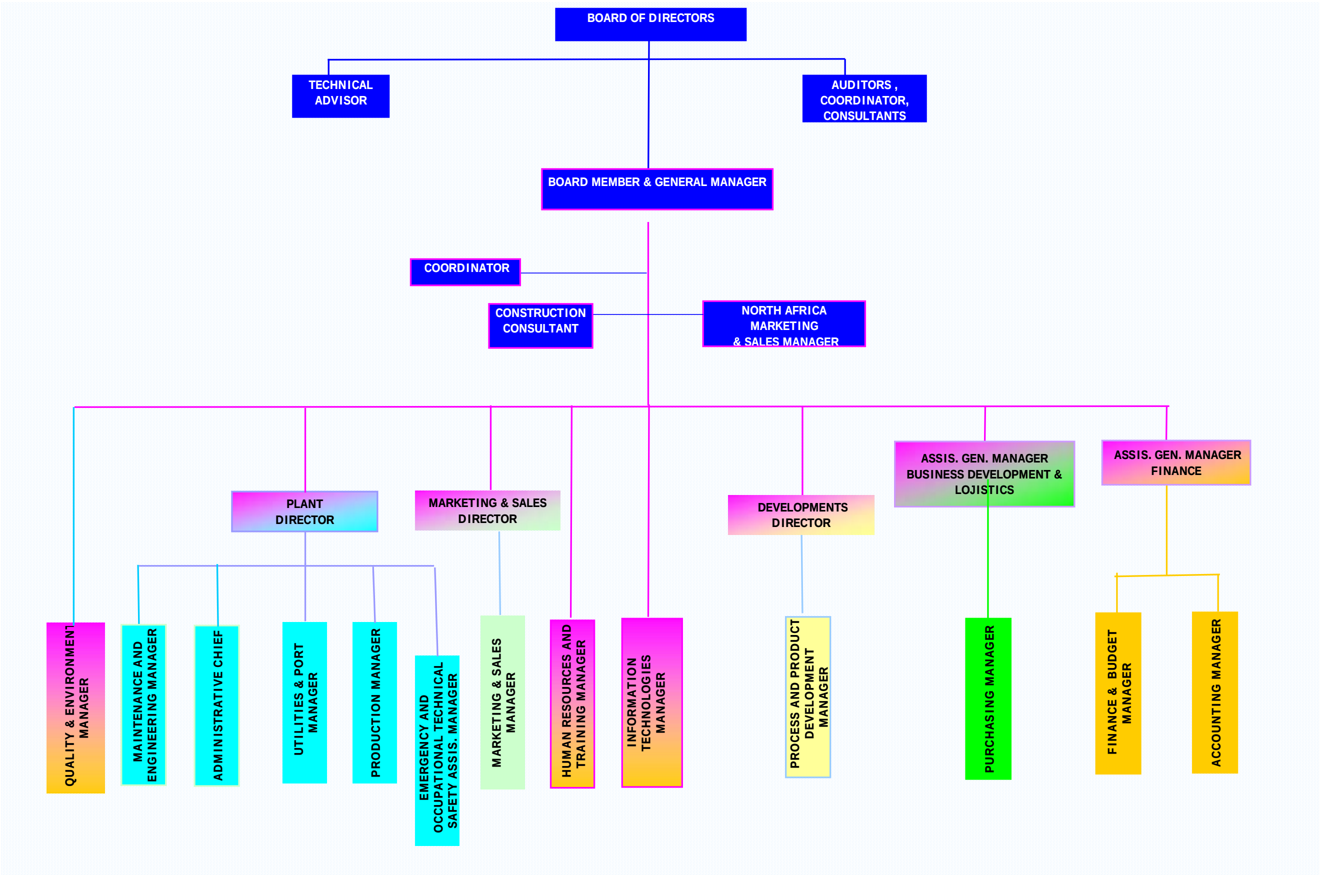
Shareholder	Share (%)	Value (TRY)
Akkök Sanayi ve Yatırım Geliştirme A.Ş.	39,58	10,750,588.00
Emniyet Ticaret A.Ş.	18,72	5,084,662.20
Other	41,70	11,321,037.89
TOTAL		27,156,288.09

Our Company increased its capital in 2003 and issued shares representing this capital increase of TRY 5,431,257.60; it has not issued any debentures or financial bonds.

Our Company does not have any securities currently in circulation.

Organizational Structure

Organizational Chart



Changes in the Management Structure

In 2005, our Factory Director, Mr. Erol ÜÇÖZ and our Maintenance and Engineering Manager Mr. Alev GÜRBÜZ, retired. Operations Manager, Mr. Zeki ÖZTÜRK, who has served the factory in various capacities since 1977, was appointed Plant Director and Assistant Maintenance and Engineering Manager, Mr. Nuri ŞİMŞEK, who has been serving at this capacity since 1996, was appointed Maintenance and Engineering Manager.

Human Resources

In 2005, we continued to implement contemporary; transparent Human Resources practices we have been pursuing were maintained, with the purpose of recruiting and retaining responsible, creative and happy individuals who are keen on self-development and who would serve our primary objective. Our Performance Management System and Management by Objectives tools were extended to cover our entire staff and were integrated into our Remuneration/Rewarding system. Our Performance Management System was integrated with our training processes.

Six Sigma Methodology, adopted with the aim of increasing problem solving capabilities of our employees, and thereby our Company, was implemented in four projects which were successfully completed.

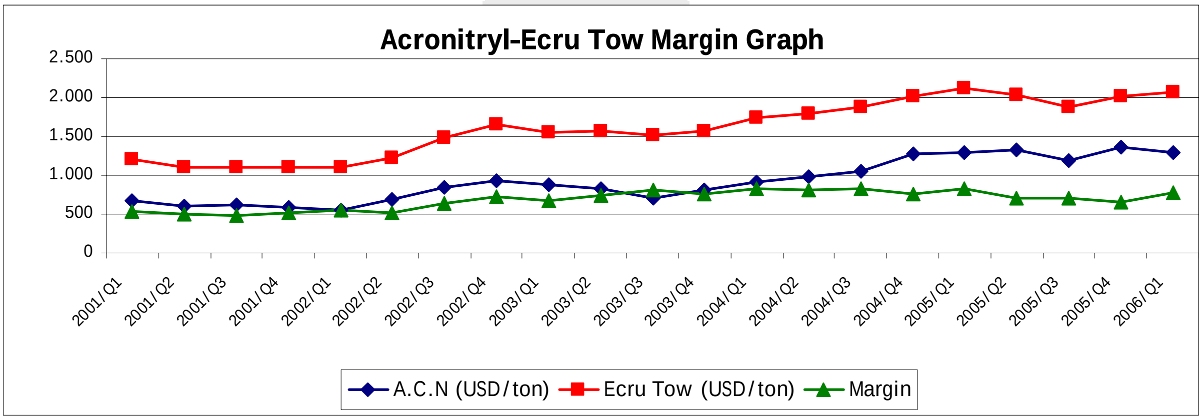
The infrastructural work for the 360 degree Feedback System was finalized and is ready for use in 2006.

Internal communications has been further reinforced through events such as dinners, sports tournaments for soccer, tennis, billiards, cycling, skiing tours, environmental and cultural excursions and theater and cinema activities.

According to the results of the Employee Satisfaction Survey conducted by an independent firm, our employee satisfaction level is very high. This research firm reported that our Company has been rated as the "Best Practice" among their customers in Turkey.

Industrial Highlights

AKSA's primary raw material, acrylonitryl, is produced from propylene - a derivative of petroleum. Therefore, raw material costs are sensitive to the petroleum prices. Changes in the price of raw materials are reflected on fiber prices, provided that the acrylic fiber demand is on its normal course. As a result of the rapid increase in petroleum prices in 2004, price increases for acrylonitryl were reflected in product prices due to the strong demand for fiber. Acrylic fiber prices increased as high as US$ 2 – 2.15 kg. Acrylic fiber with increased prices such as this are disadvantageous compared to polyester, the price of which remained under heavy pressure due to the high level of subsidies for cotton in China and the United States.With the lifting of quotas in 2005, Asian countries led by China and India, cut prices in 2004 to increase their market share in Europe and the United States. However, within 2005, both the European Union and the United States imposed quotas against China to protect their local producers. 2005 was a year in which AKSA's margins dropped compared to the previous year, influenced by such rapid changes. Nevertheless, the Company successfully maintained its full capacity production strategy. AKSA continued to produce and sell, while its competitors cut back their capacities.



There was an increase in demand in the last quarter of 2005. As a result of these developments, further consolidation in the industry is predicted during 2006. Finally, the Mexican producer Cydsa decided to cease production at its acrylic fiber production facilities with 90,000 tons/year capacity. Looking at the last three years, we see that approximately 650,000 tons of acrylic fiber production capacity was cut in Europe, America and Japan, due to the narrowing of textile and ready-to-wear clothing production in the developing economies. Nevertheless, there are new investments in the Far East and the Middle East, headed by China, producing nearly 300,000 tons/year. The consolidation in the sector, AKSA's powerful local market and its vast customer portfolio are factors positively affecting the increase in the Company's global market share.

Global Acrylic Fiber Production and Demand (2005)			
Tons/year	Production	Demand	Balance
China	750,000	1,250,000	-500,000
Europe	890,000	475,000	415,000
America	200,000	280,000	-80,000
Japan	270,000	20,000	250,000
Other	490,000	575,000	-85,000
Total	**2,600,000**	**2,600,000**	**0**

To date, AKSA has implemented its strategy of being a company with the best production cost structure and technology, growing by creating added value for its customers and ensuring sustainable growth and profitability. The Company will continue to reinforce its position in the sector further by diversifying its areas of activity to create value.

Financial Indicators and Ratio Analyses

Solo Balance Sheet USD	2003*	2004*	2005**
Assets	***411,142,359***	***571,920,088***	***546,036,014***
Current Assets	*196,868,644*	*328,695,874*	*286,566,147*
Liquid Assets	*41,427,389*	*66,518,647*	*18,960,305*
Trade Receivables	*114,825,876*	*162,197,359*	*199,255,363*
Inventories	*30,259,992*	*69,523,587*	*50,957,319*
Other Current Assets	*10,355,387*	*30,456,281*	*17,393,160*
Fixed Assets	*214,273,715*	*243,224,214*	*259,469,867*
Subsidiaries / Affiliates	*25,374,555*	*31,302,674*	*33,081,365*
Tangible/Intangible F.A.	*188,893,751*	*211,915,932*	*226,376,961*
Other Fixed Assets	*5,409*	*5,608*	*11,541*
Liabilities	***411,142,359***	***571,920,088***	***546,036,014***
Short-Term Liabilities	*67,098,267*	*132,138,977*	*105,108,313*
Financial Liabilities (net)	*3,774,887*	*4,804,014*	*38,287,157*
Commercial Liabilities	*48,067,044*	*100,725,994*	*52,250,817*
Other S-T Liabilities	*15,256,336*	*26,608,969*	*14,570,339*
Long-Term Liabilities	*10,294,762*	*12,524,048*	*33,113,720*
Provisions	*10,294,762*	*12,524,048*	*10,459,750*
Deferred Tax Liability	-	-	*22,653,970*
Equity Capital	*333,749,330*	*427,257,063*	*407,813,981*

Solo Income Statement USD			
Net Sales	*386,759,504*	*516,283,245*	*529,030,733*
Operating Profit	*43,524,312*	*71,341,648*	*22,998,576*
EBITDA	*63,065,654*	*96,390,852*	*47,490,745*
Net Profit	*14,242,004*	*32,109,733*	*10,165,380*

Ratio			
Current Ratio	*2.91*	*2.48*	*2.73*
Liquidity Ratio	*2.32*	*1.96*	*2.2*
EBITDA Profit Margin	*% 16.31*	*% 18.67*	*% 8.98*
Net Profit Margin	*% 3.68*	*% 6.22*	*% 1.91*
Return On Investment Capital(ROIC)	*% 4.14*	*% 7.30*	*% 2.31*
Return On Equity(ROE)	*% 4.27*	*% 7.52*	*% 2.49*

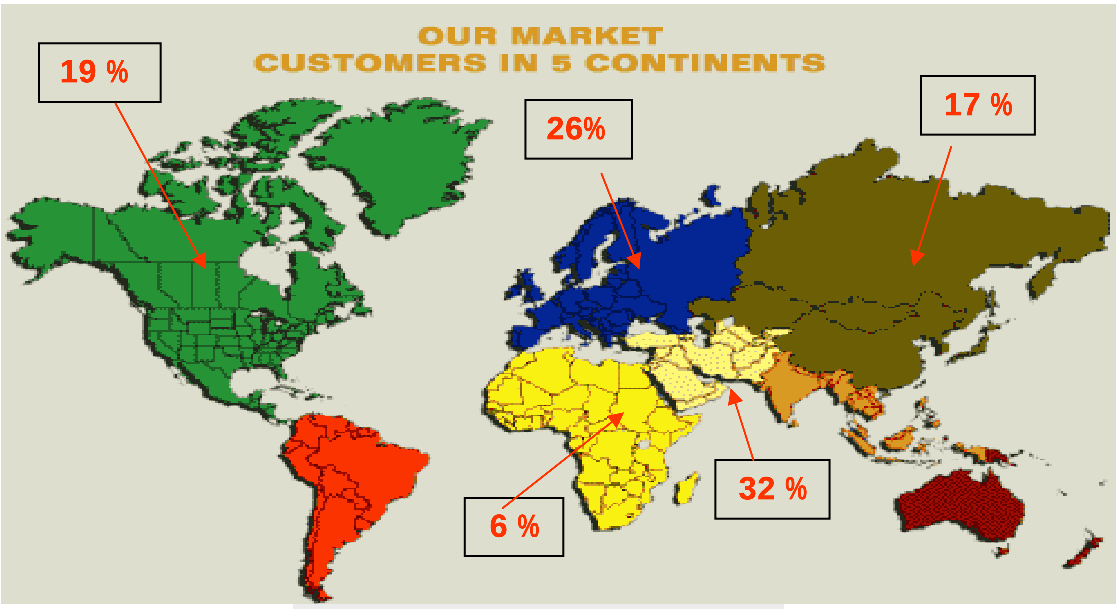
* Arranged IAW the provisions of Notification Series XI / 20 and Series XI / 21.
** Arranged IAW the provisions of Notification Series XI / 25.

Sales and Capacity

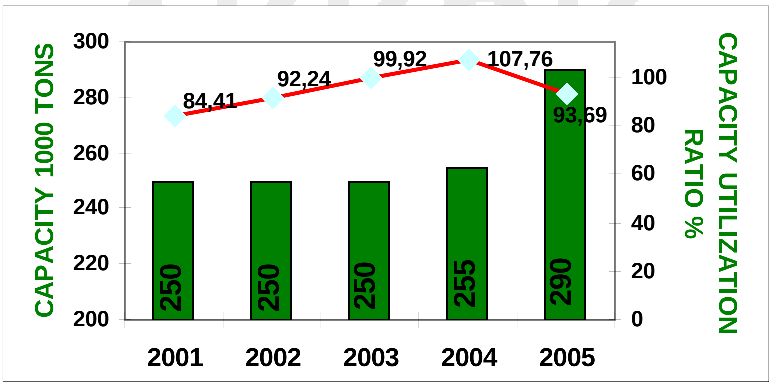
The ratio of domestic sales and exports to our total annual sales are as follows:

Sales	2003	2004	2005
Domestic	*64%*	*65%*	*61%*
Exports	*36%*	*35%*	*39%*

We export to nearly 50 countries in Europe, the United States, the Commonwealth of Independent States, the Middle East and Africa. The breakdown of our 2005 exports by continents is as follows:

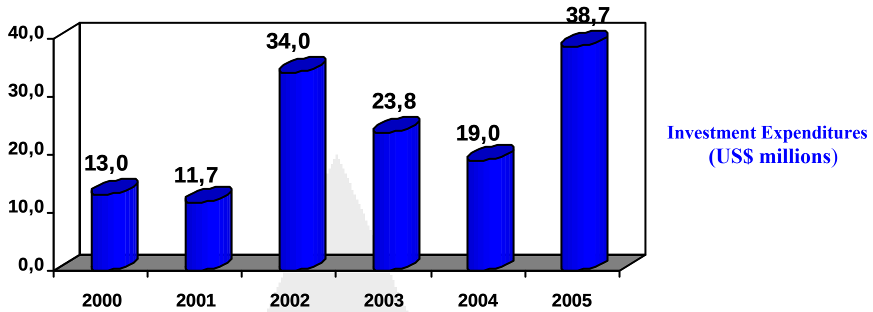


Our annual capacities and capacity utilization ratios are as follows:



Investments

With approximately US$ 38.7 million spent for investment projects in 2005, AKSA anticipates that year 2006 investment project expenditures will amount to US$ 33 million. The ratio of investment projects aiming at productivity increase among all investment projects is 50%. The Company's other projects include R&D projects to produce special fibers with high added values and also maintainability projects.



AKSA also investigates overseas investment opportunities, in line with its medium and long-term strategies. With a 10.4% global market share by the end of 2005, the Company is currently devising strategies for production and marketing particularly in the Middle East and the Far East, that will increase its market share to 12%. China is an important market for AKSA with an annual acrylic fiber demand of over 1.2 million tons. In 2005, the demand increase in this market was 12.5%. In addition, China is a net importer of acrylic fibers, importing over 400,000 tons from Japan and Europe. We foresee that in the next five-year period, China will maintain its position as a net importer despite increasing domestic production. AKSA aims to increase its market share in the Chinese market especially in special fibers with added value. We are currently surveying investment alternatives in the Middle East, due to its cheap energy and labor costs as well as its proximity to Europe, an important consumption area in terms of textiles and ready-to-wear clothing.

Other Highlights Concerning Our Activities

Significant Legislative Changes

- In accordance with Decision number 2006/10138 taken by the Council of Ministers, the VAT applied to the delivery of all kinds of filaments, fibers, etc. prepared for filaments and filament production has been reduced to 8% from 18%, as of 9 March 2006; meaning that the VAT ratio applied to our sales as of 9 March 2006 is 8%. However, for companies like AKSA which supply raw materials to the textile sector, this causes high VAT receivables from the state. The Company has contacted the Ministry of Finance for a monthly offsetting of the VAT receivables and monthly cash refunds of any non-deducted amounts.

- Governing the Record Keeping of Dematerialized Capital Market Instruments" published in the Official Gazette number 24971, securities are to be turned over to the issuing corporations, brokerage firms authorized by them or to The Central Registry Agency which is to keep the records of capital market instruments, latest by 31 December 2007. Financial rights pertaining to the undelivered securities will be followed up by The Central Registry Agency through kept records and, provided that the securities are delivered to the Agency according to the provisions of this arrangement, they will be transferred to the accounts of the holders. Rights pertaining to management thereof, on the other hand, will be exercised by The Central Registry Agency.

Legal Status and Disputes

Our Company does not carry any compensation liability arising from any contract or tort, nor does it have any disputes with real or legal persons or employees that would have an influence on its assets. The law suits against the Company before the Yalova and Beyoğlu Civil Courts of First Instance concerning the earthquake are pending. The Company is not party to any tax controversy and provisions have been made for all legal actions and disputes.

Activities regarding Akbahçe Residences

The foundations of the houses were laid on 03 August 2002 and the rough construction work of 34 was completed in 2002, with an expenditure of US$ 1,800,000. In line with the economic developments and the demand from AKSA employees, a decision was adopted to complete the construction of the remaining houses through a cooperative to be founded by employees The cooperative, established with 26 members, initiated construction of the remaining part of the work in 2004.

In 2005, the number of cooperative members reached 38 and the construction work reached its final stages; the cooperative covered the construction expense of the houses of these people. The cooperative targeted a land purchase for 42 houses. This sale will take place following completion of legal procedures. The construction is financed through the cooperative except for the license and construction inspection costs which legally have to be borne by AKSA. Following the title deed assignment process, the cooperative will cover the expenses for its own buildings.

Affiliates

DIVIDENDS DELIVERED BY OUR SUBSIDIARIES / AFFILIATES DURING THE LAST 3 YEARS:

Our Company has participations in six corporations and one subsidiary:

Of these affiliates, ***AK-AL TEKSTİL SANAYİ A.Ş.*** operates in the textile sector and has capital of TRY 7,786,108. Our participation of 22.1% in this company corresponds to TRY 1,720,944, from which we received dividends amounting to TRY 365,049 in 2002 and TRY 156,449.46 in 2005.

Our second affiliate, ***AK-PA TEKSTİL İHRACAT PAZARLAMA A.Ş.*** operates in the area of exports and marketing. Our participation in the capital of TRY 2,000,000 of this corporation is 13.5%, corresponding to TRY 269,400. We received dividends amounting to TRY 144,874 in 2003, TRY 211,344.3 in 2004 and TRY 390,507 in 2005 from this corporation.

Our third affiliate is ***AK-TOPS TEKSTİL SANAYİ A.Ş.***, operating in the textile sector. Our participation in the capital of TRY 2,000,000 of this corporation is 10%, corresponding to TRY 200.000 and we received from this affiliate dividends amounting to TRY 592,034 in 2003, TRY 329,595.5 in 2004 and TRY 188,114.81 in 2005.

Our fourth affiliate is ***AK-ENERJİ ELEKTRİK ÜRETİMİ A.Ş.***, operating in the energy sector. Our participation in the capital of TRY 65,340,000 of this corporation is 15.6%, corresponding to TRY 10,174,522. We received dividends amounting to TRY 3,087,044 in 2002, TRY 2,152,630 in 2003 and TRY 924,956.4 in 2004 from this affiliate.

Our fifth affiliate is ***AK-HAVACILIK VE ULAŞTIRMA HİZMETLERİ A.Ş.*** operating in the area of aviation. Our participation in the capital of TRY 20,800,000 of this corporation is 7.3%, corresponding to TRY 1,524,690.

Our sixth affiliate is ***AK-HAN BAKIM YÖNETİM HİZMETLERİ A.Ş.*** Our participation in the capital of TRY 50,000 of this corporation is 33%, corresponding to TRY 16,500, and we received dividends of TRY 4,438 in 2003 from this affiliate.

Our subsidiary, ***FITCO BV***, was established in the Netherlands in 2003, with a registered capital of € 2,000,000. Our participation in this subsidiary as of 2005 is € 1,822,614.

Disclosure Policy

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. (AKSA) Board of Directors has adopted a disclosure policy, for the purpose of ensuring shareholders and stakeholders access regular and reliable information in a timely, correct and accurate manner concerning the Company's management and its financial and legal situation that may influence the value of its capital market instruments, with the exclusion of information qualified as trade secrets and those that may harm the Company by inhibiting its competitive power.

AKSA does not violate any of the provisions of the Turkish Commercial Code and Capital Market Legislation, the regulations of the Capital Market Board (SPK) and the Istanbul Stock Exchange (ISE), which are the authorized institutions in this respect, or the Corporate Governance Principles of the Capital Market, in disclosure to the public.

The Disclosure Policy of the Company is drafted by the Board of Directors, presented to the information of the shareholders at the Shareholders' Assembly and published at the corporate website for disclosure to the public. In case of any changes in the Disclosure Policy, the items changed are presented to the information of the shareholders after having been approved by the Board of Directors and then published on the corporate website.

The Assistant General Manager responsible for Financial Affairs is charged with attending and monitoring all kinds of issues concerning the implementation and follow-up of the Disclosure Policy and disclosure to the public.

Tools and Methods Used in Disclosure to the Public

The following methods and communication tools were designated as the means for disclosure to the public, in addition to those foreseen by legal regulations.

- Corporate website,
- Annual Report,
- Meetings held with shareholders and potential investors,*
- Meetings held with banks, financial institutions and brokerage firms,*
- Announcements and programs communicated through media institutions,
- Electronic data distribution channels,
- Facsimile/Electronic mail messages and
- Communication over cellular telephones (Wap and similar technology).

*Meetings may be either face to face, by telephone or via tele-conferencing.

The Scope of the Disclosure Policy

Any shareholders or stakeholders inquiries are replied to within a maximum of five working days, provided they do not fall within the scope of trade secrets and bear any results that may harm the Company by inhibiting its competitive power. Nevertheless, in case of any financial or legal situations that occur or that are likely to occur in all probability, that are capable of affecting five percent of the Company's asset size, disclosure to the public shall be made. Disclosure to the public will be carried out by a special circumstance disclosure form sent to the Istanbul Stock Exchange and publishing through the corporate website.

Corporate Website

AKSA's corporate website address is www.aksa.com

AKSA makes active use of its website with disclosure to the public while ensuring transparency. Information disclosed to the public is accessible through the Internet and the website isle organized and arranged accordingly. Information requested to be posted in the Company's corporate website in accordance with the Capital Market's Corporate Governance Principles are posted on the website and regularly updated; efforts to improve the website and security to prevent any party from amending the information found there are continuously reviewed.

The information posted on the Company's website are not a substitute for any notifications and disclosures of special circumstances required by Capital Market Legislation provisions.

Shareholder Relations Unit

Since shareholder relationships are pursued by the Assistant General Manager for Financial Affairs, a separate unit was not formed for this task. The electronic mail address investorrelations@aksa.com was established to aid communications with shareholders via the Internet. Any questions forwarded to AKSA by telephone, facsimile, electronic mail or other means shall receive a reply, either to orally or in writing by the Assistant General Manager for Financial Affairs or other person(s) designated by him, in not more than five working days.

Disclosure of Financial Statements to the Public

Periodic financial statements are posted on the corporate website in addition to disclosure by any other means foreseen by legal regulations within two working days following their submission to the Istanbul Stock Exchange. In addition, annual financial statements are presented to the attention of shareholders in the Annual Report.

Disclosure of the Annual Report to the Public

The Annual Report, drafted in compliance with the Turkish Commercial Code, Capital Market Board Legislation and the Corporate Governance Principles of the Capital Market, is published at the corporate website within a maximum of 15 days following the date of the Shareholders' Ordinary Assembly. Also, shareholders and stakeholders who wish to receive a printed copy of the Annual Report may lodge a request with the Assistant General Manager for Financial Affairs either by telephone or the following email address: investorrelations@aksa.com

Disclosure of Special Circumstances to the Public

In case of any special circumstances as specified by the Capital Market Board Notification on the Disclosure of Special Circumstances to the Public, disclosure of such circumstances shall be posted on the corporate website within two working days following their submittal to the Capital Market Board.

Disclosure of Shareholders' Assembly to the Public

The date, time, agenda items and proxy form pertaining to the Shareholders' Assembly shall be published at the corporate website in addition to the means foreseen by legal regulations at least 15 days prior to the date of the Shareholders' Assembly.

Meetings Held with Shareholders and Potential Investors

Requests from shareholders or potential investors are periodically responded to quarterly and by holding meetings and/or through electronic mail in the interim. At least one Road Show is held annually to introduce the Company to the foreign investors, informing them of the Company's strategic and financial situation. However, the information to be delivered shall not be different from what was previously disclosed to the public, i.e. it has to be publicly disclosed information.

Meetings Held with Banks, Financial Institutions and Brokerage Firms

Any oral or written requests from banks or financial institutions are periodically responded to quarterly and by holding meetings and/or through electronic mail of any requests in the interim. Shareholders and potential investors are informed via brokerage firms on the financial standing and the strategic and financial objectives of the Company. However, the information to be delivered shall not be different from what was previously disclosed to the public, i.e. it has to be publicly disclosed information.

Announcements, Interviews, etc. Communicated Through Media Institutions

Shareholders and potential investors are informed via media institutions of the financial standing and strategic and financial objectives of the Company. Communication with media institutions is conducted upon the General Manager's approval. Interview requests from media institutions are handled by the General Manager or the person to be designated by him. However, the information to be delivered during interviews is not different from what was previously disclosed to the public, i.e. it has to be publicly disclosed information.

Ethical Rules

Ethical rules of the Company are published on the corporate website and are disclosed to the public within two working days following their approval by the AKSA Board of Directors. In case the ethical rules are altered, the items changed are published on the corporate website upon the approval of the Board of Directors.

Dividend Distribution Policy

The dividend distribution policy devised by AKSA's Board of Directors is introduced to the shareholders at the Shareholders' Assembly and included in the Annual Report. They are published on the corporate website within two working days following the Shareholders' Assembly. If the Dividend Distribution Policy is altered, the items changed are presented to the information of the Shareholders' Assembly and published on the corporate website, upon the approval of the Board of Directors.

Insider Trading

With an aim to preventing insider trading of information obtained from within the Company, unknown to the public, in other words not disclosed to the public, the list of executives, employees and other persons/institutions providing service to the Company, who are in the position of acquiring insider information capable of influencing the value of capital market instruments, has been drafted by the Assistant General Manager for Financial Affairs and published on the corporate website.

Disclosure of Future Activities

Within the scope of its disclosure policy, AKSA may reveal to the public its forecasts, if it deems necessary. Any disclosure of future activities shall be subject to the approval of the Board of Directors and performed by individuals authorized to make public disclosures. The basis for the forecasts to be disclosed to the public shall also be disclosed with statistical data. Such information cannot include any exaggerations, be misleading and must by all means be associated with the financial standing and activity results of the Company. Utmost care is taken to ensure that the compliance audit to be conducted by independent auditors, disclosure to the public thereof and disclosure of information on future activities are consistent with international standards. If such forecasts disclosed to the public are subsequently understood not to materialize, revised information, statements and reports, together with their grounds, shall be disclosed to the public.

Other Disclosures

Trading transactions within the last year of capital market instruments issued by the Company that belong to members of the Board of Directors, executives and other shareholders who directly or indirectly possess 5% of the capital of the Company and the direct or indirect share in the capital of the Company of their net positions with the derivative products based on AKSA stocks in excess of 1% shall be disclosed to the public on the website.

It shall be at AKSA's discretion not to make any disclosures to the public concerning any inaccurate news, hearsay or rumors published in the media. Individuals authorized to make public disclosures may participate in conferences, panel discussions, meetings, interviews and similar events and deliver speeches on AKSA's behalf.

Other Disclosures (Continued)

However, the information to be delivered during these speeches shall not be different from what was previously disclosed to the public, i.e. it has to be publicly disclosed information.

As the joint efforts of the Public Disclosure Platform (KAP), Capital Market Board – Istanbul Stock Exchange – Information Technology and Electronic Research Institute (BİLTEN) of the Scientific and Technological Research Council of Turkey (TÜBİTAK) are currently at the testing stage, financial statements, disclosures of special circumstances and other notifications to be submitted to the Istanbul Stock Exchange through mail or facsimile are mailed to the Public Disclosure Platform (KAP) on the first work day following their publishing in the daily bulletin in line with the requirements of the authorized institution. Once the KAP project is in place, the above-mentioned documents and information previously delivered in printed form will no longer be delivered and such documents and information shall be signed and delivered by the authorized individuals in the electronic environment.

Notifications, disclosures and similar announcements delivered in writing by authorized individuals shall be valid with double signatures under the Company stamp.

Individuals Authorized for Disclosure

The following individuals are entitled to respond to any questions and disclosure requests concerning AKSA and make disclosures concerning the Company’s management, activities, financial data and industrial information;

- Chairman and Members of the Board of Directors,
- General Manager,
- Coordinator,
- Assistant General Manager for Financial Affairs,
- Accounting Manager and
- Assistant Accounting Manager.

Other individuals are not entitled to respond to any questions unless they are specifically assigned to do so.

Corporate Governance Compliance Statement

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Having always aimed at becoming a global leader in its sector, AKSA creates sustainable value for its stakeholders and is fully aware that corporate governance practices are as important as the financial performance of the Company especially in a period where global competition and change has accelerated.

Our Company is keen on sustaining its reputation as a respected, hard-working, creative, innovative corporation for all of its stakeholders, as well as its customers, employees and society and - first and foremost - its shareholders and investors.

The Corporate Governance Principles established by the Capital Market Board, in parallel to worldwide practices, aim at strengthening and increasing the trust of the Company's current and potential shareholders, employees, customers, the regulatory authority and international and national public opinion. In this respect, AKSA AKRİLİK KİMYA SANAYİİ A.Ş. declares that it shall execute Corporate Governance Principles and implement any arrangements required by these principles within the framework of current practices.

CHAPTER I - SHAREHOLDERS

1. Shareholder Relations Unit

Shareholder relations are carried out under the authority of the Assistant General Manager for Financial Affairs. Dividend and capital increase transactions of securities are conducted with the branches of the banks that the Company has agreements with, in line with Capital Market Board notifications. At the end of the agreement term, such transactions are followed up through a special program at the Company Head Office and shareholders' rights are executed. Requests of brokers, investor firms and individual investors are responded to quarterly and any requests forwarded in the interim are responded to by holding meetings and/or through electronic mail. Furthermore, at least one Road Show is held annually for the purpose of publicizing the Company to foreign investors. Since all these activities are carried out under the scope of the current Financial Affairs organization, it was not necessary to establish a separate unit.

2. Exercise of Shareholders' Right to Obtain Information

Information requests by shareholders have been replied to in writing, over the telephone or via the Internet. Furthermore, all information concerning the activities of the Company is provided at the corporate website, which is regularly updated. All information requests by our shareholders, except for those qualified as trade secrets or information undisclosed to the public are answered. There is no provision in the Articles of Association for the request of shareholders to appoint a special auditor to be stipulated as an individual right.

No request for the appointment of special auditor has been received from our shareholders during the specified term or during the previous terms.

3. General Shareholders' Assembly Information

The invitation to the General Shareholders' Assembly shall be published in two newspapers 15 days prior to the Assembly date and the Istanbul Stock Exchange will be notified. The published invitation includes the date, time, place and participation requirements of the General Shareholders' Assembly. The minutes of the General Shareholders' Assembly and the list of participants will be delivered to shareholders who request these documents. Representatives of the Stock Exchange, brokerage firms and the media participate in the Shareholders' Assembly. Assembly documents will be delivered to the Capital Market Board and the Istanbul Stock Exchange following the meeting. Since 2004, this information has been posted on the website of the Company. The quorum for the General Shareholders' Assembly held on 12 April 2005 for the year 2004 was 60.17%. No questions were asked during the meeting by the participants. The proposals expressed by the shareholders were offered for the approval of the General Shareholders' Assembly and accepted by the majority. As the authority for buying, selling or leasing assets was delegated to the Board of Directors in accordance with Article 9 of the Articles of Association, such issues are not included in the General Shareholders' Assembly agenda.

4. Voting Rights and Minority Rights

In accordance with the Articles of Association, there are no preferential rights. Each share has one voting right. There is no practice of representation or cumulative voting in the management of minority shares.

5. Dividend Distribution Policy and Timing

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. carries out dividend distribution to its shareholders in the form of cash and/or bonus shares until present, taking into consideration the financial performance of the Company, the industrial conjuncture and the current economic conditions of our country, in compliance with the Legislation published by the Capital Market Board. Our Dividend Distribution Policy has been published in the Istanbul Stock Exchange Bulletin and presented for the convenience of our shareholders.

6. Transfer of Shares

The shares of our Company are to the bearer and there is no provision restricting the transfer of shares in our Company's Articles of Association. Our shares, as quoted on the Istanbul Stock Exchange, can be transferred in accordance with the provisions of the Turkish Commercial Code and the Capital Market Code.

CHAPTER II – DISCLOSURE TO THE PUBLIC AND TRANSPARENCY

7. Disclosure Policy

All shareholders, as well as individuals and corporations that will benefit from the information disclosed to the public, excluding those that are listed as trade secrets and those mandated by related legislation, will receive, in a timely, correct, accurate, understandable, interpretable, easily accesible and equal manner and at a low cost all Company disclosures. This is a fundamental principle of our Company. Therefore, a Disclosure Policy was devised accordingly and presented to our shareholders.

8. Disclosure of Special Circumstances

Within the framework of our Principle of Disclosure to the public and in the spirit of transparency, ten disclosures of special circumstances were made in 2005 to inform all of our stakeholders, first and foremost our shareholders and other relevant parties in a timely manner. No disclosures of special circumstances have been requested. No additional explanations were requested by the Capital Market Board or the Istanbul Stock Exchange for the Disclosures of Special Circumstances in accordance with the Capital Market Board regulations.

9. Corporate Internet Site and its Contents

The Company has an Internet site accesible at www.aksa.com The information included on our Internet site is the trade registry information, up-to-date shareholder and organizational structure, the latest version of the Company's Articles of Association, disclosures of special circumstances, annual reports, periodical financial statements and reports, agendas, lists of participants and minutes of Shareholders' General Assemblies, proxy voting form and frequently asked questions. Those who seek further information about the Company can forward an e-mail to investorrelations@aksa.com

10. Disclosure of Real Person Ultimate Controlling Shareholder(s)

The Dinçkök family is the ultimate controlling shareholder for Akkök Sanayi ve Yatırım Geliştirme A.Ş. and the Lodrik family for Emniyet Ticaret A.Ş., who are the principal partners of the Company. The shareholding structure is published every year in the Annual Report.

11. Disclosure of Persons Who Have Access to Insider Information

At AKSA, the individuals and departments who have access to insider information are the General Manager, Assistant General Manager of Financial Affairs, Assistant General Manager of New Business Development and Purchasing, Coordinator, Accounting, Marketing and Information Technologies Departments.

CHAPTER III - STAKEHOLDERS

12. Informing the Stakeholders

The stakeholders for AKSA are the shareholders, employees, customers, suppliers, society and official institutions. The Company specifies its principal and interim objectives, policies and strategies and its corporate targets taking into consideration the current and future expectations of its stakeholders. In this process, information is shared with the stakeholders through various methods.

The Company implements a Supplier Performance System for the purpose of identifying and developing basic competence areas of our suppliers, supporting mutual development and evaluating their annual performances. The suppliers evaluated within the scope of this system

12. Informing the Stakeholders (Continued)

are regularly provided with information on the system, their ratings and areas for improvement, if any. The Company policy, specifications and contracts are other information shared with our suppliers.

Our customers regularly receive information on shipments, deadlines and prices concerning their orders. Also any changes that occur in the sales terms and conditions or technical specifications of products are immediately available to the customers. In addition, AKSA delivers product specifications of its products to its clients. Analyses requested by the customers and the results of any complaints are shared with our customers following the required technical scrutiny. Our Product Responsibility and Product Safety Manual (ÜSÜKEK) is delivered to all of our customers in Turkish and English.

AKSA Management gets together with the community within the local area to its premises through activities such as Open Door Days, Community Advisory Panels, student excursions and Akçevre Painting and Composition Competitions. Visitors are informed via presentations and manuals of the Company's Total Quality activities, environmental activities and policies.

The Company's understanding of establishing open and straightforward relationships with its employees lays the foundations for its human resources policy. The Professional Life Evaluation Survey, Intranet data bases, informative meetings for the executive management, Representation Council and performance assessment meetings can be cited as primary samples of the horizontal and vertical channels of communication at AKSA. Through the use of these communication tools, the Company's policies, strategies, objectives and also activities carried out to improve working conditions and the environment are communicated to the employees.

13. Stakeholders' Participation in Management

AKSA employees elect a Representation Council made up of 15 individuals selected by secret ballot. This Council consists of representatives from each shift and meets every month to specify the problems of the employees. They work together to solve these problems and to inform the executive management about the expectations of the employees.

The Representation Council also participates in the designation and review processes of the Company's Primary and Interim Objectives, corporate culture, policies and strategies. Representation Council members are at the same time members of the Total Quality Management Council and thereby have assumed active roles in the drafting of AKSA's initial Primary and Interim Objectives Memorandum. The Human Resources policies and strategies outlined by the Primary and Interim Objectives are set by the Total Quality Management Council and reviewed biannually.

14. Human Resources Policy

AKSA's Human Resources Policy can be defined as "investing in the human factor to recruit and retain responsible, creative, participative, self-confident, self-actualizing, happy individuals who will serve the primary objectives of our Company." Thus, modern and

14. Human Resources Policy (Continued)

internally integrated systems are employed at AKSA for all human resource processes including recruitment, performance management, remuneration and severance.

The principles of the human resources policy can be cited as ensuring the recruitment of candidates incorporating AKSA's Common Behavioral Competencies to serve the primary and interim objectives of the Company; training of employees in the areas relating to Company objectives, technical and behavioral competencies and social and cultural issues to support their individual development; creating the surroundings that ensure an open and close relationship between colleagues and in the working environment where they would be happy, healthy and productive.

A prerequisite of the human resources policy is to ensure the recruitment of candidates suitable for our Company's culture and values, incorporating AKSA's Common Competencies through a fair and transparent recruitment process. In other words, it is fundamental to recruit modest but self-confident, innovative, enthusiastic individuals suitable to be a part of the AKSA family, inclined to team working and capable of generating solutions to problems.

Our Performance Management System was devised to ensure organizational development, reinforce the common corporate culture and integrate Company objectives with individual ones, taking the individual as the starting point. The primary aim of the Performance Management System is to develop the processes of training, planning, remuneration/rewarding and career planning into a transparent system, integrated with each other and to establish a fair mechanism rewarding high performance among employees.

Furthermore, as a significant outcome of our Human Resources Policy, the Six Sigma Model was adopted as a tool to improve problem-solving capabilities of both our employees and our Company.

The Watson Wyatt Global Grading System, which has proved its validity and reliability in more than 40 countries around the world, was adopted as AKSA's remuneration and reward system, with an end to avoiding any discrimination while ensuring salary equality.

This system is a subjective and transparent remuneration and fringe benefits model easily applicable by the leader, based on remuneration by performance and the principle of equality and fairness and reflecting the realities of the national and international business world.

The Representation Council was established in 1996 to deal with relationships with employees and to communicate their requests and needs to management. Employees elect 15 members of the Council who will represent themselves, through the biannual receipt-free secret ballot elections. The Representation Council functions as part of management.

Employee management is undertaken utilizing internationally accepted Human Resource practices that are integrated to each other; no complaints have been received pointing to any discrimination among employees. Any differences between individuals are based on their job descriptions, performance differences or the differences in their technical/behavioral competencies.

15. Relations with Customers and Suppliers

Selling products to 50 countries on five continents, AKSA supplies 10.4% of the global consumption of acrylic fiber. Domestic marketing of AKSA products is carried out by the Marketing and Sales Department while international marketing is pursued through the Company's sales representatives. Our marketing organization extends to four main regions; the Company also has a sales office in Gaziantep.

Operating with a customer-focused management style, the Company aims to increase customer satisfaction through constant innovations and developments in sales and service issues.

AKSA has used the Customer Satisfaction Survey since 1998 to measure customer satisfaction. This survey provides feedback on details concerning product presentation such as on time, accurate and complete delivery, any damages during transportation, drivers, vehicles; required improvements are made accordingly.

As a result of cooperation with customers, efforts are underway to add new firms to the supply chain or expand the product range with the existing suppliers. For example, when a customer requested a non-fading fiber in baby colors, a new product was developed after having identified the raw material and the source of this material. The product was then confirmed by the customer and production was initiated.

16. Social Responsibility

AKSA's Public Relations Policy has been defined as "contributing to make our society more supportive of the industrialization policies in general, in favor of a more developed industry, more dynamic and tolerant in terms of cultural and social solidarity in line with our corporate social responsibility principles."

Our public relations policy, known as the Social Impact Survey, concerns society's perceptions of our Company. It has been carried out every four years since 1997 by a professional outside company. According to the results of this survey, positive perceptions of AKSA by the people in Yalova and its environs have been increasing since 1997.

People are pleased with AKSA's presence in their area and its activities. In addition to the job opportunities they provide, residents sited economic and other contributions by the Company.

In 2001, the practice of the Community Advisory Panel - a first in Turkey - was initiated to provide an information exchange between the industry and society, in a free and comfortable environment of open communications. This brought the Company the 2001 Tri-Partite Responsibility Project Award presented by the Turkish Chemical Industrialists Association. One of the principal aims of the Community Advisory Panel is to convey first-hand information required by society to the representatives of society in a rapid and correct manner.

16. Social Responsibility (Continued)

AKSA's relationship with public and private institutions with whom it cooperates are quite positive. The Company has received numerous letters of acknowledgement, plaques and awards from these institutions. An additional 55 awards have been received from a number of institutions since 1980, including the Istanbul Chamber of Industry, Istanbul Chamber of Commerce, Istanbul Textiles and Raw Materials Exporters Association, Turkish Chemical Industrialists Association and the Ministry of Environment. A total of 25 of these awards were based on the corporation tax paid by the Company while 17 awards acknowledged its success for exports.

AKSA Summer School is an educational activity realized at the Company's social facilities aimed at economically deprived elementary school children in Yalova; 400 students participated in this program during the last two years.

The Company takes the utmost care to develop, adopt and implement innovative and environmentally friendly technology, all of which fall within the scope of the Company's Quality Policies, as well as its Environmental Policies. AKSA takes into account the ÇED (Çevresel Etki Değerlendirmesi – Environmental Impact Assessment) in all innovative projects it implements. AKSA has received awards a number of times based on the importance placed on and the efforts exerted for reducing waste, protection and efficient use of energy and resources.

Textile products are assessed and certified by independent expert corporation following a series of analyses, in terms of their impact on human health. In this regard, our Company has acquired the ÖKO-TEX 100 Certificate of Conformity to Human Health in Textiles as of 1995 and has renewed this process annually. Related standard requirements are used to design and improve of our production processes.

CHAPTER IV – BOARD OF DIRECTORS

17. Composition and Formation of the Board of Directors and Independent Members

The Board of Directors, made up of six members, consists of a Chairman, a Vice Chairman, a Member (General Manager), two Members (Responsible for independent audits) and another Member. Four members of the Board of Directors have executive duties, the division of duties depending upon the nature of the task. Assuming other duties outside the Company by the Board of Directors has not been restricted by any specific rules.

18. Qualifications of the Board Members

The Board of Directors of the Company consists of individuals fully incorporating the qualifications specified in the relevant articles. Curriculum vitae of the members of the Board of Directors are presented here below.

ÖMER DİNÇKÖK was born in Istanbul in 1948. After graduating from Business Management and Economics School of Robert College, he received his Master's degree in England in 1971. He began his career at the AKKÖK Group of Companies, incorporating 20 industrial and commercial companies engaged in various fields, founded by his late father Mr. Raif Dinçkök. (Some of the leading industrial companies of the Group are Aksa, Ak-Al, Aksu, Ak-kim and Akenerji).

18. Qualifications of the Board Members (Continued)

Currently acting as Co-Chairman of the Executive Board of Akkök Sanayi Yatırım ve Geliştirme A.Ş., Mr. Dinçkök serves either as Chairman or Vice-Chairman at the Boards of Directors of the Group companies. Mr. Dinçkök speaks English, is married and the father of three children.

2004 -	Chairman of the Board of Trustees, Turkish Education Foundation (TEV),
2001 - 2004	Chairman of the Board of Directors, Turkish Education Foundation,
1995 -	Founder Member of the Board of Trustees, Turkish Education Volunteers Foundation (TEGV),
1994 - 2001	Vice-Chairman of the Board of Directors, Turkish Education Foundation,
1992 - 2001	Chairman of Board of Istanbul Chamber of Industry (ISO),
1992 - 2000	Chairman of the Industrial Committee of the Turkish Union of Chambers and Stock Exchanges (TOBB),
1989 - 2000	Member of the Board of Trustees, Wilberforce University, Ohio, U.S.A,
1987 - 1989	Chairman of the Board of Directors, Turkish Industrialists' and Businessmen's Association

ALİ DİNÇKÖK was born in Istanbul in 1944. He graduated from the Austrian High School and received a diploma in Textile Engineering from Aachen University, in 1969. He started his career at the AKKÖK Group of Companies, incorporating 20 industrial and commercial companies engaged in various fields, founded by his late father Mr. Raif Dinçkök. (Some of the leading industrial companies of the Group are Aksa, Ak-Al, Aksu, Ak-kim, Akenerji and Akmerkez). Mr. Dinçkök currently serves as Chairman, Vice-Chairman or Executive Member on the Boards of Directors of the Group companies. Mr. Dinçkök speaks German, English and Italian.

EROL LODRİK was born in Istanbul in 1944. Following his graduation from Saint Benoit High School and the completion of his university education in England, Mr. Lodrik served in various capacities at Emboy and Emniyet Ticaret A.Ş. where he currently assumes the duties of Chairman of the Board of Directors. Mr. Lodrik speaks English, French and Italian, is married and the father of two children.

NEVZAT AYAZ was born in Bayramören, Çankırı in 1930. He finished primary education in Bayramören and secondary school education in Ankara. His high school education was completed at the Police College. After graduating from Ankara University Law School, he assumed his duties with the Police Organization as a Sergeant in 1954. He completed his Law Internship and received his License to Practice in 1957. Between 1959 and 1975, he served as Police Chief in Sinop and Balıkesir and as Branch Chief, Division Chief and Deputy Chief, Security General Directorate.

1975 – 1979	Governor of Zonguldak,
1979 – 1988	Governor of Istanbul,
1988 – 1989	Governor of İzmir.
End of 1989	He voluntarily retired from his duty as Governor of İzmir.
1990-1991	He chaired the consultation firm he established with his son-in-law, who also is a lawyer, in Istanbul.
1991	He was elected as the Çankırı MP and assumed his duties at the Turkish Grand National Assembly.
1991-1993	Served as Minister of National Defense with the 49th Government instituted by Mr. Süleyman DEMİREL for two years

18. Qualifications of the Board Members (Continued)

1993-1995	Served as Minister of National Defense with the 50th Government instituted by Prof. Tansu ÇİLLER for two years.

He was awarded Medals of Honor by Italy, the Vatican, Romania and Bulgaria.

HASAN DENİZKURDU was born in 1948 in Izmir. He attended the Istanbul University Law School between 1965 and 1969 and graduated from the Istanbul University Business Economics Institute in 1970. After practicing law from 1972 - 1982, he began working as a professional manager and served in the capacity of Executive Committee Member and Vice-Chairman at Yaşar Holding A.Ş., in Izmir, from 1982 -1989. During this period, he assumed management duties of several companies. He established his consultation organization in 1989 and delivered consultancy services to many companies including Pasta-Villa, Vestel, Hitit Seramik and Çimentaş; he has served also as a Board Member for 12 years and as Chairman from 1992 – 1996 at the Izmir Chamber of Commerce. From 1988 – 1996, he was a Board Member at the Turkish Union of Chambers and Stock Exchanges and served on the Board of Directors and the Executive Board of the Foreign Economic Relations Board (DEİK) and as National Committee Board Member of the International Chamber of Commerce. After being elected as the Izmir 2nd Area MP from the True Path Party in 1995, he served in the Parliament for nearly nine years as the Izmir MP during the 20th Government. He then resigned from the True Path Party (DYP) for reasons already known to the public. During his term as MP, he served as Chairman of the Joint Parliamentary Commission, Member of the Constitutional Commission and Member of the Trade and Industry Commission. From August 1998 – January 1999, he served as Minister of Justice of the Republic of Turkey. Mr. Denizkurdu has served as the Executive Chairman of Yaşar Holding A.Ş. since 1 January 2002. He is married and is the father of two children.

MUSTAFA YILMAZ received his Master of Science degree from Ankara University Department of Science in 1971 in Chemical Engineering. He started his career at Etibank Ergani Copper Works and was then employed by AKSA AKRİLİK KİMYA SANAYİİ A.Ş. as an operations engineer, where he served in research, production and quality management units, after which he became Assistant General Manager (Technical) in 1985 and General Manager on 1 January 2002. AKSA, an AKKÖK Group company, which began production in 1971 with a capacity of 5,200 tons/year, increased this capacity to 290,000 tons/year through self-sacrifice and careful team work; it has become the world's largest integrated acrylic fiber producer. Mr.Yılmaz has assumed active leadership roles in projects pursued to rescue the Company from dependence on outside in technology and equipment, devising the Company's own know-how, favoring local producers in the newly established fields of technology, R&D, quality management, institution, self-assessment and implementation of the EFQM Excellence Model, devising AKSA's Global Brand Strategy and turning the products into world class brands. Believing that human capital is society's greatest asset, Mr. Yılmaz has always prioritized investment in the human factor. Underlining the impact of industrial investments, quality and production on the level of social development, Mr. Yılmaz aims to continue developing efforts already being utilized in the area of social responsibility in line with corporate culture. He plans to further pursue these goals through the projects he will implement. Mr. Yılmaz was elected National Quality Award Assessor in 1998 and has been a member of the Quality Association (KalDer) since May 2002. With memberships in EFQM, CIRFS (Comite International de la Rayonne et des Fibres Synthetiques – International Rayon

18. Qualifications of the Board Members (Continued)

and Synthetic Fibers Committee), Turkish Industrialists' and Businessmen's Association, Turkish Chemical Industrialists Association, Chamber of Chemical Engineers, Association in Support of Contemporary Living, Yalova Sports Club, Yalova Industrialists Association and Yalova City Club, Mr. Yılmaz currently serves as the Chairman of Yalova Sports Foundation Steering Commitee and Yalova Municipality Cycling Association. Born in Tekirdağ in 1949, Mr. Yılmaz has two children.

19. The Mission, Vision and Strategic Objectives of the Company

Initially drafted in 1998, AKSA's Mission and Vision were recently revised for the fourth time at the beginning of 2005. The revised statements are posted on the corporate website to be shared with shareholders and stakeholders.

The Mission and the Vision, also approved by the Company's Board of Directors, are shared with all AKSA employees through meetings, electronic databases, manuals, circulars and training.

Our Company sets its objectives yearly and dispurses this information to all employees. The Company objectives are defined in six different categories; strategic, financial, operational, quality, environment and productivity, in the order of importance. These objectives have been approved by the Board of Directors in a monthly presentation delivered to the Board concerning the level of achievement of the Company objectives.

The Management by Objectives System has been implemented at AKSA since 2003. Within the framework of this system, responsibility levels of the internal units of the Company are determined for each of the objectives and Company objectives are turned into unit objectives, which then become individual objectives and distributed to all employees. Realization of Company objectives are regularly followed and announced to all employees at six-month intervals. This process is pursued in the same manner for all six categories of the Company objectives.

20. Risk Management and Internal Control Mechanism

A monthly Finance and Risk Management Board meeting, chaired by the General Manager, is held at AKSA to ensure effective risk management. Included in the meeting are two Executive Board Members, Assistant General Manager for Financial Affairs, Assistant General Manager for New Business Development and Purchasing and the Marketing Manager. The Board assesses the commercial and financial risks of the Company, as well as its financial performance. In particular, the types of financial instruments to be utilized in the risk management of receivables and the risk levels by customers are assessed. The Company's net foreign exchange position is followed up and measures are taken to prevent any foreign exchange risk. The Monitoring of the Risk Control Measures procedure is implemented across the factory to ensure that risk that exists as a natural outcome of the technology utilized at AKSA is kept under control so as not to cause any danger to employee health and safety, the premises or the environment.

21. Duties and Responsibilities of the Board Members and Executives

Duties of the Company executives are defined in their job descriptions and updated upon any changes in duties. The authority of the Board of Directors of the Company is determined by the Articles of Association and the list of authorized signatures is reviewed biannually.

22. Operating Principles of the Board of Directors

There is a unit/office/department within the Company tasked with informing the Board Members and pursuing communication services. The agenda of the Board of Directors is drafted by the General Manager and finalized in line with the recommendations of the Chairman and Members. The Board of Directors held 17 meetings in 2005. The Board performs its duties within the framework of the authority set forth by the Articles of Association and all the decisions to date have been taken unanimously. The Board Members do not have weighted votes, but they have veto power which it has never exercised to date.

23. Prohibition of Transaction and Competition with the Company

In accordance with Articles 334 and 335 of the Turkish Commercial Code, prohibition of the competition of Board Members was lifted at the Shareholders' General Assembly and no member of the Board of Directors has had conflict of interest due to his competition with the Company.

24. Code of Ethics

The results of the Corporate Culture Survey projects, the General Management Problems Survey and A Sentence for AKSA Campaign held in December 1997 as well as the Employee Satisfaction Survey were used to draft the following Corporate Culture Declaration; it was shared with all the employees. The Corporate Culture Declaration was devised through the contributions and participation of our employees.

- Our products are high-quality.
- We compete with the world.
- We are sensitive to the environment.
- We are the AKSA family.
- The secret to our superiority is the human factor.
- Our employees know how to share.
- We believe in team work.
- We are participatory and dynamic.
- We are open to innovations.
- We sacrifice when necessary.
- We are modest and respectful.

24. Code of Ethics (Continued)

Within the framework of the restructuring of Human Resources, the Common Competencies of AKSA were defined and communicated to the employees. The common competencies of the AKSA employees are as follows:

- **BEING OPEN TO CHANGE:** We try to be the initiator of new initiatives and ways of working.
- **JUDGEMENT:** We make our decisions in line with logical, realistic and ethically consistent information.
- **SOLUTION GENERATION:** We determine our solutions based on data and facts.
- **ACTIVE LISTENING:** We listen carefully and ask the right questions to make sure we understood correctly.
- **INTEGRITY:** We are proper, open and empathic in our relationships with people.
- **SELF-CONFIDENCE:** We know our strengths and weaknesses and we are self-confident.
- **CONSISTENCY:** We adhere to our principles in ethical and legal issues.
- **DELEGATION:** We place importance on task distribution in decision making and implementation.
- **ENERGY:** We tackle our jobs with dynamism and commitment.
- **FOLLOW UP:** We follow up on our work until the common objectives are achieved.

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

The Board of Directors of the Company consists of six individuals; four are executives and two are independent. The quarterly financial statements are presented for the approval of the Board of Directors, after approval by the Audit Committee.

26. Financial Rights Granted to the Board of Directors

Compensation of the Board of Directors of the Company is regulated in the Articles of Association. Financial compensation comprises the salaries annually determined by the General Shareholders' Assembly in accordance with Article 7 of the Articles of Association and the profit distributed in line with the Capital Market Board legislation at a rate of 2% from the net profit, again in accordance with Article 25/3 of the Articles of Association. No other financial compensation is provided to the members of the Board of Directors of the Company.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
AUDITORS' REPORT 2005
PRESENTED TO THE SHAREHOLDERS' ORDINARY ASSEMBLY

Company Name	:	*AKSA AKRİLİK KİMYA SANAYİİ A.Ş.*
Company Headquarters	:	*Gümüşsuyu, Miralay Şefik Bey Sok. Ak-Han 15/17 Taksim, ISTANBUL*
Paid-in Capital	:	*TL 27,156,288,086,500*
Area of Operations	:	*Production and trade of synthetic fibers*
Names and Terms of Office of İnternal Auditors	:	*Bülent ÜSTÜNEL and Hilmi YAZAN Their terms of office are three years. They are not partners.*
Number of Board of Directors Meetings Participated and Audit Meetings Held	:	*They participated in three Board of Directors meetings. They held four audit meetings to audit the Company books.*
Inspection dates of the Company accounts and the Results	:	*During the inspections held in April, July, October and December, it was observed that the Company books were kept in accordance with the laws and were supplemented by supporting documents.*
Physical Counts of the Company's Cah-on-Hand and the Results Thereof in Accordance with Article 353 of the Turkish Commercial Code	:	*During the six inspections held every two months, it was observed that the fund holdings were in line with the records .*
The Results of the Inspections held IAW Article 353/4 of the Turkish Commercial Code	:	*During the inspections held monthly, it was observed that there were no securities delivered to the Company as pledge or indemnity or bail.*
Complaints or Reports of Impropriety	:	*No recourse was made to the Company auditors concerning any complaints or malpractices.*

We hereby confirm that the balance sheet of AKSA AKRİLİK KİMYA SANAYİİ A.Ş. as of 31 December 2005 reflect the true financial situation of the Company at the cited date and that the profit and loss statement for the period 01 January 2005 – 31 December 2005 reflect the true operational results of the cited period and that the dividend distribution proposal is in compliance with the laws and the Articles of Association, and we thus propose the approval of the balance sheet and the profit and loss statement and releasing of the Board of Directors.

Regards,

Bülent ÜSTÜNEL *Hilmi YAZAN*

Dividend Distribution Policy

The number of shareholders who participated in the Shareholders' Ordinary Assembly held last year was 18. In 2005, the questions of our shareholders were responded to electronically, via the Internet. As of 31 December 2005, shares were traded over TRY 12.67 on average.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. has realized dividend distribution to its shareholders in the form of cash and/or bonus shares until the present, taking into consideration the financial performance of the Company, the industrial conjuncture and the current economic conditions of our country, in compliance with the Legislation published by the Capital Market Board.

In line with our Dividend Distribution Policy, and with an aim to ensure that our Stakeholders receive regular dividend income in addition to their stock yields; it was decided that in 2006 and the years to follow our Company would annually distribute at least 30% of its distributable profit in the form of cash and bonus shares, with the purpose of reaching the objectives designated in the Company's Mission and Vision and taking into consideration especially the investment expenditures and other funding activities foreseen until 2010, on condition that this would not conflict with the current regulations of the Capital Market Board.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. reviews its Dividend Distribution Policy annually, taking into consideration the financial performance of the Company, the investment projects foreseen for ensuring a more profitable continuity for the Company and the industrial and economic conditions.

Years	Dividends (Gross)	Dividends Distributed (TRY)
2001	75 %	13,035,018
2002	75 %	16,293,773
2003*	-	-
2004	45 %	12,220,330

* In accordance with Capital Market Board Notification Series XI / No:20 and Decision number 66/1630 dated 30 December 2003, of the amount arising in the initial inflation adjusted consolidated financial statements and traced in the losses from previous years, no dividends were distributed as it had to be considered as a discount item although it had a distributable profit figure IAW the inflation adjusted financial statements.

Donations and Social Assistance

Our Company is fully aware of its responsibility toward the advancement of social standards, as well as offering high quality products and services within the framework of its Corporate Social Responsibility Principles. AKSA is sensitive to the needs of society including future generations. In this context, the Company has made it a principle to contribute to social prosperity through donations and the provision of social assistance especially to educational, cultural, artistic and sports activities in its immediate surroundings.

Within the framework of AKSA's Corporate Social Responsibility Principles, donations have been made and social assistance has been provided amounting to TRY 1,555,792 in 2005. Major areas of donations and assistance are as follows:

Donations and Social Assistance	Amount (TRY)
Educational Institutions (Primary School, High School and University)	333,470
Associations and Foundations	137,224
Public Institutions and Various Institutions	81,903
Prime Ministry Natural Disasters Fund (Pakistan, Tsunami)	1,001,250
Sponsorships and Other	1,945

Dividend Distribution Proposal

Distinguished Shareholders,

The Capital Market Board Notification Series numbered XI / No:25 was implemented at our Company as of 01 January 2005. As a result of the implementation of this notification, the loss for the period in the consolidated financial statements was TRY 826,562; the losses from previous years arising from the adjustment of the previous periods totaled TRY 36,217,668.

Taking into account Capital Market Board Decision No:7/242 dated 25 February 2005, stating that if there was a loss for the period in the financial statements or any legal records, dividends shall not be distributed;

In order to pursue sound dividend distribution in the coming years, based on the Capital Market Board letters B.021.SPK.0.17-91-3716 dated 10 March 2006 and B.02.1.SPK.0.17-130-4824 dated 29 March 2006;

We hereby propose the offsetting of the loss from previous periods not recoverable from profit for the period to come from profit reserves such as extraordinary reserves and the adjustment differences relating to such reserves, respectively.

Our Company has continuously developed and strengthened since its incorporation, it has gained a place as a prominent and important corporation in its sector and made significant contributions to the national economy through its investments, production, employment opportunities, exports and taxes. AKSA hereby extends its gratitude to its executives, employees and workers for their productive efforts and diligence, to its customers, suppliers and banks for their contributions and especially to its Shareholders for their significant contributions in making the most beneficial and appropriate decisions during the Shareholders' General Assembly.

Distinguished Shareholders, we hope that the years to come will bring greater happiness and success for our country, our Company and for all of us.

Respectfully yours,

BOARD OF DIRECTORS

Independent Auditors' Report

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
AND ITS SUBSIDIARIES**

**INDEPENDENT AUDITORS' REPORT
RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 2005 ACCOUNTING PERIOD**

We have examined the consolidated balance sheet of Aksa Akrilik Kimya Sanayii A.Ş. (the Parent Company) and its Subsidiaries as of 31 December 2005 and the consolidated statements of income, shareholders' equity and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards in Turkey issued by the Capital Markets Board and, accordingly, included such tests of the accounting records and such other auditing procedures, as we considered necessary in the circumstances.

As explained in Note 2/(a), the financial statements for the 2005 accounting period are the initial financial statements prepared in accordance with the Capital Markets Board Communiqué Nr XI/25, hence they are not presented comparatively with the prior year.

For the years ended 31 December 2005 and 2004 the financial statements of the subsidiaries Fitco BV and Aksa Egypt Acrylic Fiber Industry S.A.E. in which the Parent Company has a direct 100% and an indirect 99,14 % interest, respectively, and the financial statements of the affiliate Ak-Han Bakım Yönetim Servis Hizmetleri Güvenlik Malzemeleri A.Ş. in which the Parent Company has a direct 33% interest do not materially affect the consolidated financial statements, hence the subsidiaries and the affiliate referred to above are stated in the consolidated financial statements at cost.

In our opinion, the financial statements referred to above present fairly the financial position of Aksa Akrilik Kimya Sanayii A.Ş. and its Subsidiaries as at 31 December 2005 and the results of its operations for the year then ended, in conformity with the accounting principles issued by the Capital Markets Board in Communiqué Nr XI/25.

As stated in Note 42 to the financial statements, the Company Management has declared that no profit distribution will be made due to the resulting loss in the accompanying financial statements.

Istanbul,
17 March 2006

Denet Yeminli Mali Müşavirlik A.Ş.

Ömür Günel
Partner in charge

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. and its SUBSIDIARIES

Consolidated Balance Sheets
as of 31 December 2005 and 2004
(TRY)

BALANCE SHEET (TRY)	Note	31.12.2005	31.12.2004*
ASSETS			
Current Assets		**646.578.039**	**788.333.340**
Liquid Assets	3,4	155.524.537	332.545.365
Marketable Securities (net)	3,5	29.674.017	9.007.840
Trade Receivables (net)	3,7	266.047.151	225.655.185
Receivables from Financial Leasings (net)	8	0	0
Due from Related Parties (net)	9	42.196.579	53.420.111
Other Receivables (net)	10	8.035.676	645.923
Biological Assets (net)	11	0	0
Inventories (net)	3,12	109.251.156	144.770.554
Receivables from Deferred Project Contracts (net)	13	0	0
Deferred Tax Assets	3,14	0	0
Other Current Assets	15	35.848.923	22.288.362
Non - Current Assets		**808.346.052**	**838.020.898**
Trade Receivables (net)	7	12.746.535	266.185
Receivables from Financial Leasings (net)	8	0	0
Due from Related Parties (net)	9	0	0
Other Receivables (net)	10	0	0
Financial Assets (net)	3,16	28.174.433	25.914.843
Goodwill (net))	17	0	0
Investment Properties (net)	18	0	0
Tangible Assets (net)	3,19	727.928.783	805.677.004
Intangible Assets (net)	3,20	39.340.096	6.023.664
Deferred Tax Assets	3,14	0	0
Other Non - Current Assets	15	156.205	139.202
TOTAL ASSETS		1.454.924.091	1.626.354.238

* Expressed in terms of the purchasing power of the Turkish Lira as at 31 December 2004.

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. and its SUBSIDIARIES

Consolidated Balance Sheets
as of 31 December 2005 and 2004

(TRY)

BALANCE SHEET (TRY)	Note	31.12.2005	31.12.2004*
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short Term Liabilities		**240.769.346**	**271.683.866**
Financial Liabilities (net)	3,6	101.801.843	49.016.239
Current Portion of Long Term Liabilities (net)	3,6	10.725.123	14.961.213
Liabilities from Financial Leasings (net)	8	0	0
Other Financial Liabilities (net)		0	0
Trade Payables (net)	3,7	72.650.958	171.252.834
Due to Related Parties (net)	9	15.898.315	9.279.790
Advances Received	3,21	4.506.081	2.950.165
Project Accrued Contract Income (net)	13	0	0
Provision for Liabilities and Expenses	23	3.699.113	1.466.544
Deferred Tax Liabilities	3,14	0	0
Other Liabilities (net)	10	31.487.913	22.757.081
Long Term Liabilities		**124.724.460**	**149.796.205**
Financial Liabilities (net)	3,6	36.249.491	44.959.634
Liabilities from Financial Leasings (net)	8	0	0
Other Financial Liabilities (net)		0	0
Trade Payables (net)	3,7	0	0
Due to Related Parties (net)	9	0	2.684.200
Advances Received	3,21	0	0
Provision for Liabilities and Expenses	23	19.118.189	19.855.143
Deferred Tax Liabilities	3,14	69.356.780	82.249.634
Other Liabilities (net)	15	0	47.594
MINORITY INTEREST	**24**	**471.561.621**	**573.344.485**
SHAREHOLDERS' EQUITY		**617.868.664**	**631.529.682**
Share Capital	25	**27.156.288**	**27.156.288**
Adjustment for cross shareholding	25	**0**	**0**
Capital Reserves	26	**600.592.397**	**600.592.397**
Share Premium		0	0
Share Premium of Cancelled Shares		0	0
Revaluation Fund		0	0
Revaluation Fund of Financial Assets		0	0
Differences Arising from Inflation Adjustment in Shareholders' Equity		600.592.397	600.592.397
Profit Reserves	26,27	**24.950.191**	**0**
Legal Reserves		2.335.654	0
Statutory Reserves		0	0
Extraordinary Reserves		22.474.725	0
Special Reserves		0	0
Profit on Disposal of Tangible Assets and Investments To Be Added to Share Capitalı		0	0
Translation Differences		139.812	0
Net Profit/(Loss) For The Period		**(826.562)**	**0**
Retained Earnings / (Accumulated Losses)	28	**(34.003.650)**	**3.780.997**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1.454.924.091	1.626.354.238

* Expressed in terms of the purchasing power of the Turkish Lira as at 31 December 2004.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. and its SUBSIDIARIES

Consolidated Statement of Income
for the year ended 31 December 2005
(TRY)

INCOME STATEMENT (TRY)	Note	31.12.2005
INCOME FROM PRINCIPAL ACTIVITIES		
Income From Sales (net)	36	1.143.383.970
Cost of Sales (-)	36	(1.125.820.839)
Service Income (net)		0
Other Income From Principle Activities/interest+dividend+rent (net)		0
GROSS PROFIT/ (LOSS) FROM PRINCIPAL ACTIVITIES		**17.563.131**
Operating Expenses (-)	37	(114.539.322)
NET (LOSS) FROM PRINCIPAL ACTIVITIES		**(96.976.191)**
Other Income and Profits	38	85.502.693
Other Expense and Losses (-)	38	(89.669.272)
Financial Expenses (-)	39	(9.146.810)
OPERATING (LOSS)		**(110.289.580)**
Net Monetary Profit/(Loss)	40	0
MINORITY INTEREST	2,24	**98.452.520**
LOSS BEFORE TAX		**(11.837.060)**
Taxes	3,41	11.010.498
NET (LOSS) FOR THE PERIOD		**(826.562)**
(LOSS) PER SHARE	3,42	**(0,03)**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. and its SUBSIDIARIES

Consolidated Statement of Shareholders' Equity
for the year ended 31 December 2005

(TRY)

	Share Capital	Differences Arising from Inflation Adjustment on Shareholders' Equity	Foreign Currency Translation Diffrences	Legal Reserves	Other Reserves and Retained Earnings	Net Profit/ (Loss) for the Period	Retained Earnings/ (Accumulated Losses)	Total
Balance as at 31 December 2004 *	**27.156.288**	**600.592.397**	**-**	**-**	**-**	**-**	**3.780.997**	**631.529.682**
Transfer from prior period profit to reserves	-	-	-	2.335.654	22.474.725	-	(24.810.379)	-
Dividend paid	-	-	-	-	-	-	(12.974.268)	(12.974.268)
Translation Differences	-	-	139.812	-	-	-	-	139.812
Profit/(Loss) for the period	-	-	-	-	-	(826.562)	-	(826.562)
Balance as at 31 December 2005	27.156.288	600.592.397	139.812	2.335.654	22.474.725	(826.562)	(34.003.650)	617.868.664

* Expressed in terms of the purchasing power of the Turkish Lira as at 31 December 2004.

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. and its SUBSIDIARIES
Consolidated Statement of Cash Flows
for the year ended 31 December 2005
(TRY)

	Note	31 Aralık 2005
A. CASH FLOWS FROM PRINCIPAL ACTIVITIES		
Net Loss Before Tax (-)		(11.837.060)
Adjustments:		
Amortisation (+)		104.290.876
Termination Indemnity		367.348
Provision for Debts		791.643
Other Provisions		36.516.696
Foreign Exchange Gains (-)		-
Profit From Marketable Securities or Long Term Investment (-)		(22.134.509)
Loss on Disposal of Tangible Assets		13.886.527
Interest Expense (+)		4.825.080
Net Income Before Working Capital Changes (+)		126.706.601
Increase in trade activities and other receivables (-)		(52.872.316)
Decrease in balances due from related parties and shareholders (+)		11.223.532
Decrease in inventories (+)		35.519.398
Increase in other receivables (-)		(19.888.610)
Increase in deferred tax assets (-)		-
Increase in financial debts (+)		-
Decrease in trade payables (-)		(98.601.876)
Increase in balances due to related parties and shareholders (+)		3.934.325
Increase in advances received (+)		1.555.916
Increase in debt provisions (+)		-
Increase in other liabilities (+)		8.683.238
Net cash related to principal activities (+)		-
Interest payments (-)		(4.505.094)
Tax payments (-)		(1.545.732)
Net cash provided from/used in principal activities	43	10.209.382
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		
Acquisition of financial assets, net (-)		(2.259.590)
Acquisition of marketable securities (-)		(16.645.107)
Acquisition of tangible assets (-)		(89.025.134)
Acquisition of intangible assets (-)		(35.152.261)
Cash inflows from disposal of tangible assets (+)		13.915.083
Interest received (+)		16.898.664
Dividend received (+)		136.068
Net cash provided from/used in investing activities	43	(112.132.277)
C. CASH FLOWS FROM FINANCIAL ACTIVITIES		
Cash inflows related with issued stocks (+)		-
Cash outflows related to short and long term debts (-)		39.519.387
Payments related with financial leasing (-)		-
Dividends paid (-)		(12.974.268)
Translation differences (+)		139.812
Decrease in minority interest(-)		(101.782.864)
Net cash provided from/used in financial activities	43	(75.097.933)
Decrease in liquid assets (-)	3,43	(177.020.828)
Liquid assets at the beginning of the period	4	332.545.365
Liquid assets at the end of the period	4	155.524.537

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

(Notes to the Consolidated Financial Statements for the year ended 31 December 2005)

1. Organization and Principal Activities

Aksa Akrilik Kimya Sanayii A.Ş. (the Parent Company) is a company incorporated in Istanbul whose principal activities are the production of acrylic based tow, fabric and tops. The activities of its Subsidiaries and Affiliates are mainly focused on the textile sector and they also operate in the energy, foreign trade, service and transportation sectors. The Parent Company's Affiliates and Subsidiaries comprise of the following companies:

Parent Company:	Sector
Aksa Akrilik Kimya Sanayii A.Ş. - Turkey	Chemistry
Subsidiaries:	
Ak-Al Tekstil San. A.Ş – Turkey *	Textile
Akenerji Elektrik Üretim A.Ş. - Turkey *	Energy
Ak-Pa Tekstil İhracat Pazarlama A.Ş. – Turkey **	Marketing
Ak-Tops Tekstil Sanayi A.Ş. – Turkey **	Textile
Ak-Al Tekstil Pazarlama A.Ş. – Turkey **	Marketing
Ak-Al Dış Ticaret A.Ş. – Turkey **	Foreign Trade
Akel Yalova Elektrik Üretim A.Ş. - Turkey **	Energy
Akenerji Elektrik Enerjisi İthalat – İhracat ve Toptan Ticaret A.Ş. – Turkey **	Energy
Akrom Ak-Al Textile Romania S.R.L. – Romania **	Textile
Aken BV – the Netherlands ***	Investment
Fitco BV - the Netherlands ***	Investment
Bozüyük Orman Ürünleri Sanayi Tesisleri A.Ş. – Turkey ***	Forestry
Aksa Egypt Acrylic Fiber Industry S.A.E. – Egypt ***	Textile
Affiliates :	
Atak Garn Und Textilhandel GMBH – Germany ***	Textile
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. – Turkey ***	Transportation
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. – Turkey ***	Service

* Public companies quoted at Istanbul Stock Exchange. They are included in the consolidation by full consolidation method. Ak Enerji Elektrik Üretimi Otoprodüktör Grubu A.Ş. has changed its company name as Akenerji Elektrik Üretim A.Ş. upon draft amendment registered at 29 December 2004.

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

*** Stated in the consolidated financial statements at cost.

As stated in Note 34, liquidation process has been started in the subsidiaries Ak-Al Dış Ticaret A.Ş and Ak-Al Tekstil Pazarlama A.Ş. as of 26 January 2006.

The address of the head office of the Parent Company is as follows:
Miralay Şefik Bey Sok. No: 15 – 17 Akhan 34437 Gümüşsuyu / İstanbul – Turkey

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

1. Organization and Principal Activities (continued)

The Parent Company is registered at the Capital Markets Board and 34% of its shares are being traded at the Istanbul Stock Exchange. The subsidiary Ak-Al Tekstil Sanayii A.Ş. is registered at the Capital Markets Board and 42% of its shares are offered to public and being traded at the Istanbul Stock Exchange since 19 March 1986. The subsidiary Akenerji Elektrik Üretim A.Ş. is registered at the Capital Markets Board and 24,93% of its shares are offered to public and being traded at the Istanbul Stock Exchange since 3 July 2000.

As of 31 December 2005 and 2004, the shareholding structure of the Parent Company is as follows:

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

* Represents shareholdings of less than 10%.

As of 31 December 2005, the average number of employees is 2.579 (31 December 2004 – 3.551).

2. Presentation of the Financial Statements

(a) Basis of Presentation :

"The Communiqué Related to the Accounting Standards in Capital Markets" Nr XI/25 issued by the Capital Markets Board dated 15 November 2003 has come into force effective from the financial statements for the first interim period ended subsequent to 1 January 2005. As the financial statements relating to the year ended 31 December 2005 are the initial financial statements prepared by the Company in accordance with the Communiqué XI/25, the accompanying financial statements may not be presented comparatively with the financial statements for the same period of the previous year per the ruling of the Capital Markets Board dated 27 April 2004 /MSD-10/303-9009. For this reason, the accompanying financial statements related to the accounting period 1 January 2005 – 31 December 2005 are not presented comparatively with the accounting period 1 January 2004 – 31 December 2004, whereas the balance sheet as of 31 December 2005 has been prepared comparatively with the balance sheet as of 31 December 2004. On the other hand, as per the resolution of the CMB dated 17 March 2005 Nr 11/367, the application of inflation adjustment on financial statements has ended in 2005. For this reason, the financial statements have been expressed in terms of the purchasing power of the Turkish Lira as at 31 December 2004. The accompanying financial statements and notes have been presented with the formats held mandatory by the announcement made by the CMB on 10 December 2004.

2. Presentation of the Financial Statements (continued)

(a) Basis of Presentation (continued):

The Parent Company and its subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with the prevailing commercial and financial legislation. As stated below, certain adjustments and classifications have been made during the preparation of the accompanying financial statements in order to comply with the Communiqué nr XI/25. The adjustments reflected to the accompanying financial statements are summarized in Note 2 (b) and 2 (d).

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

Section 15 of the Communiqué Nr XI/25 deals with the effects of inflation on financial statements and requires that financial statements prepared in the currency of a high inflation economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms. With respect to the same directive, in case where the price index at the balance sheet date is 100% or more than the index valid at the beginning of the third previous accounting period, and where the price index at the balance sheet date is 10% or more than the index at the beginning of the current period, hyper-inflationary period starts from the current period onwards. The last three years cumulative inflation rate in Turkey (31 December 2005 – 31 December 2002) are announced by the State Institute of Statistics (SIS) (whose title has changed as Turkish Statistical Institution (TSI) as of 10 November 2005) as 35,6% on the basis of price indices published for the whole country and as 4,54% as at the beginning of the accounting period (31 December 2005 – 31 December 2004), and as per the resolution of the CMB dated 17 March 2005 Nr 11/367 the application of inflation adjustment of the financial statements has ended in 2005, hence the accompanying financial statements are restated at the purchasing value of the Turkish Lira as at 31 December 2004.

The restatement of the accompanying financial statements in Turkish Lira as at 31 December 2004 is calculated by means of conversion factors derived from the countrywide wholesale price index published by the SIS. Such indices and conversion factors are as follows:

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

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

- Financial statements are stated in terms of the measuring unit current at 31 December 2004 and the corresponding figures for the previous periods are restated in the same terms.
- Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

2. Presentation of the Financial Statements (continued)

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

- Non-monetary assets and liabilities are restated by applying the relevant conversion factors.
- The effect of general inflation is included in the statement of income as "Net Monetary Gain / (Loss)"

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

(c) Consolidation Principles :

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

	31 December 2005	31 December 2004
Subsidiaries		
Ak-Al Tekstil Sanayii A.Ş.*	22,10%	22,10 %
Akenerji Elektrik Üretim A.Ş. *	17,33%	17,33 %
Ak-Pa Tekstil İhracat Pazarlama A.Ş. *	16,45%	16,45 %
Ak-Tops Tekstil San. A.Ş.*	12,21%	12,21 %
Akel Yalova Elektrik Üretim A.Ş.*	15,59 %	15,59 %
Akenerji Elektrik Enerjisi İth.–İhr. ve Toptan Tic. A.Ş.*	8,67%	8,67 %
Aken BV**	17,33%	17,33 %
Akrom Ak-Al Textile Romania S.R.L.*	22,10%	22,10 %
Ak-Al Tekstil Pazarlama A.Ş.*	21,99%	21,99 %
Ak-Al Dış Ticaret A.Ş.*	21,99%	21,99 %
Bozüyük Orman Ürünleri Sanayi Tesisleri A.Ş.**	21,98%	21,98 %
Fitco BV **	100,00%	100,00 %
Aksa Egypt Acrylic Fiber Industry S.A.E.**	99,14%	99,14 %
Affiliates**		
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	9,94 %	9,94 %
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş.	44,74 %	44,74 %
Atak Garn-und Textilhandel GMBH	8,22 %	8,22 %

* Stated in the accompanying consolidated financial statements as per the full consolidation method.

** Stated in the accompanying consolidated financial statements at cost.

2. Presentation of the Financial Statements (continued)

(c) Consolidation Principles (continued) :

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 the subsidiaries as well as their equities at the acquisition date are added, and inter-company balances are eliminated.

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

- As of the acquisition date, the Parent Company's shareholding in its subsidiaries is net off against the portion of share capital it owns in the subsidiary's equity for once. The equity of the subsidiary at the acquisition date should be drawn up according to the market value of the subsidiary's net assets at that date. If the cost value of the Parent Company's shareholding in its subsidiary is more than the nominal value of the part of the share capital in the subsidiary's equity, the difference is recorded as positive goodwill in the consolidated balance sheet as a separate item and it is amortised over the useful life of the future economic benefits that are expected to flow to the Parent Company. The amortisation period cannot exceed 20 years. If the cost value of the investment is less than the nominal value of the share capital of the subsidiary, the difference is recorded as the negative goodwill in the assets as a negative item and is also amortised over 20 years at maximum.

- Minority interests are deducted from all equity account group items including the paid in/issued share capital of subsidiaries included in the consolidation and are recognized as "Minority Interests" in the consolidated balance sheet before the equity account group and in the statement of income.

- The purchases and sales among the Parent Company and its Subsidiaries and the profit and losses arising from these transactions are eliminated in the Consolidated Income Statement. Further, profit and losses arising from the purchase or sale of marketable securities, stocks, 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)

(d) Adjustments :

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

- Rediscount calculation on post-dated cheques, notes receivable, customers, suppliers and loans
- Depreciation adjustment
- Reversal of establishment and organization expenses
- Adjustment of termination indemnity
- Deferred tax adjustment
- Expense accrual
- Elimination of inter-group balances and transactions as per the consolidation procedure
- Provision for value decrease in tangible assets

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

Balance sheets as of 31 December 2005 and 2004 and notes to these balance sheets have been presented comparatively. In order to comply with the presentation of the current period financial statements, the comparative information is reclassified when deemed necessary.

(f) Netting Off:

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

3. Accounting Techniques and Valuation Procedures Applied

(a) Financial Instruments :

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

i. Liquid Assets

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

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

3. Accounting Techniques and Valuation Procedures Applied (continued)

(a) Financial Instruments (continued):

i. Liquid Assets (continued)

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

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

Fair Value

Fair value is the amount for which a financial instrument could be exchanged between two willing parties in an arm's length transaction. It is primarily considered the same as the quoted value of the financial instrument; however in case there is no quoted value, the purchase or sales value of an instrument is deemed to be the fair value of the financial instrument.

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

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

ii. Trade Receivables

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

Fair Value

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

3. Accounting Techniques and Valuation Procedures Applied (continued)

(a) Financial Instruments (continued) :

iii. Related Parties

Receivables from and payables to related parties are the balances with the Parent Company's and its subsidiaries' shareholders and the parties known to be controlled by or related to the Parent Company's and its subsidiaries' shareholders.

iv. Short and Long Term Bank Loans and Trade Payables

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the balance sheet date, discounted as per the effective interest method. Trade payables are financial liabilities created by the Company through purchasing goods directly from the suppliers. Trade payables are subject to rediscount.

Fair Value

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

(b) Financial Risk Management:

i. Foreign Currency Risk

Balances of foreign currency transactions of the Parent Company and its subsidiaries originating from operations, investment and financial activities as of the reporting date are stated in Note 29.

ii. Doubtful Receivables Risk

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

iii. Liquidity Risk

The excess portion of the liquid assets over the short term payables (current assets – stocks) of the Parent Company and its subsidiaries is stated below in relation to the corresponding periods (TRY):

31 December 2005	296.557.537
31 December 2004	371.878.920

3. Accounting Techniques and Valuation Procedures Applied (continued)

(b) Financial Risk Management (continued) :

iv. Cash Flows Risk

Cash outflows resulting from the Parent Company and its subsidiaries' operations, investments and financial activities are as follows (TRY):

31 December 2005	(177.020.828)

(c) Inventories:

Inventories are stated at the lower of cost and net realizable value.

Cost is determined by using the weighted average cost method for the raw material, supplies, labour and general administration expenses.

(d) Marketable Securities:

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

(e) Financial Assets :

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

Financial assets available for sale consist of financial assets with the exception of loans and receivables related to operations, financial assets held to maturity and financial assets held for trading. Financial assets available for sale are stated at fair value in the periods following their booking. In the event that the financial assets have no fair value registered at the stock market or the other methods used in fair value calculation are not applicable or the fair value cannot be determined reliably, the financial assets are stated at cost.

Financial assets have no market value and are stated at restated unit values as of 31 December 2004.

(Notes to the Consolidated Financial Statements for the year ended 31 December 2005)

3. Accounting Techniques and Valuation Procedures Applied (continued)

(f) Tangible Assets :

Tangible assets are stated at cost less their accumulated depreciation.

Tangible assets have been restated using the measuring unit current at 31 December 2004 based on the dates of acquisition. Depreciation of tangible assets is made over the inflation-adjusted amounts on a straight-line basis based on the estimated useful lives of these assets. The depreciation periods which approximate to the economic useful lives of the assets are as follows:

Buildings	5-50 years
Land development	5-50 years
Machinery, plant and equipment	5-22 years
Motor vehicles	5- 8 years
Furniture and fixtures	3-20 years
Other tangible assets	5 years

(g) Intangible Assets :

Intangible assets are stated at cost less their accumulated amortization.

Intangible assets have been restated using the measuring unit current at 31 December 2004 based on the dates of acquisition. Amortization of intangible assets is made over the totals adjusted with respect to inflation accounting, considering the approximate useful lives of the assets as stated in the following:

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

3. Accounting Techniques and Valuation Procedures Applied (continued)

(h) Assets and Liabilities in Foreign Currency :

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

	31 December 2005		31 December 2004	
	Purchasing	Selling	Purchasing	Selling
USD	1,3418	1,3483	1,3421	1,3486
EURO	1,5875	1,5952	1,8268	1,8356
CHF	1,0188	1,0254	1,1806	1,1882
GBP	2,3121	2,3242	2,5765	2,5900
CAD	1,1545	1,1597	1,1094	1,1144
SEK	0,1678	0,1696	0,2018	0,2039

(i) Impairment of Assets :

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

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

(j) 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 primary temporary differences arise from the income and expense items that are reported in different periods with respect to the Communiqué Nr XI/25 and the tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated with the assumption that the Parent Company and its subsidiaries will have taxable income during the future periods.

3. Accounting Techniques and Valuation Procedures Applied (continued)

(j) Deferred Taxes (continued):

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.

(k) Income Taxes :

2005

Corporate earnings are subject to corporation tax at a rate of 30%. In case investment allowance is deducted in the calculation of taxable income, same as with other profits exempted from corporation tax, no withholding calculation is required in cases where such earnings are not distributed. However in case the investment allowance used is based on the supplementary articles 1 and 6 of the Income Tax Law (ITL) which have been annulled by Law nr 4842, income tax withholding, whether distributed or not, is calculated at a rate of 19,8% according to the Provisional Article 61 of ITL. Whether exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax withholding at a rate of 10%. However, income tax withholding is not applicable to the dividends arising from 1998 and prior years' profits and from the exempt profits relating to the years 1999, 2000, 2001 and 2002 as well as income and profits corresponding to the above mentioned investment allowance taxed at the rate of 19,8%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

Further, provisional corporation tax is paid at a rate of 30% on the profits declared for interim periods to be deducted from the corporation tax.

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

3. Accounting Techniques and Valuation Procedures Applied (continued)

(k) Income Taxes (continued):

2004

Corporate earnings are subject to corporation tax at a rate of 33%. In case investment allowance is deducted in the calculation of taxable income, same as with other profits exempted from corporation tax, no withholding calculation is required in cases where such earnings are not distributed. However in case the investment allowance used is based on the supplementary articles 1 and 6 of the Income Tax Law (ITL) which have been annulled by Law nr 4842, income tax withholding, whether distributed or not, is calculated at a rate of 19,8% according to the Provisional Article 61 of ITL and no separate calculation will be made for funds levy. Whether exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax withholding at a rate of 10%. However, income tax withholding is not applicable to the dividends arising from 1998 and prior years' profits and from the exempt profits relating to the years 1999, 2000, 2001 and 2002 as well as income and profits corresponding to the above mentioned investment allowance taxed at the rate of 19,8%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

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

Further, provisional corporation tax is paid at a rate of 33% on the profits declared for interim periods to be deducted from the corporation tax.

With respect to the article 298 (bis) of the Tax Law amended by Law 5024, the financial statements of tax payers that keep their accounting records on balance sheet basis are subject to inflation adjustment under the conditions that the increase in TEFE (wholesale price indices) exceeds 100% for the last three years and 10% for the current year. As the second criterion of 10% has not been realized in the first provisional tax period of 2004, no inflation adjustment is made for the first three months. However, inflation adjustment is made in the second provisional tax period of 2004 as the second criterion is realized and the same application is carried on at the year end with the succeeding provisional tax periods.

3. Accounting Techniques and Valuation Procedures Applied (continued)

(k) Income Taxes (continued):

2004 (continued)

As per the Turkish tax system, financial losses can be offset against the financial profits (taxbase) within the following five years, however they cannot be offset against the prior year profits.

As of 31 December 2005 and 2004, income tax provisions have been made in accordance with the prevailing tax legislation.

(l) Provision for Termination Indemnity:

Under Turkish Labour Law, the Company is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated without due cause, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary for each year of service. This entitlement is limited to TRY 1,727.15 for each year of service as of 31 December 2005 (31 December 2004 – TRY 1,574.74).

The Parent Company and its subsidiaries with the exception of Akrom Ak-Al Textile Romania S.R.L have determined the termination indemnity liability stated in the accompanying financial statements as per the recognition and valuation principles stated in “Employee Benefits” section 29 of the Communiqué Nr XI/25. The subsidiary Akrom Ak-Al Textile Romania SRL has no liability to termination indemnity as per the legislation of Romania. As the characteristics of the termination indemnity liabilities are similar to the “Post Employment Benefit Plans” stated in this 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 2005 and 2004 to remain constant for restatement purposes, and later on, this value is reduced by the actual discount rate of 5,49% (31 December 2004 – 5,45 %) calculated upon the assumption that the expected annual inflation rate will be 6,175% (31 December 2004 – 10%) and the expected discount rate will be 12% (31 December 2004 – 16%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the termination indemnity liability at the balance sheet date.

3. Accounting Techniques and Valuation Procedures Applied (continued)

(l) Provision for Termination Indemnity (continued) :

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

As of 31 December 2005 and 2004 actuarial assumptions for calculating termination indemnity are as follows:

	31 December 2005	31 December 2004
Discount rate	5,49 %	5,45 %
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 %

(m) Revenues and Expenses:

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

(n) 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.

(o) Accounting Estimates:

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

3. Accounting Techniques and Valuation Procedures Applied (continued)

(p) Subsequent Events :

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

(r) 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.

(s) Borrowing Costs :

Borrowing costs are recognized as expense. Borrowing costs related to the qualifying assets are included directly in the cost of the related qualifying asset. Upon completion of the necessary operations to make the qualifying asset ready for use or sale, the capitalization of the borrowing costs are discontinued. The subsidiary Akenerji Elektrik Üretim A.Ş. has deducted the net balance of TRY (3.017.756) remaining after the deduction of foreign exchange differences from the interest expenses directly related to the investments in progress from the cost of the related asset.

(t) Segment Reporting :

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

(u) Government Incentives and Aids:

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

(Notes to the Consolidated Financial Statements for the year ended 31 December 2005)

4. Liquid Assets

Liquid assets consist of the following (TRY) :

	31 December 2005	31 December 2004
Cash	273.055	270.616
Banks		
- TRY demand deposit	5.191.824	2.719.008
- Foreign currency demand deposit	5.280.207	1.462.499
- TRY time deposit *	27.636.904	54.215.496
- Foreign currency time deposit **	112.723.702	272.243.201
Cheques received	4.415.188	1.188.870
Other liquid assets	3.657	445.675
	155.524.537	332.545.365

* As of 31 December 2005, the interest rate on TRY time deposit accounts varies between 14% and 18,6% (31 December 2004 – 14,78% - 25,25%).

** As of 31 December 2005, the interest rates applied to Euro time deposits vary between %1,00 and %3,70; GBP deposits interest rate is 5,80%; the interest rates on USD time deposits vary between 2,00% and 5,10 % (31 December 2004 - Euro 1,50% - 4,75%; GBP 5,50% – 6,30%; USD 2,00% - 4,60%).

5. Marketable Securities

Marketable securities consist of the following (TRY):

	31 December 2005	31 December 2004
Financial Assets Held to Maturity		
- Public sector notes and bonds	29.674.017	9.007.840

The maturities of financial assets held to maturity vary between 05.07.2006 – 13.09.2006, and the interest rates vary between 4,88% - 20,76%.

6. Financial Liabilities

Financial liabilities consist of the following (TRY) :

	31 December 2005	31 December 2004
Short term bank loans	101.801.843	49.016.239
Principal payments and interests of long term bank loans	10.725.123	14.961.213
Long term bank loans	36.249.491	44.959.634
	148.776.457	108.937.086

The maturities of long term loans vary between 25.04.2006 – 25.04.2012.

7. Trade Receivables and Payables

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

	31 December 2005	31 December 2004
Customers	158.017.183	145.577.513
Notes receivable and post dated cheques	112.428.809	84.715.609
Rediscount on receivables (-)	(4.496.437)	(4.688.753)
Deposits and guarantees given	97.302	49.528
Other short term receivables	294	1.288
Doubtful trade receivables	5.218.896	2.957.432
Provision for doubtful trade receivables (-)	(5.218.896)	(2.957.432)
	266.047.151	225.655.185

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

	31 December 2005	31 December 2004
Deposits and guarantees given	280.312	266.185
Notes receivable and post dated cheques	13.954.720	-
Rediscount on receivables (-)	(1.488.497)	-
	12.746.535	266.185

Trade payables consist of the following (TRY):

	31 December 2005	31 December 2004
Suppliers	73.503.815	173.241.757
Rediscount on payables (-)	(860.511)	(2.091.189)
Deposits and guarantees received	4.384	81.061
Other trade payables	3.270	21.205
	72.650.958	171.252.834

8. Leasing Receivables and Payables

As of 31 December 2005, there are no leasing receivables and payables (31 December 2004 – none).

9. Due From and To Related Parties and Transactions

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

	31 December 2005	31 December 2004
Aksu İplik Dokuma ve Boya Apre Fab. A.Ş.	8.091.383	515.117
Kartopu Tekstil Mam. Paz. Tic. A.Ş.*	-	13.004.123
Dinarsu İmalat ve Tic. A.Ş.**	2.363.088	6.715.577
Üçgen Bakım ve Yönetim Hiz. A.Ş.	308.806	273.317
Akport Tekirdağ Liman İşletmeleri A.Ş.	20.840	9.050
Aken B.V.	5.107	5.107
Fitco B.V.	3.151.939	3.839.950
Aksa Egypt Acrylic Fiber Industry SAE	111.696	-
Atak Garn und Textilhandel GMBH	339.418	-
Other ***	27.840.694	29.116.703
Rediscount on receivables (-)	(36.392)	(58.833)
	42.196.579	53.420.111

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

	31 December 2005	31 December 2004
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş.	408.509	350.429
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	2.990.055****	289.453
Dinkal Sigorta Acenteliği A.Ş.	201.915	45.312
Bozüyük Orman Ürünleri Sanayi Tesisleri A.Ş.	84.912	49.756
Akkim Kimya San. ve Tic. A.Ş.	4.213.059	4.583.517
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	88.098	-
Kartopu Tekstil Mam. Paz. Tic. A.Ş.*	1.426.447	-
Due to shareholders	76.146	3.691
Other ***	6.409.174*****	3.966.901*****
Rediscount on payables (-)	-	(9.269)
	15.898.315	9.279.790

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

	31 December 2005	31 December 2004
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	-	2.684.200 ****

* On 12 December 2005 Kartopu Tekstil Mam. Paz. Tic. A.Ş. is sold to a party which is not included in the group, hence it is not included in related parties.

** On 11 November 2005 Dinarsu İmalat ve Ticaret A.Ş. is sold to a party which is not included in the group, hence it is not included in related parties.

*** The companies to which Akenerji Elektrik Üretim A.Ş. effects sales as per its legal status should be shareholders. The number of shareholders in this scope with the exception of shareholders included in Akkök Group is 254 as of 31 December 2005 (31 December 2004 – 290) and they are recognised as "others" as a whole.

**** Includes the bank loan of USD 2.000.000 received by the subsidiary Akrom Ak-al Textile Romania S.R.L. from Akkök Sanayi Yatırım ve Geliştirme A.Ş. as of 25 September 2000 and the pay-back date is 25 September 2006.

*****Consists of a portion of TRY 68.231 of the trade payables of the subsidiary Akenerji Elektrik Üretim A.Ş. due to its shareholders (31 December 2004 – TRY 76.676), and the deposits and guarantees received from the shareholders.

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

As of 31 December 2005 and 2004, sales to related parties consist of the following (TRY):

	31 December 2005	31 December 2004
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	10.944.246	15.460.112
Dinarsu İmalat ve Ticaret A.Ş.*	1.479.372	2.192.006
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	85.017	87.008
Akkim Kimya San. ve Tic. A.Ş.	20.020.770	21.854.805
Kartopu Tekstil Mam. Paz. Tic. A.Ş.**	8.709.029	8.457.695
Üçgen Bakım ve Yönetim Hiz. A.Ş.	2.759.305	2.985.540
Atak Garn und Textilhandel GMBH	2.463.125	-
Akport Tekirdağ Liman İşletmeleri A.Ş.	72.243	-
Other ***	237.796.105	276.182.541
	284.329.212	327.219.707

As of 31 December 2005 and 2004, purchases from related parties consist of the following (TRY):

	31 December 2005	31 December 2004
Ak-Han Bakım Yönt. Serv.Hizm. Güven. Malz. A.Ş.	1.410.758	1.399.960
Dinarsu İmalat ve Ticaret A.Ş.*	712.126	2.268.352
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	1.146.134	26.319.718
Dinkal Sigorta Acenteliği A.Ş.	3.344.399	1.860.044
Akkim Kimya San. ve Tic. A.Ş.	21.318.881	27.087.082
Kartopu Tekstil Mam. Paz. Tic. A.Ş.**	23.894	-
Üçgen Bakım ve Yönetim Hiz. A.Ş.	257.091	78.906
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	2.251.973	2.626.525
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	2.832.094	3.018.253
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	6.102	-
Other***	48.477.173	13.628.818
	81.780.625	78.287.658

* On 11 November 2005 Dinarsu İmalat ve Ticaret A.Ş. is sold to a party which is not included in the group, hence it is not included in related parties.

** On 12 December 2005 Kartopu Tekstil Mam. Paz. Tic. A.Ş. is sold to a party which is not included in the group, hence it is not included in related parties.

*** Consists of the balance related to other shareholders of the subsidiary Akenerji Elektrik Üretim A.Ş. as per its legal status, with the exception of shareholders included in Akkök Group.

(Notes to the Consolidated Financial Statements for the year ended 31 December 2005)

10. Other Receivables and Liabilities

Other receivables consist of the following (TRY):

	31 December 2005	31 December 2004
Due from personnel	319.214	335.670
Short term other receivables	7.716.462	311.740
Other doubtful receivables	158.850	275.070
Provision for other doubtful receivables	(158.850)	(275.070)
Rediscount on receivables	-	(1.487)
	8.035.676	645.923

Other liabilities consist of the following (TRY):

	31 December 2005	31 December 2004
Due to personnel	694.329	525.691
Other miscellaneous debts	218.774	129.199
Taxes, duties and other withholdings payable	4.489.836	4.707.435
Social security premiums payable	1.540.618	1.379.776
Other liabilities	-	3.816
Income related to future months	6.269.629	288.515
Other VAT	17.888.916	15.470.939
Expense accruals	369.024	251.710
Expenses payable	16.787	-
	31.487.913	22.757.081

11. Biological Assets

As of 31 December 2005 and 2004, there are no biological assets.

12. Inventories

Inventories are as follows (TRY) :

	31 December 2005	31 December 2004
Raw materials and supplies	60.372.904	98.811.343
Semi finished goods	9.467.015	13.180.253
Work in process	-	975.081
Finished goods	22.474.950	26.155.281
Merchandise	1.142.608	2.667.696
Other inventories	6.335.727	-
Inventory provision	(215.652)	(166.420)
Order advances given	9.673.604	3.147.320
	109.251.156	144.770.554

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

As of 31 December 2005 and 2004 there are no receivables related to ongoing construction contract and no contract progress income.

14. Deferred Tax Assets and Liabilities

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

Temporary Income / (Expense) Differences

	31 December 2005	31 December 2004
Adjustment on rediscount on receivables	7.273.043	6.684.885
Provision for termination indemnity	12.485.711	11.966.391
Adjustment on loan discount	44.059	19.022
Adjustments related to consolidation	1.065.857	5.354.912
Deferred tax asset base	20.868.670	24.025.210
Difference between the book value of inventories and their tax bases, net	-	105.255
Adjustment on rediscount on payables	1.807.217	3.878.729
Difference between the book values of tangible/intangible assets and their tax bases, net	293.388.447	339.703.176
Deferred tax liability base	295.195.664	343.687.160
Deferred tax liability base (net)	274.326.994	319.661.950
Deferred tax liability (net) *	69.356.780	82.249.634

* As of 31 December 2005 and 2004, the applied tax rates are 30% and 19,8% (Note 3(k)).

Deferred Tax Income / (Expense) (TRY):

	31 December 2005
Current period deferred tax asset / (liability)	(69.356.780)
Reversal of prior period deferred tax (liability) / asset	82.249.634
Deferred tax income /(expense) (Note 41)	12.892.854

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

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

	31 December 2005	31 December 2004
Expenses related to future months	1.268.603	1.094.619
Deferred VAT	15.021.520	3.692.019
Deductible VAT	59.535	465.709
Other VAT	17.831.690	15.470.939
Prepaid taxes and funds	555.309	22.485.297
Tax provisions	-	(21.989.433)
Job advances	43.099	24.454
Personnel advances	1.066.174	1.044.758
Other miscellaneous current assets	2.993	-
	35.848.923	22.288.362

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

	31 December 2005	31 December 2004
Expenses related to future years	98.979	86.676
Other VAT	57.226	47.594
Other non-current assets	-	4.932
	156.205	139.202

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

	31 December 2005	31 December 2004
Deferred VAT	-	47.594

16. Financial Assets

Financial assets consist of the following (TRY) :

	31 December 2005	31 December 2004
Affiliates;		
Ak Havacılık Ulaştırma Hizmetleri A.Ş.	22.181.034	22.181.034
Ak-Han Bak. Yön. Serv. Hizm. Güven. Malz.A.Ş.	97.597	97.597
Atak Garn-und Textilhandel GMBH	97.060	97.060
Subsidiaries;		
Aken B.V.	1.988.943	1.988.943
Aksa Egypt Acrylic Fiber Industry SAE	30.987	30.987
Fitco B.V.	3.032.897	774.495
Bozüyük Orman Ürünleri Sanayi Tesisleri A.Ş.	735.919	735.919
Other financial assets	9.996	8.808
	28.174.433	25.914.843

17. Goodwill

As of 31 December 2005 and 2004 there is no goodwill.

18. Investment Property

As of 31 December 2005 and 2004 there are no investment properties.

19. Tangible Assets

Tangible assets consist of the following (TRY):

	Opening 1 January 2005	Additions	Transfers	Disposals	Translation Differences and Elimination	Closing 31 December 2005
Land	59.457.800	656.481	-	(25.372)	-	60.088.909
Land improvements	66.165.717	88.532	13.126.948	-	-	79.381.197
Buildings	135.359.906	1.504.990	6.880.788	(11.828.081)	(1.093.617)	130.823.986
Machinery and equipment	1.300.638.462	1.233.700	187.922.835	(72.529.450)	(1.773.887)	1.415.491.660
Motor vehicles	11.312.127	114.184	-	(3.250.227)	(181.942)	7.994.142
Furniture and fixtures	32.580.012	922.114	68.462	(1.170.460)	-	32.400.128
Other tangible assets	9.899	-	-	-	-	9.899
Investments in progress	168.911.346	84.058.520	(208.478.764)	(124.787)	(39.689)	44.326.626
Order advances given	1.235.891	15.114.495	(10.193.794)	-	-	6.156.592
Sub total	1.775.671.160	103.693.016	(10.673.525)	(88.928.377)	(3.089.135)	1.776.673.139
Accumulated depreciation (-)	(969.994.156)	(103.039.226)	-	60.221.546	584.176	(1.012.227.660)
	805.677.004	653.790	(10.673.525)	(28.706.831)	(2.504.959)	764.445.479
Provision for Value Decrease *	-	-	-	-	-	(36.516.696)
Total	-	-	-	-	-	727.928.783

* Provision is made for value decrease in tangible assets for a total of TRY 12.127.556 in the subsidiary Ak-Al Tekstil Sanayi A.Ş., TRY 21.488.580 in the subsidiary Akenerji Elektrik Üretim A.Ş., TRY 2.900.560 in the subsidiary Akrom Ak-Al Textile Romania S.R.L.

19. Tangible Assets (continued)

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

	Opening 1 January 2004	Additions	Transfers	Disposals	Translation Differences and Elimination	Closing 31 December 2004
Land	59.457.757	3.356.311	-	(211.488)	(3.144.780)	59.457.800
Land improvements	65.074.585	292.235	795.789	(22.456)	25.564	66.165.717
Buildings	131.105.612	1.915.438	1.158.421	(5.352.886)	6.533.321	135.359.906
Machinery and equipment	1.284.380.690	5.582.367	16.862.884	(16.787.836)	10.600.357	1.300.638.462
Motor vehicles	13.088.604	1.335.459	-	(3.391.248)	279.312	11.312.127
Furniture and fixtures	30.894.130	1.881.365	15.133	(210.616)	-	32.580.012
Other tangible assets	7.489	2.410	-	-	-	9.899
Investments in progress	98.138.034	91.507.937	(18.978.931)	(1.913.835)	158.141	168.911.346
Order advances given	152.037	1.207.472	(123.618)	-	-	1.235.891
Sub total	1.682.298.938	107.080.994	(270.322)	(27.890.365)	14.451.915	1.775.671.160
Accumulated depreciation (-)	(874.279.588)	(101.930.374)	-	19.811.424	(13.595.618)	(969.994.156)
	808.019.350	5.150.620	(270.322)	(8.078.941)	856.297	805.677.004

20. Intangible Assets

Intangible assets consist of the following (TRY):

	Opening 1 January 2005	Additions	Transfers	Closing 31 December 2005
Rights	4.038.498	34.798.628	-	38.837.126
Special costs	8.295.621	144.657	(274.464)	8.165.814
Other intangible assets	2.530.051	208.976	-	2.739.027
Sub total	14.864.170	35.152.261	(274.464)	49.741.967
Accumulated amortisation (-)	(8.840.506)	(1.835.829)	274.464	(10.401.871)
	6.023.664	33.316.432	-	39.340.096

20. Intangible Assets (continued)

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

	Opening 1 Ocak 2004	Additions	Disposals	Closing 31 December 2004
Rights	3.524.673	513.825	-	4.038.498
Special costs	8.204.236	125.630	(34.245)	8.295.621
Other intangible assets	2.153.425	376.626	-	2.530.051
Sub total	13.882.334	1.016.081	(34.245)	14.864.170
Accumulated amortisation (-)	(7.140.917)	(1.709.535)	9.946	(8.840.506)
	6.741.417	(693.454)	(24.299)	6.023.664

21. Advances Received

Advances received consist of the following (TRY) :

	31 December 2005	31 December 2004
Order advances received	4.506.081	2.950.165
	4.506.081	2.950.165

22. Pension Plans

As of 31 December 2005 and 2004 there are no pension plans.

23. Provisions for Debts

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

	31 December 2005	31 December 2004
Tax provisions (Note 41)	1.882.356	-
Prepaid taxes	(1.545.732)	-
Provision for cost expenses	1.430.216	1.103.926
Provision for termination indemnity (Note 31)	1.498.338	-
Provision for leaves	141.834	-
Provisions for other debts and expenses	292.101	362.618
	3.699.113	1.466.544

23. Provisions for Debts (continued)

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

	31 December 2005	31 December 2004
Provision for termination indemnity (Note 31)	10.845.539	11.976.529
Provisions for other debts and expenses *	8.272.650	7.878.614
	19.118.189	19.855.143

* Consists of provisions for litigation.

24. Minority Interest

As of 31 December 2005 and 2004, minority interest consists of the following (TRY):

	31 December 2005	31 December 2004
Share capital	236.377.353	234.836.604
Share premium	143.501.900	143.501.900
Legal reserves	42.940.144	42.484.977
Extraordinary reserves	350.248.260	350.248.260
Retained Earnings/(Accumulated losses)	(203.053.516)	(197.727.256)
Profit/(loss) for the period	(98.452.520)	-
	471.561.621	573.344.485

25. Share Capital

As of 31 December 2005 and 2004, the Parent Company's share capital consists of the following (TRY):

Name	Shareholding	Book Value	Capital Adjustment	Total Adjusted Capital
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	39,58 %	10.750.588	133.814.179	144.564.767
Emniyet Tic. ve San. A.Ş.	18,72 %	5.084.662	63.289.550	68.374.212
Other **	41,70 %	11.321.038	140.914.656	152.235.694
	100,00 %	27.156.288	338.018.385	365.174.673

** Represents total of shareholdings less than 10%.

26. Capital Reserves

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

The differences arising from inflation adjustment in shareholders' equity originating from restatement of share capital, legal and extraordinary reserves as of 31 December 2005 and 2004 are as follows (TRY):

	31 December 2005	31 December 2004
Inflation adjustment related to share capital	338.018.385	338.018.385
Inflation adjustment related to extraordinary reserves *	129.083.228	129.083.228
Inflation adjustment related to legal reserves	110.229.028	110.229.028
Inflation adjustment related to share premium	23.261.756	23.261.756
Differences arising from the inflation adjustment related to the shareholders' equity	600.592.397	600.592.397

* Prior period losses of TRY 36.217.668 originating from adjustments due to the initial application of the CMB Communiqué Nr. XI/25 are eliminated from the inflation adjustment differences related to extraordinary reserves in the opening balance sheet as of 31 December 2004. However, it is stated in the ruling of CMB dated 10 March 2006 nr. B.02.1.SPK.0.17-91-3716 that the loss attributed to the "retained earnings /(accumulated losses)" in the prior period balance sheet to be prepared as per the provisions of the Communiqué Nr. XI/25, will be taken into consideration as a deduction item in the calculation of net profit in the profit distribution to be made over the initial annual financial statements to be prepared subsequent to 1 January 2005, within the frame of procedures of the Board related to profit distribution. For that reason, the elimination made on the inflation adjustment differences related to extraordinary reserves in the balance sheet as of 31 December 2004 is reversed.

27. Profit Reserves

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

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

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

27. Profit Reserves (continued)

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

28. Retained Earnings / (Accumulated Losses)

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

	31 December 2005	31 December 2004
Retained earnings	3.780.997	3.780.997
Transfer to reserves	(24.810.379)	-
Dividend payments	(12.974.268)	-
	(34.003.650)	3.780.997

29. Foreign Currency Position

As of 31 December 2005 and 2004, the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange, and, foreign currency amounts stated in the assets are as follows:

	31 December 2005				
	USD	Euro	GBP	CHF	SEK
Assets;					
Liquid Assets;					
Parent Company;	10.346.464,00	25.279,00	-	-	-
Subsidiaries;	9.836.096,30	49.548.973,09	3.958.961,51	13,72	2.188,90
	20.182.560,30	49.574.252,09	3.958.961,51	13,72	2.188,90
Trade Receivables;					
Parent Company;	176.860.113,00	7.544.694,00	67.252,00	-	-
Subsidiaries;	94.450.676,63	10.517.350,45	905.968,43	-	-
Consolidation Eliminations	(69.378.849)	(7.544.694)	(57.252)	-	-
	201.931.940,63	10.517.350,45	915.968,43	-	-
Non-trade receivables;					
Subsidiaries;	591.826,84	95.602,58	2.391,51	-	-
Order Advances Given;					
Subsidiaries;	1.028.933,61	3.871.865,73	4.120,09	-	-

29. Foreign Currency Position (continued)

As of 31 December 2005 and 2004, the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange, and, foreign currency amounts stated in the assets are as follows:

	31 December 2005				
	USD	Euro	GBP	CHF	SEK
Liabilities;					
Trade Payables;					
Parent Company;	(35.095.203,00)	(299.099,00)	-	-	-
Subsidiaries;	(4.376.815,91)	(2.971.907,31)	(53.101,26)	(141.593,69)	-
	(39.472.018,91)	(3.271.006,31)	(53.101,26)	(141.593,69)	-
Financial Debts;					
Parent Company;	(38.102.579,00)	-	-	-	-
Subsidiaries;	(21.033.373,83)	(19.650.915,54)	(3.515.430,07)	-	-
	(59.135.952,83)	(19.650.915,54)	(3.515.430,07)	-	-
Non-trade Liabilities ;					
Subsidiaries;	(332.934,05)	(1.604,63)	-	(986,25)	-
Order Advances Received ;					
Subsidiaries;	(1.280.674,08)	-	-	-	-
Net Foreign Currency Position	123.513.681,51	41.135.544,37	1.312.910,21	(142.566,22)	2.188,90

29. Foreign Currency Position (continued)

As of 31 December 2005 and 2004, the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange, and, foreign currency amounts stated in the assets are as follows:

	31 December 2004					
	USD	Euro	GBP	CHF	SEK	CAD
Assets;						
Liquid Assets;						
Parent Company;	60.880.552,00	-	-	-	-	-
Subsidiaries;	39.063.511,96	69.118.004,22	6.329.551,09	14,75	933.789,00	-
	99.944.063,96	69.118.004,22	6.329.551,09	14,75	933.789,00	-
Trade Receivables;						
Parent Company;	148.204.467,00	8.334.026,00	10.572,00	-	-	293.048,00
Subsidiaries;	81.842.914,21	12.354.808,26	1.769.558,01	-	2.641.015,51	293.048,00
Consolidation Eliminations;	(58.090.266,00)	(7.914.026,00)	(10.572,00)	-	-	(293.048,00)
	171.957.115,21	12.774.808,26	1.769.558,01	-	2.641.015,51	293.048,00
Non-trade Receivables; Subsidiaries;	874.332,95	1.757.332,29	17.555,36	-	-	-
Liabilities;						
Trade Payables;						
Parent Company;	(92.705.669,00)	(6.456,00)	(22.551,00)	-	-	-
Subsidiaries;	(10.812.908,92)	(4.792.331,00)	(344.293,82)	(180.007,94)	-	-
	(103.518.577,92)	(4.798.787,00)	(366.844,82)	(180.007,94)	-	-
Financial Liabilities;						
Parent Company;	(4.434.424,00)	-	-	-	-	-
Subsidiaries;	(10.121.184,91)	(21.039.998,51)	(5.272.148,83)	(6.418.059,08)	-	-
	(14.555.608,91)	(21.039.998,51)	(5.272.148,83)	(6.418.059,08)	-	-
Non-trade Liabilities; Subsidiary;	(442.145,43)	(377.866,63)	-	(775,00)	-	-
Net Foreign Currency Position	154.259.179,86	57.433.492,63	2.477.670,81	(6.598.827,27)	3.574.804,51	293.048,00

30. Government Incentives and Aids

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

As of 31 December 2005, the government incentives and other government aids utilized amount to TRY 37.950 (31 December 2004 – TRY 82.308).

31. Provisions, Conditional Assets and Liabilities

a) As of 31 December 2005, the contingent liabilities amount to TRY 32.065.249 and USD 116.487.638 (31 December 2004 –TRY 31.612.547, USD 125.141.835 and CHF 6.521.948).

b) As of 31 December 2005, guarantees received for short term trade receivables amount to TRY 126.556.035, USD 9.321.508, Euro 6.188.866 and GBP 12.945 (31 December 2004 – TRY 86.448.088, USD 15.540.842, Euro 730.761 and 200.000 GBP).

c) As of 31 December 2005, the ongoing litigation commenced by the Parent Company and its subsidiaries against third parties amounts to TRY 4.621.210 (31 December 2004 – TRY 2.350.383).

d) As of 31 December 2005, the ongoing litigation commenced by third parties the against the Parent Company and its subsidiaries amounts to TRY 9.085.859 (31 December 2004 – TRY 8.715.307).

e) As of 31 December 2005, the overdue receivables and the related provisions stated in the legal books of the Parent Company and its subsidiaries amount to TRY 5.377.746 (31 December 2004 – TRY 3.232.502).

f) As of 31 December 2005, the sureties given by the subsidiary Ak-Al Tekstil Sanayii A.Ş. on behalf of its subsidiaries amount to Euro 743.200 and USD 15.151.215 (31 December 2004 – Euro 3.260.000 and USD 10.817.000).

g) As of 31 December 2005, there is an export commitment of USD 21.174.000 received by the subsidiary Ak-Al Tekstil Sanayii A.Ş. as per the Exports Incentive Document (31 December 2004 – USD 20.764.000).

h) As of 31 December 2005, there is an export commitment of USD 11.000 received by the subsidiary Ak-Al Tekstil Sanayii A.Ş. as per the Investment Incentive Document (31 December 2004 – USD 41.000).

31. Provisions, Conditional Assets and Liabilities (continued)

i) As of 31 December 2004, there is an export commitment of USD 963.013 related to the Eximbank loans utilized by the subsidiary Ak-Al Tekstil Sanayii A.Ş. (31 December 2005 – none).

j) As of 31 December 2005, there is an export commitment of USD 15.500.000 related to the foreign currency loans utilized by the subsidiary Ak-Al Tekstil Sanayii A.Ş. (31 December 2004 – USD 10.000.000).

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

Provision for termination indemnity as of 31 December 2004 (Note 23)	11.976.529
Short term provisions for termination indemnity (Note 23)	(1.498.338)
Current period expenses	367.348
Long term provisions for termination indemnity as of 31 December 2005 (Note 23)	10.845.539

32. Mergers

As of 31 December 2005 and 2004, there are no mergers among companies.

33. Segment Reporting

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

	Chemistry *	Textile	Energy	Other	Classification and Elimination	Total
ASSETS						
Current Assets	384.514.870	83.361.451	228.624.754	100.980.343	(150.903.379)	646.578.039
Liquid Assets	25.440.937	14.280.655	110.581.275	5.221.670	-	155.524.537
Marketable Securities (net)	-	-	29.674.017	-	-	29.674.017
Trade Receivables (net)	256.393.720	49.751.025	17.193.044	89.104.131	(146.394.769)	266.047.151
Due from Related Parties (net)	3.151.939	133.882	42.933.350	188.422	(4.211.014)	42.196.579
Other Receivables (net)	7.815.603	31.927	31.480	-	156.666	8.035.676
Inventories (net)	68.374.531	18.923.505	15.975.321	6.432.061	(454.262)	109.251.156
Other Current Assets	23.338.140	240.457	12.236.267	34.059	-	35.848.923
Non-current Assets	348.156.671	123.187.531	399.269.276	2.149.839	(64.417.265)	808.346.052
Trade Receivables (net)	8.901	12.481.067	256.567	-	-	12.746.535
Financial Assets (net)	44.388.576	35.718.390	8.919.413	136.207	(60.988.153)	28.174.433
Tangible Assets (net)	303.411.024	71.398.402	354.605.709	1.752.187	(3.238.539)	727.928.783
Intangible Assets (net)	341.584	3.504.191	35.482.840	11.481	-	39.340.096
Deferred Tax Asstes	-	-	-	190.573	(190.573)	-
Other Non-current Assets	6.586	85.481	4.747	59.391	-	156.205
TOTAL ASSETS	732.671.541	206.548.982	627.894.030	103.130.182	(215.320.644)	1.454.924.091

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

(Notes to the Consolidated Financial Statements for the year ended 31 December 2005)

33. Segment Reporting (continued)

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

	Chemistry *	Textile	Energy	Other	Classification and Elimination	Total
LIABILITIES						
Short Term Liabilities	141.034.752	91.351.328	63.876.866	95.565.196	(151.058.796)	240.769.346
Financial Debts (net)	51.373.707	43.305.507	-	9.806.228	(2.683.599)	101.801.843
Short term portion of long term financial debts (net)	-	500.597	10.224.526	-	-	10.725.123
Trade Payables (net)	69.831.588	37.724.937	44.119.941	78.245.472	(157.270.980)	72.650.958
Due to Related Parties (net)	35.667	190.158	6.711.709	64.998	8.895.783	15.898.315
Advances received	243.310	4.231.956	11.625	19.190	-	4.506.081
Debt provisions	-	2.527.243	687.398	484.472	-	3.699.113
Other liabilities (net)	19.550.480	2.870.930	2.121.667	6.944.836	-	31.487.913
Long term Liabilities	44.431.991	5.437.831	74.660.330	704.636	(510.328)	124.724.460
Financial Debts (net)	-	-	36.249.491	-	-	36.249.491
Due to Related Parties (net)	-	-	-	-	-	-
Debt provisions	14.034.893	3.067.525	1.311.135	704.636	-	19.118.189
Deferred tax Liability	30.397.098	2.370.306	37.099.704	-	(510.328)	69.356.780
Other liabilities (net)	-	-	-	-	-	-
MINORITY INTEREST	-	-	1.097.342	-	470.464.279	471.561.621
SHAREHOLDERS' EQUITY	547.204.798	109.759.823	488.259.492	6.860.350	(534.215.799)	617.868.664
Share Capital	365.174.673	129.148.680	167.328.908	17.549.897	(652.045.870)	27.156.288
Adjustment for Cross-Shareholding	-	-	-	-	-	-
Capital reserves	-	-	-	-	-	-
Share certificates Issue premiums	1.669.548	358.459	173.250.498	-	(175.278.505)	-
Differences Arising from Inflation Adjustment in Shareholders' Equity	-	-	-	-	600.592.397	600.592.397
Profit reserves	-	-	-	-	-	-
Legal reserves	114.568.585	32.192.410	18.917.455	1.569.978	(164.912.774)	2.335.654
Extraordinary reserves	658.613.569	99.872.314	328.985.438	286.369	(1.065.282.965)	22.474.725
Translation Differences	-	-	-	-	139.812	139.812
Net Profit/(Loss) for the period	13.639.906	(37.884.842)	(79.091.304)	2.788.277	99.721.401	(826.562)
Retained Earnings/ (Accumulated loss)	(606.461.483)	(113.927.198)	(121.131.503)	(15.334.171)	822.850.705	(34.003.650)
Total Liabilities and Shareholders' Equity	732.671.541	206.548.982	627.894.030	103.130.182	(215.320.644)	1.454.924.091

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

33. Segment Reporting (continued)

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

	Chemistry *	Textile	Energy	Other	Classification and Elimination	Total
INCOME FROM OPERATING ACTIVITIES						
Income from Sales (net)	712.980.823	170.800.374	402.609.212	290.682.214	(433.688.653)	1.143.383.970
Cost of Sales (-)	(650.126.559)	(178.160.529)	(431.488.278)	(283.984.054)	417.938.581	(1.125.820.839)
Service Income (net)	-	-	-	-	-	-
Other income from principal Activities/interest +dividend+rent (net)	-	-	-	-	-	-
GROSS PROFIT/(LOSS) FROM OPERATING ACTIVITIES	62.854.264	(7.360.155)	(28.879.066)	6.698.160	(15.750.072)	17.563.131
Operating expenses (-)	(31.994.775)	(33.484.236)	(44.667.432)	(4.419.104)	26.225	(114.539.322)
NET PROFIT/(LOSS) FROM OPERATING ACTIVITIES	30.859.489	(40.844.391)	(73.546.498)	2.279.056	(15.723.847)	(96.976.191)
Income and profits from Other Operations	50.717.646	20.756.905	25.879.211	5.847.956	(17.699.025)	85.502.693
Expenses and losses from Other Operations (-)	(66.905.693)	(20.560.430)	(33.644.844)	(4.597.539)	36.039.234	(89.669.272)
Financial Expenses (-)	(3.484.799)	(3.515.082)	(2.146.929)	-	-	(9.146.810)
OPERATING (LOSS)	11.186.643	(44.162.998)	(83.459.060)	3.529.473	2.616.362	(110.289.580)
Net Monetary Profit/Loss	-	-	-	-	-	-
MINORITY INTEREST	-	-	60.763	-	98.391.757	98.452.520
PROFIT / (LOSS) BEFORE TAX	11.186.643	(44.162.998)	(83.398.297)	3.529.473	101.008.119	(11.837.060)
Taxes	2.453.263	6.278.156	4.306.993	(741.196)	(1.286.718)	11.010.498
NET PROFIT / (LOSS) FOR THE PERIOD	13.639.906	(37.884.842)	(79.091.304)	2.788.277	99.721.401	(826.562)

Current year depreciation / amortisation per segments is as follows:

	Chemistry*	Textile	Energy	Other	Elimination	Total
Tangible Assets	32.692.249	16.744.517	53.413.797	188.660	(584.176)	102.455.047
Intangible Assets	171.343	601.537	1.014.442	48.507	-	1.835.829
Total depreciation /amortisation for the current year	32.863.592	17.346.054	54.428.239	237.167	(584.176)	104.290.876

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

34. Subsequent Events

a) At the Board of Directors Meeting of the subsidiary Ak-Al Tekstil Sanayii A.Ş. held on 25 January 2006, resolution is made to sell the machinery, equipment, furniture, and fixtures which are stated in the Company's assets and which take place in the facility at Taşköprü District, Denizçalı Village, Çiflikköy town, Yalova Province to Ersur Tekstil Sanayi ve Ticaret Ltd. Şti. which has no direct/indirect shareholding in the Company, no affiliate relationship with the Company and no relationship as per the scope of Article 502 of the CMB Communiqué nr XI/25 with the Company, at a price of USD 3.600.000 + VAT with consideration to the expertise value of USD 3.100.000 as per the expertise realized by the Yalova Chamber of Commerce and Industry; to realize collections such that a portion of USD 500.000 of the total price is received in February 2006 and the balance will be received in the months of October, November and December of the years 2006, 2007 and 2008; to reflect the profits and losses originating from this sale; to let the building in Yalova which is stated in the Company's assets to Ersur Tekstil Sanayi ve Ticaret Ltd. Şti. against a monthly rent of USD 60.000 + VAT; to commence operations to close the facility in Yalova, and to make the necessary application to the Social Security Institution, Tax Office and other official institutions with regard to this issue.

b) At the Board of Shareholders Meeting held on 26 January 2006, resolution is made to liquidate the subsidiary Ak-Al Dış Ticaret A.Ş. as of 26 January 2006 and to start using "Ak-Al Dış Ticaret A.Ş. In Liquidation" as the title of the Company.

c) At the Board of Shareholders Meeting held on 26 January 2006, resolution is made to liquidate the subsidiary Ak-Al Tekstil Pazarlama A.Ş. as of 26 January 2006 and to start using "Ak-Al Tekstil Pazarlama Anonim Şirketi In Liquidation" as the title of the Company.

d) The subsidiary Akenerji Elektrik Üretim A.Ş. has demanded termination of its license nr EÜ/468-8/531 dated 01/04/2005 that belongs to the production facility established in Orhangazi district, Bursa province with respect to the licensing provisions related to the Article 15 of the Electricity Market License Regulation and has realized its application in accordance with the related article of the regulation.

e) As per the resolution of the Board of Directors dated 7 March 2006, the shareholding of Akenerji Elektrik Üretim A.Ş. in its affiliate Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. is subject to increase from 50% to 90%.

f) The termination indemnity upper limit which stood at TRY 1.727,15 as of 31 December 2005 has been increased to TRY 1.770,62 with effect from 1 January 2006 and to TRY 1.815,29 with effect from 1 July 2006 (31 December 2004 – TRY 1.575).

35. Discontinued Operations

As of 31 December 2005 and 2004, there are no discontinued operations.

36. Income from Principal Activities

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

	31 December 2005
Domestic sales	834.584.799
Export sales	338.131.521
Return on sales (-)	(2.003.424)
Sales deductions (-)	(25.504)
Other deductions (-)	(27.303.422)
	1.143.383.970

Cost of sales consist of the following (TRY) :

Cost of goods sold	1.091.220.365
Cost of trade goods sold	14.495.848
Cost of services sold	16.523.897
Cost of other sales	3.580.729
	1.125.820.839

37. Operating Expenses

Operating expenses consist of the following (TRY):

	31 December 2005
Research and development expenses	2.463.765
Marketing, sales and distribution expenses	12.217.255
General administration expenses	99.858.302
	114.539.322

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

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

	31 December 2005
Foreign exchange gains	42.950.778
Rediscount interest income	5.609.584
Interest and other dividend income	21.998.441
Provisions no longer required	2.339.585
Other income and profits	4.614.231
Prior period income and profits	693.487
Dividend income from affiliates	136.068
Profit on sales of fixed assets	4.673.618
Other extraordinary income and profits	2.486.901
	85.502.693

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

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

	31 December 2005
Foreign exchange losses	58.023.258
Rediscount interest expenses	8.121.783
Commission expenses	3.667.725
Other expenses and losses	1.244.717
Prior period expenses and losses	51.644
Loss on sales of fixed assets	18.560.145
	89.669.272

39. Financial Expenses

Financial expenses consist of the following (TRY) :

	31 December 2005
Borrowing expenses	9.146.810

40. Net Monetary Profit/Loss

CMB has declared that the high inflation period has come to an end. Therefore as of 31 December 2005, the financial statements are no longer subject to inflation adjustments, hence monetary loss/gain is not reflected to the statement of income.

41. Income Taxes

The corporation tax rate for 2005 is 30% in Turkey (2004 – 33%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

41. Income Taxes (continued)

Calculation of provision for corporate tax stated in the consolidated statement of income is summarized below.

	31 December 2005
Profit per statutory books	29.725.292
Disallowable expenses	9.080.239
Tax-exempt income	(12.374.750)
Investment allowance utilized	(20.094.245)
Accumulated losses written off	(62.015)
Sub total	6.274.521
Tax rate (%)	30
Tax provision	1.882.356

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

	31 December 2005
Current period consolidated tax provision (Note 23)	(1.882.356)
Deferred tax income (Note 14)	12.892.854
Total tax income	11.010.498

42. Loss Per Share

Loss per share is calculated as follows;

	31 December 2005
Loss for the period (TRY)	(826.562)
Weighted average number of shares (per share of TRY 1 nominal value)	27.156.288
Loss per share (TRY)	(0,03)

The Company Management has declared that there will be no profit distribution due to the resulting loss in the accompanying financial statements.

43. Statement of Cash Flows

Cash flows realized in the current period are as follows (TRY):

Net cash inflows from principal activities	10.209.382
Net cash outflows from investment activities	(112.132.277)
Net cash outflows from financial activities	(75.097.933)
	(177.020.828)

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

a) As of 31 December 2005, insurance on assets amounts to TRY 752.293.900 and USD 220.454.920 (31 December 2004 – TRY 1.085.471.517 and USD 21.366.060).

b) As of 31 December 2005, remuneration provided to top executives such as the CEO and members of the Board of Directors amount to TRY 8.816.529 (31 December 2004 – TRY 7.960.653).

c) With effect from 1 January 2005, the currency of the Republic of Turkey was redenominated, with one million Turkish Lira being converted into a new unit of currency known as the New Turkish Lira ("New Turkish Lira"). The smallest unit of currency is the New Kuruş, which represents one-hundredth of one New Turkish Lira.

In the announcement made by the Capital Markets Board in relation to "the financial statements and reports to be presented to public by companies subject to CMB regulations and Capital Markets Establishments during the stage of transition to the New Turkish Lira (TRY)", it is stated that the financial statements for the periods ending at or before 31.12.2004, including the financial data related to prior period that will be used for comparison purposes, shall be disclosed in terms of TRY. Accordingly, the financial statements as of 31 December 2004 have been presented in TRY solely for comparison purposes.

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