

AKSA AKRİLİK KİMYA SANAYİ A.Ş.

BOARD OF DIRECTORS'REPORT
FOR THE INTERIM PERIOD ENDED
30 SEPTEMBER 2009

1- AKSA IN BRIEF

Scope and Purpose

Aksa Akrilik Kimya Sanayi A.Ş., whose core business is the acrylic-based production of tow, tops and fiber and which belongs to the Akkök Group of Companies, was established in 21 November 1968 with %100 Turkish capital. It started production with the capacity of 5.000 ton/year in the factory of Yalova in 1971, which is established on the field of 550 dunam. It started exporting in 1977. Aksa is the largest integrated manufacturer of acrylic fiber under single roof in the world, which has come to the production level of 308.000 ton/year over the years without compromising its progress and development policy in production process. Today in the 5 continents, in more than 50 countries nearly 300 domestic and foreign industrial enterprises utilize the products and the services of Aksa. The address of the headquarters of Aksa, which is a registered equity company in Istanbul, is: Miralay Şefikbey Sok No:15 Gümüşsuyu /İstanbul. %41,7 of the shares have been offered to the public and traded in Istanbul Stock Exchange.

Shareholding Structure

<u>Shareholder</u>	<u>Share (%)</u>	<u>Value (TL)</u>
Akkök Sanayi ve Yatırım A.Ş.	39,58	73.223.000
Emniyet Ticaret A.Ş.	18,72	34.632.000
Other	41,70	77.145.000
Total	100,00	185.000.000

2- MAIN FINANCIAL INDICATORS

SOLO BALANCE SHEET

US DOLLAR

	30.09.2009	30.09.2008	31.12.2008
Assets	806,791,063	845,436,898	723,569,279
Current Assets	395,800,368	466,091,467	383,400,399
Cash and cash equivalents	50,316,550	38,896,264	39,846,007
Trade receivables	222,334,668	277,347,863	251,120,874
Inventories	76,636,232	95,267,068	63,737,622
Other Current Assets	46,512,918	54,580,272	28,695,896
Non-current Assets	410,990,696	379,345,431	340,168,879
Trade receivables	9,392,223	8,330,405	8,374,931
Affiliates/Subsidiaries	18,311,923	22,034,971	17,945,031
Tangible/Intangible Non-current Assets	355,425,300	333,392,470	290,580,414
Other Non-current Assets	27,861,250	15,587,585	23,268,504
Liabilities	806,791,063	845,436,898	723,569,279
Short-term Liabilities	198,291,908	215,573,126	165,349,548
Financial Liabilities (Net)	74,191,785	62,431,123	66,719,223
Trade Payables	99,829,325	130,331,546	75,028,919
Taxes on profit for Period	2,303,517	452,798	5,234,401
Other Short-term Liabilities	21,967,281	22,357,659	18,367,005
Long-term Liabilities	108,818,479	98,577,878	96,441,783
Financial Liabilities (Net)	92,950,000	80,070,000	80,070,000
Provision related to employee benefits	4,961,439	6,146,805	4,923,202
Deferred Tax Liability	10,907,040	12,361,073	11,448,581
Equity	499,680,676	531,285,895	461,777,947

Solo Income Statement USD

NET SALES	399,947,022	559,845,927	684,847,738
OPERATING PROFIT	38,550,263	27,441,431	36,778,846
EBITDA	51,194,924	47,344,202	63,609,612
NET PROFIT	26,883,345	24,597,214	57,236,868

Ratios

Current Ratio	2,00	2,16	2.32
Liquidity Ratio	1,61	1.72	1.93
EBITDA Margin	12,80%	8,46%	9.29%
Net Profit Margin	6,72%	4,39%	8.36%
ROIC	3,33%	2,91%	7.91%
ROE	5,38%	4,63%	12.39%

3- ACRYLIC FIBER INDUSTRY IN BRIEF

The demand for acrylic fiber has realized approximately 2 millions of ton in 2008 with a decrease of %20 compared to the previous year. However in 2009, the demand has begun to increase in the global market especially in the Far East and Middle East by the beginning of February. The main reasons of the demand increase is the decrease in inventories of semi-finished goods and raw materials, the settling down of the price decrease of raw materials, and the increase of the utilization rate of acrylic fiber in the production of cotton yarn and in the plush market as a result of the shrinkage of the price margin between polyester and acrylic fiber. Furthermore the cheapening of acrylic fiber leaded to the revival of the market of knit and knit thread. It is expected that the the consumption of acrylic fiber to increase by between % 5 - %10 by the end of 2009 and the level which is reached to continue during 2010. During the first 8 months of 2009 the demand for acrylic fiber in China has actualized about 587.000 tons with an increase of %7,4. The acrylic fiber import of China has actualized 127.000 tons with an increase of %7. Strong global demand for acrylic fiber, which comes to the more normal levels as of July and August, is expected to go on until the end of year.

The capacity utilization rate of Aksa in the period of January-September 2009 is %81 and is expected to be about %85 throughout the year.

4- INVESTMENTS

In the first three quarter of 2009, Aksa invested 68,3 millions of US dollar in the strategic fields that it determined in 2007.

AKSA, which began commissioning process of carbon fiber production plant with the capacity of 1.500 ton/year on May, completed the start-up works. The first commercial sale is aimed to realize in the last quarter of 2009. In order to build up and improve a strong composite sector in Turkey, the R&D projects have been started with the universities. AKSA presented its acrylic fiber brand AKSACA to the Asian Markets by joining the 15th China International Composites Fair held on 2-4 September of 2009. AKSA has signed the distributor agreement with the leading consulting companies DeLong&Associates, LLC, and BlackSun Partners in order to promote AKSACA brand in global markets.

In order to increase its competitive strength by decreasing energy costs, Aksa has decided to establish a 100 MWe capacity energy power plant with alternative fuel burning system within the factory plant in Yalova. The investment is going on as planned. The investment is aimed to be completed until the end of 2010. By this investment Aksa will save up to %40 on energy costs.

5- ASSESSMENT OF 2009

Aksa turned over 400 millions of \$ during the first three quarters of 2009. The export, whose portion in the net sales is %40,8, has realized 160,3 millions of \$.

The price of acrylic fiber has fallen by %15 compared to the previous year as a result of the decrease in the price of the main raw material acrylonitrile depending on the decrease of the oil price. The capacity utilization rate has been %81 in the first three quarters due to the fact that the unfavourable impacts of the crisis on the demand, which became evident on October 2008, has diminished in the global markets on February 2009 and domestic markets on April 2009. Sales quantity has diminished by %3,5 compared to the same period of the previous year.

Aksa has gained 51,2 millions of \$ EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and 26,9 million \$ net profit in the first three quarters of 2009.

Total assets of The Company has been 806,8 millions of \$. Trade receivables have been 222,3 millions of \$ with a decrease of %11,5 compared to the end of 2008. Short-term liabilities have been 198 millions of \$ with an increase of %19,9 compared to the end of 2008. Inventories has actualized 76,6 millions of \$ with an increase of %20,2 compared to the end of 2008.

Aksa has accomplished the procedure of raising its capital from 110.000.000 TL to 185.000.000 TL as of 30.05.2009.

6- EXPECTATIONS FOR 2009

The acrylic fiber manufacturer Aksa, which is appreciated with its technology and production capacity all over the world, predicts to obtain 600 millions of \$ net sales in 2009. Our expectation of decrease in sales income compared to 2008 depends on the expectation of reduction in global price of acrylic fiber between %20 and %30 compared to the average of 2008. In spite of the global crisis, Aksa predicts the average capacity utilization rate to be approximately %85 in 2009 with an increase compared to 2008 and the portion of export in the total sales to remain the same as 225-250 millions of \$.

7- BOARD OF DIRECTORS

In the Ordinary General Meeting held in 27 April 2009 the members of the board of directors are as follows:

Board of Directors:

Chairman	:	Ömer DİNÇKÖK
Vice Chairman	:	Ali Raif DİNÇKÖK
Member	:	Erol LODRİK
Member	:	Nevzat AYAZ
Member	:	Hasan DENİZKURDU
Member	:	Ayça DİNÇKÖK
Member General Manager	:	Mustafa YILMAZ

Auditors:

The auditors elected in the Ordinary General Meeting held in 27 April 2009 are as follows:

Bülent ÜSTÜNEL
Yasin Hilmi YAZAN