

**MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2008**

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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**INDEPENDENT AUDITORS' REPORT
ABOUT CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors of
MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.,

We have audited the accompanying consolidated balance sheets, statements of income, changes in shareholders' equity and cash flows of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (Group) and its subsidiaries (Group) as of 31 December 2008. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue an opinion on these consolidated interim financial statements based on our audit.

Responsibility of management regarding financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with financial reporting standards by Capital Markets Board. This responsibility implies choosing appropriate accounting principle, making acceptable accounting estimation according to the term and conceiving, application of and carrying on with internal control to prepare financial statements free of mistakes derived from inconsistency with the established rules of procedure.

Responsibility of Auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our independent audits. Our independent audit is performed compatible with the independent audit standards published by the Capital Markets Board. These standards require the independent audit to be submissive to ethical principals and performance with planning to verify fair assurance whether the financial statements are reflecting the truth or not.

Our independent audit essentially based on applying analytical audit procedures, in order to collect the related proof and understand the entries and notes in the financial statements. The preference of independent audit standards is based on occupational contentment to evaluate whether financial statements contain risk of significant error derived from mistakes including deception and inconsistency or not. In this risk evaluation, the internal control was taken into account. However, our purpose is not to provide an opinion about internal control efficiency, is to display the inter correlation between the financial statements prepared by company management and internal control system with appropriate independent audit standards. Our independent audit embraces the valuation of coherence as a complete; financial statements presentation and significant accounting estimations along with adopted accounting policy by company management.

We believe that the evidences obtained during the independent audit procedure constitute an adequate base to form our opinion.

Provided the Basis of Opinion

The Capital Market Board requested an independent auditing with decree dated 21 December 2005 on the financial statements of Menderes Bulgaria Ltd. for the following periods ended at 31.12.2004, 31.03.2005, 30.06.2005, 30.09.2005 and 31.12.2005. Besides, the results of auditing that has effects on financial statements are requested to be sent to the Capital Market Board of Turkey (CMB) and Istanbul Stock Exchange Market by us. Consolidated audited reports based on financial statements of subsidiaries are sent to Capital Market Board of Turkey (CMB) and Istanbul Stock Exchange Market. However, the related subsidiary has been practicing liquidation as of report date then no independent audit report has been prepared. Hence the consolidation has been executed from un-audited financial statements as of 31 December 2008.

The accumulated profit transfer as of 31 December 2005 was different from audited financial statements of Menderes Bulgaria Ltd. to the un-audited prior period's financial statements. Difference is presented in the consolidated change in shareholders' equity statements.

Opinion

In our opinion, except for the effect of paragraphs explained above, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Menderes Tekstil Sanayi ve Ticaret A.Ş. as of 31 December 2008, and the results of its operations and cash flows for the year ended, in accordance with Communiqué XI, No: 29 on Capital Market Accounting Standards promulgated by according to the Capital Market Board of Turkey (CMB).

Without qualifying our opinion, we draw your attention to the following matters:

- a. Group has due from related parties amounting to TRY 29,540,104 stated in the note 37 as of 31 December. Group has purchased 1,200,000 shares of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. with value of TRY 101,184,000 on 04 July 2008. As of purchasing date, present other non-trade current receivables are deducted by TRY 77,801,579 and trade receivables from shareholders and related parties were deducted by TRY 5,101,413. The remaining amount of TRY 18,281,008 will be paid off before 31 December 2009 at latest.
- b. The Group announced the liquidation process for the subsidiary Menderes Bulgaria Ltd. started with the decision of its the Board of Members dated 06 December 2005 numbered 2005/17 with the Statement of Material Disclosure to the Istanbul Stock Exchange Market and Capital Market Board of Turkey (CMB) on 17 December 2005 and to be completed till 30 January 2006. However, the liquidation process is not completed as of date of report, and it is planned to be completed in 2008.
- c. Group subsidiary, Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş. was established in 2006. However, Company is not active then it is not included in the consolidation.

- d. The Group has declared with the material disclosure announcement dated 10 May 2007 that not to join the capital increase of subsidiaries, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Menderes Tekstil Pazarlama A.Ş. those are to increase their capital. The share in the capital of Akça Enerji was 20% prior to capital increase and after it become 9%. The share in the capital of Menderes Pazarlama was 45% prior to capital increase and after it become 18%. As of 31 December 2007, the shares of related subsidiaries have occurred to be investment securities level. Therefore, the method of consolidation changed from equity pick-up method and related companies are presented at their cost values in the financial statements as of 30.06.2007, 30.09.2007, 31.12.2007, 31.03.2008 and 30.06.2008. Due to this change in the accounting policy, there have been losses of TRY 1,917,070 recorded in other losses. Group has increased the capital ratio in Akça Enerji Üretim Otoprodüktör Grubu A.Ş. from 9% to 20% and in Menderes Tekstil Pazarlama A.Ş. from 18% to 45% with share transfers on 25 August 2008. As of 31 December 2008, level of investment reached to subsidiary level. This reason, these companies are consolidated with equity pick-up method.

ATA Uluslararası Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Member Firm of Kreston International

Dr. Ali YÜRÜDÜ
Managing Partner

Istanbul, 3 April 2009

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

BALANCE SHEET (TRY) (XI-29 CONSOLIDATED)

BALANCE SHEET (TRY) (XI-29 CONSOLIDATED)		Independently Audited	
	Footnote References	31.12.2008	31.12.2007
ASSETS			
Current Assets		150,006,330	249,964,155
Cash and Cash Equivalents	6	12,714,836	11,092,988
Financial Investments	7	0	0
Trade Receivables	10	23,842,455	36,571,339
Financial Lease Receivables	12	0	0
Other Receivables	11	31,773,203	108,463,727
Inventories	13	74,143,855	89,297,372
Biological Assets	14	0	0
Other Current Assets	26	7,531,981	4,538,729
(Subtotal)		150,006,330	249,964,155
Assets Held for Sale	34	0	0
Non-current Assets		207,042,460	112,723,536
Trade Receivables	10	0	0
Financial Lease Receivables	12	0	0
Other Receivables	11	0	0
Financial Investments	7	0	623,944
Investments Valued With Equity Method	16	100,940,087	0
Biological Assets	14	0	0
Investment Properties	17	0	0
Tangible Assets	18	103,282,699	110,679,740
Intangible Assets	19	222,035	216,057
Goodwill	20	0	0
Defferred Tax Assets	35	2,597,639	919,230
Other Assets	26	0	284,565
TOTAL ASSETS		357,048,790	362,687,691
LIABILITIES			
Current Liabilities		132,611,864	129,664,518
Financial Borrowings	8	71,808,552	78,669,059
Other Financial Liabilities	9	0	0
Trade Payables	10	51,719,267	48,358,181
Other Payables	11	8,725,482	2,020,009
Finance Payables	12	0	0
Goverments Grants and Incentives	21	0	0
Corporation Tax Liabilities	35	14,566	489,754
Provisions for Liabilities	22	343,997	127,515
Other Current Liabilities	26	0	0
Liabilities Related to Non-current Assets Held for Sale	34	0	0
Non-current Liabilities		11,847,925	16,887,981
Financial Borrowings	8	7,186,090	8,652,479
Financial Lease Payables	9	0	0
Trade Payables	10	1,433,347	2,200,212
Other Payables	11	0	0
Finance Payables	12	0	0
Goverments Grants and Incentives	21	0	0
Provisions for Liabilities	22	0	0
Benefits Provided for Employees (or Severance Pay Provision)	24	2,967,734	4,162,410
Deferred Tax Liabilities	35	260,754	1,872,880
Other Non-current Liabilities	26	0	0
SHAREHOLDERS' EQUITY		212,589,001	216,135,192
Shareholders' Equity	27	212,777,377	216,285,678
Paid in Capital Share	27	184,000,000	184,000,000
Mutual Adjustment of Share Capital among Subsidiaries (-)		0	0
Share Premium		0	0
Revaluation Reserve		0	0
Inflation Adjustments to Shareholders' Equity	27	485,133	485,133
Foreign Currency Conversion Differences		(389,247)	(9,247)
Profit Reserves	27	4,297,919	4,297,919
Retained Earnings/Losses	27.4	35,651,430	30,276,537
Net Income/Loss for the Period		(11,267,858)	(2,764,664)
Minority Interest		(188,376)	(150,486)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		357,048,790	362,687,691

The accompanying accounting policies and explanatory notes are an integral part of these statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

INCOME STATEMENTS (TRY) (XI-29 CONSOLIDATED)

Independently

		Audited	Audited
	Footnote	01.01.-	01.01.-
	References	31.12.2008	31.12.2007
OPERATING ACTIVITIES			
Sales	28.1	267,334,233	303,834,089
Cost of Sales (-)	28.2	(235,788,737)	(276,355,546)
Gross Operating Profit (Loss)		31,545,496	27,478,543
Interest, wages, premium, commission and other income		0	0
Interest, wages, premium, commission and other expense (-)		0	0
Gross Profit (Loss) from Finance Sector Activities		0	0
GROSS OPERATING PROFIT/LOSS		31,545,496	27,478,543
Marketing, Sales and Distribution Expenses (-)	30.1	(7,880,478)	(8,306,709)
General Administrative Expenses (-)	30.2	(3,934,706)	(4,522,896)
Research and Development Expenses (-)	30.3	0	(2,158)
Other Operating Income	31	2,107,640	5,022,990
Other Operating Expenses (-)	31	(9,469,582)	(14,410,477)
OPERATING PROFIT/LOSS		12,368,370	5,259,293
Shares of Investments Valued with Equity Method	16	(959,357)	0
(Non-operating) Financial Income	32	31,947,312	17,624,040
(Non-operating) Financial Expenses (-)	33	(57,900,152)	(26,386,929)
INCOME/LOSS BEFORE TAXES		(14,543,827)	(3,503,596)
Taxes from Operating Profit/Loss		3,275,969	738,932
- Income/Expense Tax for the period	35	(14,566)	(489,754)
- Deferred Tax Income/Expense		3,290,535	1,228,686
NET OPERATING PROFIT/LOSS		(11,267,858)	(2,764,664)
DISCONTINUED OPERATIONS		0	0
Net Income / (Loss) after Tax of Discontinued Operations		0	0
NET INCOME/(LOSS) FOR THE PERIOD		(11,267,858)	(2,764,664)
Distribution of Net Income/(Loss)		0	0
Minority Interest		0	0
Parent Company's Share		(11,267,858)	(2,764,664)
Earnings Per Share	36	(0.0612)	(0.0150)
Earnings Per Share from Operating Activities		(0.0612)	(0.0150)

The accompanying notes are an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

**CHANGES IN THE SHAREHOLDERS' EQUITY STATEMENTS
(XI-29 CONSOLIDATED)**

	Share Capital	Profit Reserves	Foreign Currency Conversion Difference	Inflation Adjustment Differences in Shareholders' Equity	Retained Net Period Income / Earnings/Losses	Loss	Parent Company's Equity	Minority Interest	Total Shareholders' Equity
Balances at 01 December 2006	181,000,000	3,646,491	(133,943)	485,133	21,291,530	12,636,435	218,925,646	(162,920)	218,762,726
Transfer from retained earning	0	651,428	0	0	11,985,007	(12,636,435)	0	0	0
Cash capital increase	3,000,000	0	0	0	(3,000,000)	0	0	0	0
Foreign currency conversion difference	0	0	124,696	0	0	0	124,696	12,434	137,130
Minority interest net period profit/loss	0	0	0	0	0	0	0	0	0
Net Income/Loss For the Period	0	0	0	0	0	(2,764,664)	(2,764,664)	0	(2,764,664)
Balances at 01 December 2007	184,000,000	4,297,919	(9,247)	485,133	30,276,537	(2,764,664)	216,285,678	(150,486)	216,135,192
Transfer from retained earning	0	0	0	0	(2,764,664)	2,764,664	0	0	0
Adjustment entry in Retained earnings related to Due from Group Companies	0	0	0	0	8,139,557	0	8,139,557	0	8,139,557
Foreign currency conversion difference	0	0	(380,000)	0	0	0	(380,000)	(37,890)	(417,890)
Minority interest net period profit/loss	0	0	0	0	0	0	0	0	0
Net Income/Loss For the Period	0	0	0	0	0	(11,267,858)	(11,267,858)	0	(11,267,858)
Balances at 01 December 2008	184,000,000	4,297,919	(389,247)	485,133	35,651,430	(11,267,858)	212,777,377	(188,376)	212,589,001

The accompanying notes are an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

CASH FLOW STATEMENTS
(XI-29 CONSOLIDATED)

		<i>Independently</i> Audited 1 January- 31 December 2008	Audited 1 January- 31 December 2007
	Footnote References		
Net period income/loss		(11,267,858)	(2,764,664)
Adjustments to reconcile net income before taxation			
to net cash from operating activities:			
Amortization and depreciation expense	18-19	14,085,035	15,406,230
Changes in provision for employee	24	(1,194,676)	889,141
Change in deferred tax assets / liabilities	35	(3,290,535)	(1,228,686)
Provision for taxation	35	14,566	489,754
Accrual of interest income	8	35,610	72,867
Income accruals	6	7,721	1,022
Provision for doubtful receivables	10	9,907	71,767
Unearned interest on receivables	10	144,996	(1,121,613)
Unearned interest on payables	10	(160,500)	(896,985)
Changes in provision for taxes	35	(489,754)	(3,835,317)
Net cash from operating activities			
before changes in operating assets and liabilities:		(2,105,488)	7,083,516
Changes in trade receivables	10	17,337,631	9,979,548
Changes in other receivables	11	80,066,431	(26,057,770)
Changes in inventories	13	15,153,517	(38,584,388)
Changes in other current assets	26	(3,000,973)	5,929,659
Changes in other non-current assets	26	284,565	(254,148)
Changes in trade payables	10	2,754,721	4,129,887
Changes in other payables	11	6,705,473	996,550
Changes in provisions of liability	22	216,482	(3,230,780)
Net cash provided by operating activities		117,412,359	(40,007,926)
Investing activities			
Purchases tangible and intangible fixed assets	18-19	(6,693,972)	(22,860,201)
Changes in minority interest		(37,890)	12,434
		(6,731,862)	(22,847,767)
Financing activities			
Changes in financial investments	7	623,944	1,677,070
Changes in the investment subject to equity pick-up method	16	(100,940,087)	0
Change in long and short term financial borrowings	8	(8,362,506)	59,781,147
Conversion differences from unaudited financial statements of Menderes Bulgaria Ltd. denetlenmemiş mali tablo çevrim farkları		(380,000)	124,696
Cash provided by financial activities		(109,058,649)	61,582,913
Changes in cash and cash equivalents		1,621,848	(1,272,780)
Cash and cash equivalents at the beginning of the period		11,092,988	12,365,768
Cash and cash equivalents at the end of the period		12,714,836	11,092,988

The accompanying notes are an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008 AND 2007

(Amounts are in New Turkish Lira (TRY) unless indicated otherwise.)

NOTE 1 – ORGANIZATION AND ACTIVITIES

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (“Company”) and its subsidiaries are referred as “Group” in the accompanying consolidated financial statements. Group produces cotton press, yarn, fabric, valances, dust ruffles, ruffled and tailored shams, comforter shells, printed towels and linens in integrated cotton and synthetic textile establishment.

The registered dares of the Company is as following:

Köprübaşı Mevki No: 146 Sarayköy, Denizli.

In the period of 01 January – 31 December 2008, average 4,045 (01 January – 31 December 2007: 4,182 personnel) personnel are employed by the Group.

Company shares are traded in the Istanbul Stock Exchange since 2000.

Production Capacity

According to the capacity report from Denizli Industrial Chamber dated 27 November 2007, numbered 235 and valid until 03 December 2010, Company’s production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts a day.

Company’s annual production capacity is as following:

Products	Unit	Total
Sheet	Item	30,480
Fitted elasticized sheet	Item	6,552,000
Linens	Item	8,616,000
Pillow case	Item	53,100,000
Bed spread	Item	23,400,000
Bath towels	Item	23,400,000
Table cloth	Item	23,400,000
Bath rob	Item	1,872,000
Napkin	Item	37,440,000
Pants	Item	1,965,600
Shirts	Item	2,808,000
Shorts	Item	3,463,200
Pajamas	Item	3,463,200

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008 AND 2007

(Amounts are in New Turkish Lira (TRY) unless indicated otherwise.)

Menderes Bulgaria Ltd.

Menderes Bulgaria Ltd. constitutes the 90% of the consolidated financial statements of Group. Company's unaudited financial statements in accordance with Bulgarian regulations are consolidated within the frame of full consolidation method of Communiqué XI, No: 29 of Capital Market Board. Akça Enerji Üretim Dağıtım Otoprodüktör A.Ş., Menderes Tekstil Pazarlama A.Ş. and Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. are subject to equity pick-up method.

Menderes Bulgaria Ltd. is established in 2002 in Bulgaria. Main activity of Menderes Bulgaria Ltd. (Parent Company) is custom manufacturing as receiving raw materials and unfinished, intermediate goods from Menderes Tekstil Sanayi ve Ticaret A.Ş. to process and send them back.

The Company announced the liquidation process for the subsidiary Menderes Bulgaria Ltd. started with the decision of its the Board of Members dated 06 December 2005 and numbered 2005/17 with the Statement of Material Disclosure to the Istanbul Stock Exchange Market and Capital Market Board of Turkey (CMB) on 05 December 2005 and to be completed before 30 January 2006. As of report date, the liquidation process is not completed yet.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. is established on 13 July 1998. Head quarter of the company is in Denizli. Main activity is to supply the electricity to the Company.

Group has announced about applying for Auto producer License to Energy Market Regulatory Board with special case announcement dated 25 July 2008. The Auto producer License dated 31 October 2008 and number EO/1813-4/1275 has been acquired from Energy Market Regulatory Board in the name of Menderes Tekstil San. Tic. A.Ş. Group has ensured its demand of energy from its subsidiary, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. till 31 October 2008. As of 31 October 2008, it has become energy producer for itself with Auto producer License obtained from Energy Market Regulatory Board.

Menderes Tekstil Pazarlama A.Ş.

Menderes Tekstil Pazarlama A.Ş. was established in 1998. Head quarter of the Company is in İzmir. Company does marketing of home textile productions.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Head quarter of the Company is in İzmir. Company operates vehicle inspection stations which are privatized within the context of law b-numbered 4046, in Aydın, Manisa, Denizli and İzmir for 20 years. As of 31 December 2008, company has integrated 20 established and 4 mobile vehicle inspection stations.

Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş.

Group subsidiary, Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş. was established in 2006. However, Company is not active then it is not included in the consolidation.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008 AND 2007

(Amounts are in New Turkish Lira (TRY) unless indicated otherwise.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compliance Statement

Group prepares their statutory financial statements in accordance with the principles of Capital Market Board (CMB), Turkish Commercial Code (“TCC”) and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and presents in Turkish Liras. Consolidated financial statements are prepared on statutory records, which are maintained with historical cost, with the necessary adjustments and reclassifications made for the fair presentation in accordance with Communiqué XI, No: 29 “Accounting Standards in Capital Markets” published by the Capital Markets Board.

Principles of Preparing Financial Statements

Communiqué XI, No: 29 “Accounting Standards in Capital Markets” published by the Capital Markets Board is published in Official Gazette date 09 April 2008 and numbered 26842. This communiqué is effective for the first interim period financial statements after 01 January 2008 regarding companies in stock market, financial intermediary agencies, portfolio management companies and businesses connected to these partnerships, subsidiaries and business partnerships.

Capital Market Board defines principles, procedures and basis to prepare financial reports to be prepared by the companies and to be presented to the authorities in accordance with Communiqué XI, No: 29 “Accounting Standards in Capital Markets”. This communiqué is effective starting for first interim financial statements after 01 January 2008 and Communiqué XI, No: 25 “Accounting Standards in Capital Markets” has been abolished. Based on Communiqué XI, No: 29, companies are obliged to prepare their financial statements according to International Financial Reporting Standards (IAS/IFRS) accepted by European Union. However, it will be applied IAS/IFRS published by International Financial Reporting Standard Committee and accepted by European Union until the difference between IAS/IFRS and Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) is published. In this manner, TAS/TFRS published by Turkish Financial Reporting Committee (TFRC) will be basis and not contradictory to adopted standards.

Till difference between IAS/IFRS published by International Financial Reporting Committee (IFRSC) and accepted by European Union and Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) by Turkish Financial Reporting Committee (TFRC) is published, financial statements will be prepared in accordance to IAS/IFRS within the frame of Communiqué XI No: 29 by Capital Market Board. Accompanying financial statements and notes are prepared compatible with formats obliged by announcement dated 14 April 2008 by Capital Market Board. In this manner, there has been some reclassifications for the previous years’ financial statements.

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 01 April 2009. Boards of Directors have authority to change financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008 AND 2007

(Amounts are in New Turkish Lira (TRY) unless indicated otherwise.)

Financial Statements Correction in High Inflation Period

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Therefore the Company was abolished inflation accounting application for the year 2005.

Comparative Information and Previous Periods Adjustments:

When it necessitates, there have been reclassifications to be compared with current period consolidated financial statements presentation.

For the purpose of conducting a comparison of financial position and performance trend, Group's consolidated financial statements are prepared comparative with previous periods. Group has prepared consolidated balance sheets comparing 31 December 2007 and 31 December 2006, income statements, changes in shareholders' equity and cash flow statements are compared with the period of 01 January -31 December 2007 and period of 01 January -31 December 2008.

Group has reclassified necessary adjustments to the accompanying consolidated financial statements of 31 December 2007 to be compatible with accompanying consolidated financial statements of 31 December 2008. These changes are explained below:

In accompanying consolidated balance sheet dated 31 December 2007, time deposit interest accruals amounting to TRY 85,839 pursued under "Other current assets" are reclassified to "Cash and cash equivalents".

In accompanying consolidated balance sheet dated 31 December 2007, deposits and guarantees given amounting to TRY 62,242 pursued under "Trade Receivables" are reclassified to "Other Receivables".

In accompanying consolidated balance sheet dated 31 December 2007, due from shareholders amounting to TRY 15,221,840 and due from Group Companies amounting to TRY 91,477,866 pursued under "Receivables from Related Parties" are reclassified to "Other Receivables".

In accompanying consolidated balance sheet dated 31 December 2007, order advances given amounting to TRY 1,734,726 pursued under "Inventories" are reclassified to "Other Current Assets".

In accompanying consolidated balance sheet dated 31 December 2007, investment securities amounting to TRY 623,944 pursued under "Financial Assets" are reclassified to "Financial Investments".

In accompanying consolidated balance sheet dated 31 December 2007, order advances given for fixed asset amounting to TRY 284,565 pursued under "Tangible Assets" are reclassified to "Other Current Assets".

In accompanying consolidated balance sheet dated 31 December 2007, financial leasing liability amounting to TRY 641,051 pursued under "Short-term Financial Leasing Liability" are reclassified to "Short-term Financial Borrowings".

In accompanying consolidated balance sheet dated 31 December 2007, borrowings amounting to TRY 2,695,250 pursued under "Current portion of Long-term borrowings" are reclassified to "Short-term Financial Borrowings".

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In accompanying consolidated balance sheet dated 31 December 2007, financial leasing liability amounting to TRY 1,824,903 pursued under “Long-term Leasing Liability” are reclassified to “Long-term Financial Borrowings”.

In accompanying consolidated balance sheet dated 31 December 2007, order advances received amounting to TRY 53,699 pursued under “Advances Received” are reclassified to “Other Short-term Payables”.

In accompanying consolidated balance sheet dated 31 December 2007, severance pay provision amounting to TRY 4,162,410 pursued under “Long-term Liability Provisions” is reclassified to “Provisions for employee benefits”.

In consolidated balance sheet dated 31 December 2007, accrued interest of bank borrowings amounting to TRY 583,863 pursued under “Other Liabilities” are reclassified to “Short-term Borrowings”.

In consolidated balance sheet dated 31 December 2007, taxes and funds payable amounting to TRY 490,973 and SSK premium payables amounting to TRY 538,478 pursued under “Other Liabilities” are reclassified to “Other Payables”.

In accompanying consolidated balance sheet dated 31 December 2007, due to personnel amounting to TRY 936,859, expenses accruals amounting to TRY 711,378 and current corporation tax expense and provisions for legal liabilities amounting to TRY 489,754 pursued under “Other Liabilities” are reclassified to “Other Payables”.

In accompanying consolidated income statement for the period ended 31 December 2007, “Taxes” are detailed into “Current Tax Income/Expense” amounting to TRY (489,754) and “Deferred Tax Income/Expense” amounting TRY 1,228,686.

In accompanying consolidated income statement for the period ended 31 December 2007, “Operating Expenses” are detailed into “Marketing, Sales and Distributing Expenses” of TRY 8,306,709, “General Administrative Expenses” of TRY 4,522,896, “Research and Development Expenses” of TRY 2,158. Export expenses of TRY 1,192,377 pursued under “Other Operating Income and Profits” are reclassified to “Marketing, Sales and Distributing Expenses” and TRY 353,215 of it is to “General Administrative Expenses”.

In accompanying consolidated income statement for the period ended 31 December 2007, “Other Operating Income and Profits” of TRY 16,506,833 is reclassified to “(Non-operating) Financial Incomes”.

In accompanying consolidated income statement for the period ended 31 December 2007, “Other Operating Expense and Loss” of TRY 26,216,802 is reclassified to “(Non-operating) Financial Expenses”.

In accompanying consolidated income statement for the period ended 31 December 2007, calculated rediscount for receivables of TRY 896,985 pursued under “Sales Income” is reclassified to “(Non-operating) Financial Income” and calculated rediscount for payables of TRY 1,117,207 pursued under “Sales Income” is reclassified to “(Non-operating) Financial Expenses”.

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Basis of consolidation

The accompanying consolidated financial statements include Group's financial statements. The financial statements of the companies included in the consolidation have been prepared as of the date of the accompanying consolidated financial statements and are based on the statutory records, with adjustments and reclassifications for the purpose of presentation in Communiqué XI, No: 29 on Capital Market Accounting Standards and applying uniform accounting policies and applications.

Menderes Tekstil Sanayi ve Ticaret A.Ş. (Parent Company)

	31 December 2008	31 December 2007
	<u>Ratio %</u>	<u>Ratio %</u>
Publicly traded shares	51.9	51.9
Akça Holding A.Ş.	45.7	45.7
Other	2.4	2.4
	100.0	100.0

As of 31 December 2008 and 2007, capital structures of the subsidiaries and equity participations are as following:

Menderes Bulgaria Ltd. (Subsidiary)

	31 December 2008	31 December 2007
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	90.0	90.0
Other	10.0	10.0
	100.0	100.0

Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş. (Equity)

	31 December 2008	31 December 2007
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	45.0	45.0
Rıza Akça	15.0	15.0
Dilek Göksan	15.0	15.0
Akça Holding A.Ş.	10.0	10.0
Other	15.0	15.0
	100.0	100.0

Group subsidiary, Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş. was established in 2006. However, Company is not active then it is not included in the consolidation.

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Akça Enerji Üretim Otoprodüktör Grubu A.Ş. (Equity)

	31 December 2008	31 December 2007
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	20.0	9.1
Akça Holding A.Ş.	40.9	40.9
Osman Akça Tarım Ürünleri A.Ş.	22.7	27.3
Akça Yağ Sanayi ve Ticaret A.Ş.	3.4	3.4
Selin Tekstil Sanayi Ticaret. A.Ş.	13.0	19.3
	100.0	100.0

Menderes Tekstil Pazarlama A.Ş. (Equity)

	31 December 2008	31 December 2007
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	45.0	18.0
Akça Holding A.Ş.	45.0	50.0
Nermin Akça	0.3	0.3
Rıza Akça	4.4	15.4
Ahmet Bilge Göksan	1.0	1.0
Dilek Göksan	4.3	15.3
	100.0	100.0

Aktur Araç Muayene İstasyon İşletmeleri A.Ş. (Equity)

	31 December 2008	31 December 2007
	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.0	8.0
Akça Holding A.Ş.	0.1	10.0
Rıza Akça	50.4	61.8
Dilek Göksan	0.4	12.3
Cemal İpekoğlu	0.3	3.7
Ali Atlamaz	0.3	3.7
Mehmet İlem	0.5	0.5
	100.0	100.0

Equity participations are accounted for using the equity pick-up method. Equity participations are companies in which Group has a voting right between 20% and 50% of the ordinary share capital or significant influence is exercised on the operations of the company.

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The Group has declared with the material disclosure announcement dated 10 May 2007 that not to join the capital increase of subsidiaries, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Menderes Tekstil Pazarlama A.Ş. those are to increase their capital. The share in the capital of Akça Enerji was 20% prior to capital increase and after it become 9%. The share in the capital of Menderes Pazarlama was 45% prior to capital increase and after it become 18%. As of 31 December 2007, the shares of related subsidiaries have occurred to be investment securities level. Therefore, the method of consolidation changed from equity pick-up method and related companies are presented at their cost values in the financial statements as of 30.06.2007, 30.09.2007, 31.12.2007, 31.03.2008 and 30.06.2008. Due to this change in the accounting policy, there have been losses of TRY 1,917,070 recorded in other losses. Group has increased the capital ratio in Akça Enerji Üretim Otoprodüktör Grubu A.Ş. from 9% to 20% and in Menderes Tekstil Pazarlama A.Ş. from 18% to 45% with share transfers on 25 August 2008. As of 31 December 2008, level of investment reached to subsidiary level. This reason, these companies are consolidated with equity pick-up method.

Group has announced with disclosure dated 04 July 2008 that negotiating to increase capital ratio of 8% in Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. to 48% by acquiring shares with nominal value of TRY 1 which is valued with USD 68,00 equivalent to TRY 84,32 by Raymond James Yatırım Menkul Kıymetler A.Ş. dated 29 June 2008; it has been decided with consensus to be bought 297,000 shares from Akça Holding A.Ş., 344,000 from Rıza Akça'dan, 359,000 from Dilek Göksan, 100,000 from Cemal İpekoğlu and 100,000 from Ali Atlamaz; the payments will be done by deductions from existing current accounts and remaining amounts must be paid at latest on 31 December 2009. Payment for 1,200,000 shares of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. is TRY 101,184,000 will be deducted from the payables of group companies and shareholders which is TRY 82,902,992 on 04 July 2008. After deduction, the remaining payables equivalent to TRY 18,281,008 will be paid till 31 December 2009.

Subsidiaries are included or excluded from the consolidation since the date Group has control over or loses control.

Minority shares of shareholders are pursued in net assets of the subsidiaries and in the result of the operations and consolidated balance sheet and income statements.

Reporting Currency

Through the enactment of the Law numbered 5083 concerning the "Currency of Turkish Republic" in the Official Gazette dated 31 January 2004, New Turkish lira ("TRY") and the New Kurushs ("YKr") have been introduced as the new currency of the Republic of Turkey, effective from 1 January 2005. The subunit of the TRY is the YKr (1 TRY=100 YKr). Conversion to the TRY held one million TRY (1,000,000 TRY) equivalent to one TRY (1 TRY). Accordingly, the currency of the Turkish Republic is simplified by removing six zeroes from the TRY.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

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2.b. Changes in Accounting Policies

A company only could change its accounting policy under following circumstances;

- If a standard or interpretation makes it necessary or
- If the change make effect of operations or incidents on financial position and performance or cash flows more appropriate and reliable.

Financial statements have to be comparable to see trends in financial position of companies, performance and cash flows for user of financial statements. This is why, if the change is not granting one of above conditions, each interim and fiscal periods has to be applied same accounting policy.

There have not been significant changes to affect accompanying financial statements.

Group has increased the capital ratio in Akça Enerji Üretim Otoprodüktör Grubu A.Ş. from 9% to 20% and in Menderes Tekstil Pazarlama A.Ş. from 18% to 45% with share transfers on 25 August 2008. As of 31 December 2008, the ratio level in capital increased to subsidiaries level. This is why these companies are consolidated with equity pick-up method.

2.c. Changes in Accounting Estimates and Errors

The accompanying financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by group management to be compatible with statements required by Capital Market Board. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements.

2.d. Adoption on New and Revised International Financing Reporting Standards

Standards, amendments and interpretations effective in 2008 but no relevant to Group's operation

The following standards, amendments and interpretations to be published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the Group's operations:

IFRIC 11, "IFRS 2 – Group and Treasury share transactions"

IFRIC 12, "Service concession arrangements"

IFRIC 13, "Customer loyalty fee"

IFRIC 14, "IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction"

IFRIC 16, "Hedges of a Net Investment in a Foreign Operation"

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Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

• IAS 23, “(Revised) Cost of Borrowing”	Effective for annual periods beginning on or after 1 January 2009.
• IFRS 8, “Operating Segments”	Effective for annual periods beginning on or after 1 January 2009.
• IFRIC 15, “Agreements for the Construction of Real estate”	Effective for annual periods beginning on or after 1 January 2009.
• IFRS 1, “Amendment relating to cost of an investment on first time adoption of IFRS” • IFRS 2, “Share-based Payment” Amendment relating to vesting conditions and cancellations.	Effective for annual periods beginning on or after 1 January 2009.
• IFRS 3, “Business Mergers and acquisitions” • IAS 27, “Consolidated and Single Financial Statements” • IAS 28, “Investments in subsidiaries” • IAS 31 “Interests in Joint Ventures” Comprehensive Change in the Application of Purchasing Method	Effective for annual periods beginning on or after 1 January 2009.
• IFRIC 17 “Distribution of non-cash Assets to Shareholders” • IFRIC 18 “Transfer of assets received from the Customer”	Effective for annual periods beginning on or after 1 January 2009.
• IAS 1, “Presentation of Financial Statements” • IAS 32, “Financial Instruments: Presentation” Changes about explaining liability from liquidating re-purchasable Financial Instruments and • IAS 39, “Financial Instruments: Accounting and Measuring” Changes regarding accounts to protect from risk	Effective for annual periods beginning on or after 1 January 2009.

The brief explanations about above standards are as following:

Changes in IFRS 1, “First-time Adoption of International Financial Reporting Standards” Amendment relating to cost of an investment on first-time adoption and in IAS 27, “Consolidated and Separate Financial Statements”

IFRS 1 allows first-time adopters to use a “deemed cost” of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities, and associates in the separate financial statements. Removes the definition of the cost method from IAS 27 and replace it with a requirement to present dividends as income in the separate financial statements of the investor. It is anticipated that, it will have no material impact on the financial statements of the Group accordingly.

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IFRS 2, “Share-based Payment” Amendment relating to vesting conditions and cancellations

IFRS 2 includes the nature and extent of share-based payment arrangements that grants or not; how the fair value of the goods or services received, or the fair value of the equity instruments granted and the effect of share-based payment transactions on the entity’s profit or loss for the period and on its financial position. It is anticipated that, it will have no material impact on the financial statements of the Group accordingly.

IFRS 8, “Operating Segments”

IFRS 8 “Operating Segments” replaces IAS 14 “Segment reporting”. This standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the entity’s chief operating decision maker in order to allocate resources to the segment and assess its performance. The impact of the first-time application of IFRS 8 on the Group’s financial statements is currently being reviewed.

IAS 32 and UMS 1, “Financial Instruments: Presentation” Amendments relating to disclosure of vendible instruments and obligations in case of liquidation

IAS 32 clarifies the classification of a financial instrument issued by an enterprise as a liability or as equity, prescribing the accounting for treasury shares (a company’s own repurchased shares). Change in IAS 1 requires that financial instruments classified under capital instruments, are defined and revealed properly. It is anticipated that, it will have no material impact on the financial statements of the Group accordingly.

IAS 23 “(Revised) Borrowing Costs”

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset, therefore, should be capitalized. The option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale will be removed by this change. It is anticipated that, IFRIC 23 will have no material impact on the financial statements of the Group accordingly.

IFRIC 13, “Customer Loyalty Programs”

Customer loyalty programs are accounted for as a separate component of the sale transaction. The amount of proceeds allocated to the award credits is measured by reference to their fair value and the deferred portion of the proceeds is recognized as revenue only when obligations are fulfilled. The impact of the first-time application of IFRIC 13 will have no material impact on the financial statements of the Group accordingly since Group does not have such application.

IFRIC 15, “Agreements for the Construction of Real Estate”

IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 “Construction Contracts” or IAS 18 “Revenue” and accordingly when revenue from the construction should be recognized. The Group does not have this kind of application; it will have no material impact on the financial statements of the Group accordingly.

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IFRIC 16, “Hedges of a Net Investment in a Foreign Operation”

IFRIC 16 clarifies three main issues: the presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation. Hedging instrument(s) may be held by any entity or entities within the Group. It is anticipated that, it will have no material impact on the financial statements of the Group accordingly.

IFRIC17, “Distribution of Non-cash Assets to Owners”

IFRIC 17 applies to pro rata distributions of non-cash assets (all owners are treated equally) but does not apply to common control transactions. It is anticipated that, it will have no material impact on the financial statements of the Group accordingly.

IFRIC 18, “Transfers of Assets from Customers”

IFRIC 18 clarifies the cases in which an entity receives from a customer an item of property, plant, and equipment or cash that must be used only to acquire or construct such items in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services and also provides guidance on how to account for transfers of cash from customers. It is anticipated that, it will have no material impact on the financial statements of the Group accordingly.

IAS 1, “Presentation of Financial Statements” (Revised)

A revised version of IAS 1 Presentation of Financial Statements has been issued to provide more useful information. The major changes are The statements of changes in equity will only include the transactions with the shareholders, introduction of “total comprehensive income” in addition to the income statement which will present all profit or loss as income and expenses. The revised interpretation of the prior year financial statements and disclosing the restatement effect of change in accounting policies to prior year financial statements. The Group will adopt the changes in financial statement presentation in 2009.

IAS 39, “Financial Instruments: Recognition and Measurement” Amendments for eligible hedged items

IAS 39 permits entities to designate, at the time of acquisition or issuance, any financial asset or financial liability to be measured at fair value, with value changes recognized in profit or loss. This option is available even if the financial asset or financial liability would ordinarily, by its nature, be measured at amortized cost but only if fair value can be reliably measured.

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2.e. Summary of Significant Accounting Policy

Revenue

Revenues are recognized on an accrual basis when the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of received or receivable consideration. Net sales represent the invoiced value of goods shipped less sales returns and sales deductions.

Sales of Goods

Revenue from sale of goods is recognized when all the following conditions are satisfied:

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

Rendering of services:

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Inventories

Inventories are valued at the lower of cost or net realizable value. Inventory costs include purchasing costs. The cost of inventories is determined on the first in first out (FIFO) basis for each purchase. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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Property, Plant and Equipment

Tangible assets are reflected with adjusted cost value according to the inflationary accounting effective as of 31 December 2004 for the entries purchased before 01 January 2005 and acquired cost of entries purchased after 01 January by deducting the accumulated depreciation.

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line basis with prorates method based on the estimated useful lives of the assets. Expenses for the repair of property, plant and equipment are normally charged as an expense.

Economic useful lives of assets approximately are as follows:

	<u>Year</u>
Buildings	50
Land improvements	10
Machinery and equipments	10
Furniture and fixtures	10
Motor vehicles	5

Leasing

Group acquired assets under finance lease agreements and capitalized at the inception of the lease starting from acquired date. Payables to leasee are pursued under financial leasing liability in balance sheet. Calculation of minimum leasing payment is to find out current market value as the valid proportion is calculated practically in financial leasing process then it is, otherwise proportion of interest rate of loan is used as discount factor. Expenses of asset acquisition through financial leasing are included in costs. The liability from financial leasing is decomposed into interest rate and the main loan. Expenses of interest rate are calculated with the fixed interest rate and are issued in related periods.

Intangible Assets

Intangible assets are reflected with adjusted cost value according to the inflationary accounting effective as of 31 December 2004 for the entries purchased before 01 January 2005 and acquired cost of entries purchased after 01 January by deducting the accumulated amortization.

Intangible assets comprise acquired usage rights, information systems, research and development expenses and other identified rights. They are recorded at acquisition cost and amortized on a straight-line based on pro-rata over their estimated useful lives for a period not exceeding 20% for a year.

Impairment of assets

In the case of detecting that carrying values of fixed assets fall below the level that can realize / can be gained from this asset in the future due to different events and situations, material and non-material fixed assets are tested in terms of value losses. In the case of being over the value of book value of material and non-material fixed assets realizable value or the value that can be gained from this asset in the future, provision are made for fixed asset value diminution.

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Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred.

Financial Investments

Except diminution in accordance with Communiqué XI, No: 29 published by CMB, income or loss related to ready to be liquidated financial assets are reflected in the financial statements through changes in shareholders' equity statements until these financial assets are out of financial statements. When these assets are cashed out financial statements, retained income or loss previously reflected in the shareholders' equity is booked in current period net income. However, the difference between the amount when the ready to be liquidated assets are booked for the first time and timed amount is subject to effective interest method and the accrued amount stands for interest and it is reflected in the financial statements as profit or loss. As a result of this communiqué, the ready to be liquidated assets are valued with its fair value. If the difference between fair value and the value calculated by effective interest method is positive, then it is booked in capital reserve. If the difference is negative, then it is deducted from existing capital reserve. If still it is negative, it is booked under other operating activities expenses in the income statements.

Fair value of shares quoted in stock exchange is taken from closing price of Istanbul Stock Exchange as of the balance sheet date.

Financial Instruments

Financial instruments are classified as assets for investments, financial instruments for purchase and sale, financial instruments which can be hold to the due date and financial instruments which are ready to be sold. The financial instruments which are bought to make gain of short term fluctuations are classified as commerce financial instruments and included to the current assets. Financial instruments which the company management can have the ability or the will to control to the due date and have specific or fixed payment date and the financial instruments which had a fixed due date are classified as financial instruments that are hold to the due date.

The financial instruments which are hold to sell for cash requirements or for changes of rate interests are called as ready to sell financial instruments. Ready to sell financial instruments are included in fixed assets if the management don't have the will to hold it or don't need it for capital increase in less than 12 months after balance sheet date.

All financial instruments are shown with the acquirement costs included the expenses of purchase of investment. Financial assets after reflecting financial statements are classified as ready to sell financial instruments are appreciated with the reasonable value if it is possible to calculate.

Current value is the value which brings willing and informed buyers and sellers together and they can replace assets or make a commitment. The market value of a financial instrument is equal to the amount of the sale or to the debt of purchase if there is an active market.

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Estimated current value of financial instruments is set by using the information about the markets and necessary valuation method. However, to set current value it is needed the commented market data. Because of this, presented estimates in this report can't be the obtained values in the current market if the company charges the assets off.

Bank deposits and receivables are important financial instruments which can affect the company's financial state negatively if the other side doesn't fill the conditions.

The cost value of some financial instruments is equal to the registered value and because of their short term character and it is assumed as equal to the current value.

All the methods and estimations used in order to set the appropriate current value of the financial instruments are summarized in the following.

Cash and Cash Equivalents:

Cash and cash equivalent values contain cash on hand, bank deposits and high liquidity investments. Cash and cash equivalents are showed with obtaining costs and the total of accrued interests.

Trade Receivables and Trade Payable:

The balance sheet values of trade receivables and payables after doubtful receivables are truthful estimated values except the trade receivables and payments which are reduced to present value.

Due from / to Related Parties:

The balance sheet values of receivables and payables from related parties are truthful estimated values except the receivables and payables from related parties which hold in a specific credit period.

Financial Borrowings:

The interest rates of the credits are fixed at the using date but then it can follow fluctuation of interest rate in the market. The company uses risky financial instruments at the time of ordinary activities as letter of credit. The cost of these financial instruments is equal to commitment amount.

Credit Risk:

The reason of the Group's credit risk can rise from the receivables. The receivables are shown as net in the balance sheet with past experiments and current economic situation and after setting provision with an acceptable ratio. The risk of liquid funds is limited because liquid funds are used as short term bank deposit.

Market Risk:

Market risk is the changes of interest rate, rates or securities and values of other financial commitments which effect company negatively. The base important risks for the company are changes of interest and exchange rate.

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Liquidity risk:

Generally, the Group creates fund by turning short term financial instruments and bank deposits into cash. The amounts of these items are showed with their current values.

If the Group needs cash, creates fund by increasing capital from partners or creditors.

Currency rate risk:

Group is open to exposure of currency rate risk as currency conversion difference derived from foreign currency payable. These risks are restricted with analyzing foreign currency position.

Interest Rate Risk:

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Funding risk:

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from financial organizations.

Other Balance Sheet Entries

Other balance sheet entries are reflected with their booked values.

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Related Parties

For the purpose of the consolidated financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, Associates and Joint Ventures are considered and referred to as “related parties”. These companies’ partners and chiefly managers and that company’s board of management’s members and also families are fallen within related to establishment. These operations are performed generally in accordance with market conditions.

Akça Enerji Üretim Otoprodüktör Grubu

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. was established in 1998. Head quarter of the company is in Denizli. Main activity is to supply the electricity to the Company.

Menderes Tekstil Pazarlama A.Ş.

Menderes Tekstil Pazarlama A.Ş. was established in 1998. Head quarter of the Company is in İzmir. Company does marketing of home textile productions.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Head quarter of the Company is in İzmir. Company operates vehicle inspection stations which are privatized within the context of law b-numbered 4046, in Aydın, Manisa, Denizli and İzmir for 20 years. As of 31 December 2008, company has integrated 20 established and 4 mobile vehicle inspection stations.

Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş.

Group subsidiary, Menderes Lojistik Depolama Hizmetleri Taşımacılık A.Ş. was established in 2006. However, Company is not active operationally.

Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic.A.Ş.

Osman Akça Tarım Ürünleri İthalat ve İhracat San. ve Tic. A.Ş. was established in 1985. Head quarter of the company is in İzmir. Main activity is established to process the fruit and agricultural products.

Akçamen Tekstil Sanayi Ve Ticaret A.Ş.

Akçamen Tekstil Sanayi ve Ticaret A.Ş. was established in 1994. Head quarter of the company is in İzmir. No. 7186 on 11 November 2008 in the Trade Registry Gazette the company was changed to the center of Denizli. Main activity is to produce cotton.

Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.

Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti. was established in 13 March 1997. Head quarter of the company is in İzmir. Main activity is insurance intermediary services.

Selin Tekstil Sanayi Ve Ticaret A.Ş.

Selin Tekstil Sanayi ve Ticaret A.Ş. was established in 1992. Head quarter of the company is in Denizli. Main activity is outsourcing of textile manufacturing.

Smyrna Organik Tarım Sanayi Ve Tic. A.Ş.

Smyrna Organik Tarım Sanayi ve Tic. A.Ş. was established in 2007. Head quarter of the company is in İzmir. No. 6911 on 08 October 2007 in the Trade Registry Gazette the company was changed to the center of Denizli. Main activity is to make the production of organic agriculture.

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Taxes calculated from Corporate Profit

Because Turkish Tax Legislation does not allow preparing consolidated tax return to parent company and its subsidiary, as reflected on the attached consolidated financial statements, provisions for taxes are calculated separately.

Taxes on income for the period comprise current tax and the change in the deferred taxes.

Current Tax

Current year tax liability is calculated from liable to tax part of the period profit. Because liable to tax profit excludes taxable items in other years or tax deductibles and the items that is not possible to make taxable or reduction of tax, it is different than profit on the income statement. The Group's current tax liability is calculated by using the tax rate that became law as of balance sheet date or the tax rate that significantly became law.

Deferred Tax

Deferred tax liability or asset, is determined by calculating temporary differences between the balances of assets and liabilities on financial statements and the balances considered in legal tax base account according to balance sheet method by considering legal tax rates of tax effects. While the deferred tax liability is calculated for all the taxable temporary differences, tax assets that consist of deductible temporary differences are calculated if there is a possibility of benefiting from the temporary profit in the future. The assets and liabilities are not accounted if temporary difference related with the operation that does not effect commercial or fiscal profit/loss stems from taking to financial statements goodwill or other assets or liabilities (except business combinations) firstly.

Deferred tax liabilities are calculated for all taxable temporary differences associated with shares in the business associations and investments in subsidiaries and affiliates except in the cases when the group's temporary differences are controlled and when the probability of the elimination of this difference is very low in near future. Deferred tax liabilities stemming from taxable temporary differences that is associated with this kind of investments and shares are calculated on condition when the probability of utilizing the related differences by gaining sufficient liable to tax profits in near future is very high and when elimination of the differences about future is probable.

The recorded value of deferred tax asset is revised as of each balance sheet date. Financial profit is deducted with unlikely performing amount to ensure future partial or complete benefit of booked value of deferred tax assets.

Deferred tax assets and liabilities are calculated over the tax rates (tax regulations) that are expected to be valid in the period when assets will realize or liabilities will be fulfilled and that become law as of balance sheet date or significantly become law. At the time of the calculation of the deferred tax assets and liabilities, as of balance sheet date the tax results of the methods are considered that the group forecasted for recovery of the book value of the assets or fulfillment of the liabilities.

The existence of legal right to deduct deferred tax assets and liabilities from current tax assets and liabilities or income tax collected by very same tax authorities related to these assets and liabilities or deduction will be realized when there payment will by netting of Group's assets and liabilities.

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Current and deferred tax of period

Associated with the items that are booked in shareholders' equity accounts as debit or credit directly, (in this case, related deferred tax of the items are directly entered in shareholders' equity account) or current tax except that stem from first recording of business combinations and deferred tax of the period are entered in income or expense accounts in income statements. Tax effect are considered in business combinations, goodwill calculations or determination of the exceeding part of the cost of purchase of buyer's obtained share from purchased subsidiary's fair value of definable asset, liability and conditional payables.

Provision Employee Benefits / Severance Pay

Severance Pay

According to the present laws and collective bargaining agreement severance pay is given in case of retirement and dismissal. The payments in accordance with updated IAS 19 Employee Benefits Standard ("IAS 19") are described as defined retirement benefit plans.

The severance pay liability booked in balance sheet means today's value of liability remained after correction at the rate of actuarial income and losses excluded from income statement

Social Insurance Premium

The company pays social security contribution to social security organization compulsorily. So long as the company pays these premiums, it has no liability. These premiums are reflected as personnel expenses in the period in which they are paid.

Provisions, Conditional Liabilities and Conditional Assets

Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Conditional Liabilities and Conditional Assets

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements of Group if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

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The Effects of Exchange Rates

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange and losses are reflected to the financial statements.

The foreign currency rates used at the end of the period are as following:

	31.12.2008
USD	1.5123
EUR	2.1408
GBP	2.1924
SEK	0.19452
CHF	1.4300

Earning Per Share

The amount of gain/ loss per share is calculated by dividing the period gain/ loss of the company with weighted average share unit in the period.

Subsequent Events

Although subsequent events arise after the explanation of the financial information to the public or any announcement related to profitability, it encloses all the events with balance sheet date and authorization date for the diffusion of the balance sheet. The Company adjusts the amounts in the financial statements if there exists any events necessitates adjustment.

Accounting Policies, Changes in the Expectations and Mistakes

Important changes and important mistakes in the accounting policies are applied retrospectively and previous financial statements are reordered. The changes of accounting estimations are applied forward, if it encloses just one period, in the current period as the changes are done, if it encloses future periods, in the current period as the changes are done also in the future periods.

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Segment Reporting of Operation Results

A business segment is distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A reportable segment is business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

As of report date, Menderes Bulgaria Ltd. has terminated the operation and started liquidation. Hence financial segment reports are not prepared .

Cash Flow Statement

Cash flow statement is prepared in accordance with communiqué by Capital Market Board.

Term Difference Financial Income / Expense

Term differences, financial expense represents imputed finance expense on credit purchases. Such expense calculated by using the effective interest method are recognized as financial expenses over the period of credit purchases, and included under financial expenses. Term differences, financial income represents imputed finance income on credit sales . Such income calculated by using the effective interest method are recognized as financial income over the period of credit sale and included interest income account under financial income .

Income Accruals

Revenue is recognized on the accrual basis at the time deliveries are made, at the invoiced values. Net sales reflect gross sales, net of sales discounts and returns.

Foreign Currency Assets and Liabilities

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange profit and loss are reflected to the income statements.

Dividends

Dividends receivable are recognized as income in the period when they are declared and dividends payables are recognized as an appropriation of profit in the period in which they are declared.

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Investments Subject to Equity Pick-up Method

Equities valued with equity pick-up method are carried at their initial acquisition cost. This amount is accounted by equity pick-up method by restating subject to company accounting policies calculating the share of company from the net assets.

2.f. Important Accounting Evaluation, Expectations and Assumptions

There is no important accounting evaluation, expectation and assumption that can effect the attached financial statements.

NOTE 3 – BUSINESS MERGERS

The Group has declared with the material disclosure announcement dated 10 May 2007 that not to join the capital increase of subsidiaries, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Menderes Tekstil Pazarlama A.Ş. those are to increase their capital. The share in the capital of Akça Enerji was 20% prior to capital increase and after it become 9%. The share in the capital of Menderes Pazarlama was 45% prior to capital increase and after it become 18%. Due to this reason, related to equity participants' financial interest declined long-term securities level. Group has increased the capital ratio in Akça Enerji Üretim Otoprodüktör Grubu A.Ş. from 9% to 20% and in Menderes Tekstil Pazarlama A.Ş. from 18% to 45% with share transfers on 25 August 2008. As of December 2008, level of investment reached to subsidiary level. This reason, these companies are consolidated with equity pick-up method.

NOTE 4 – BUSINESS PARTNERSHIP

None (31 December 2007 – None).

NOTE 5 – SEGMENT REPORTING

Group's subsidiary's activity completely belongs to company, in this manner they were eliminated in consolidated financial statements, thus segmental reporting is not performed.

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NOTE 6 – CASH AND CASH EQUIVALENTS

As of 31 December 2008 and 2007, details of cash and cash equivalents are as following:

	31 December 2008	31 December 2007
Cash	6,497	2,338
Banks		
Demand deposits	2,272,163	2,924,431
Time deposits	10,319,493	8,080,380
Interest accruals for banks	116,683	85,839
	12,714,836	11,092,988

As of 31 December 2008 and 2007, Group's time deposits over three months, if desired it classified to cash and cash equivalents with balance sheet value.

As of 31 December 2008 and 2007, maturity schedule of time deposits in the cash and cash equivalents are as following:

	31 December 2008	31 December 2007
1 month	6,691,009	1,832,946
1-3 months	2,717,541	5,057,343
3-12 months	910,943	1,190,091
	10,319,493	8,080,380

As of 31 December 2008, effective interest rates of time deposits in USD, TRY and EUR are as following: 21.75%, 4. 71% and 5.85% (31 December 2007: for USD 5,37%, for EUR 3,90%). As of 31 December 2008, maturity date of time deposits is 41 days (31 December 2007 : 38 days). Amount of these time deposits are TRY 112,110 (31 December 2007 – None), TRY 9,643,455 equivalent to USD (31.12.2007: TRY 7,742,104) and TRY 563,928 equivalent to EUR (31.12.2007: TRY 338,276).

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NOTE 7 – FINANCIAL INVESTMENTS

Current Financial Investments

None (31 December 2007 – None).

Non-current Financial Securities

As of 31 December 2008 and 2007, details of non-current financial investments are as follows:

Non-current Securities	31 December 2008	Rate (%)	31 December 2007	Rate (%)
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	-	-	35,935	9
Menderes Tekstil Pazarlama A.Ş.	-	-	348,009	18
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	-	-	240,000	8
	-		623,944	

The Group has declared with the disclosure announcement dated 10 May 2007 that not to adhere to the capital increase of subsidiaries, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Menderes Tekstil Pazarlama A.Ş. those are to increase their capital. The share in the capital of Akça Enerji was 20% prior to capital increase and after it become 9%. The share in the capital of Menderes Pazarlama was 45% prior to capital increase and after it become 18%. Group, has increased its share in the capital of Akça Enerji Üretim Otoprodüktör A.Ş. from 9 % to 20%, its share in the Menderes Tekstil pazarlama A.Ş. from 18% to 45% at the date of 25 August 2008.

Investment	31 December 2008	Share(%)	31 December 2007	Share(%)
Menderes Lojistik Depo Hizmetleri Taş. A.Ş.	675,000	45	675,000	45
Unpaid capital	(675,000)		(675,000)	
	-		-	

Menderes Lojistik Depo Hizmetleri Taşımacılık A.Ş. was established in 2006 and is not consolidated in the accompanying financial statements since its operation has not started yet at the date of balance sheet.

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NOTE 8 – FINANCIAL BORROWINGS

	31 December 2008	31 December 2007
Short-term bank borrowings	55,383,069	59,529,111
Other financial borrowings (factoring borrowings)	12,004,262	15,219,784
Short-term lease payables, net	869,370	641,051
Current maturity of long-term borrowings	2,775,573	2,695,250
Accrued interest of bank borrowings	776,278	583,863
Total short-term financial borrowings	71,808,552	78,669,059
Long-term bank borrowings	5,771,075	6,827,576
Long-term financial leasing borrowings, net	1,415,015	1,824,903
Total long-term financial borrowings	7,186,090	8,652,479
Total financial liabilities	78,994,642	87,321,538

As of 31 December 2008, TRY, USD, EUR and GBP bank loans, effective interest rates are as following: 30%, 7.74%, 10.23% and 9.69% (31 December 2007: 17.46%, 7.04%, 5.53%, 9.56% and (SEK) 5.20%).

Maturity analysis of the bank loans and other financial borrowings as of 31 December 2008 and 2007 are as following:

	31 December 2008	31 December 2007
0-3 months	30,944,929	26,685,873
3-12 months	39,217,975	50,758,272
1-5 years	5,771,075	6,827,576
	75,933,979	84,271,721

As of 31 December 2008 and 2007, maturity schedule of long-term bank borrowings are as following:

	31 December 2008	31 December 2007
1-2 years	2,315,813	2,217,293
2-3 years	1,856,052	1,850,009
3-4 years	1,599,210	1,482,725
4-5 years	-	1,277,549
	5,771,075	6,827,576

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As of 31 December 2008 details of total bank borrowings and other financial borrowings are as following:

Currency	FX Amount	Currency Rate	TRY Equivalent
TRY	14,691,764	1.0000	14,691,768
USD	29,967,714	1.5123	45,320,174
EUR	6,444,646	2.1408	13,796,698
GBP	969,412	2.1924	2,125,339
Total			75,933,979

As of 31 December 2008 details of total bank borrowings and other financial borrowings are as follows:

Currency	Currency Amount	Currency Rate	TRY Equivalent
TRY	14,526,613	1.0000	14,526,613
USD	44,064,167	1.1647	51,321,535
EUR	7,958,810	1.7102	13,611,158
SEK	4,174,600	0.17981	750,636
GBP	1,746,325	2.3259	4,061,779
Total			84,271,721

As of 31 December 2008 and 2007, details of financial leasing borrowings of group are as follows:

Short-term financial leasing borrowings:

	31 December 2008	31 December 2007
Short term lease payables	1,026,925	820,369
Deferred short term lease payables (-)	(157,555)	(179,318)
	869,370	641,051

Long term lease payables:

	31 December 2008	31 December 2007
Long term lease payables	1,518,223	2,033,216
Cost of deferred lease payables (-)	(103,208)	(208,313)
	1,415,015	1,824,903

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Maturity schedule of lease payables as of 31 December 2008 are as following:

	Liabilities from financial leasing transactions	Cost of deferred lease payables	Total Liabilities
Payables within a year	1,026,925	(157,555)	869,370
Payables within 1 – 2 years	1,026,924	(85,035)	941,889
Payables within 2 – 3 years	491,299	(18,173)	473,126
	2,545,148	(260,763)	2,284,385

Maturity schedule of lease payables as of 31 December 2007 are as following:

	Liabilities from financial leasing transactions	Cost of deferred lease payables	Total Liabilities
Payables within a year	820,369	(179,318)	641,051
Payables within 1 – 2 years	820,367	(125,864)	694,503
Payables within 2 – 3 years	820,369	(67,931)	752,438
Payables within 3 – 4 years	392,480	(14,518)	377,962
	2,853,585	(387,631)	2,465,954

Total amount of mortgage on lands and buildings for fixed assets of the company given to financial institutions is 51,350,000 USD, 5,140,426 EUR and TRY 84,655,000.

NOTE 9 – OTHER FINANCIAL LIABILITIES

Other Short –Term Financial Liabilities

None (31 December 2007 – None).

Other Long-Term Financial Liabilities

None (31 December 2007 – None).

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NOTE 10 – TRADE RECEIVABLES AND TRADE PAYABLES

Short-Term Trade Receivables

As of 31 December 2008 and 2007, details of trade receivables are as following:

	31 December 2008	31 December 2007
Trade receivables	20,880,457	30,061,520
Unearned interest on trade receivables	(193,571)	(179,455)
Cheques and notes receivable	238,817	30,000
Unearned interest on notes receivable	(14,711)	(201)
Receivables from related parties (Note 37)	3,434,080	7,859,567
	24,345,072	37,771,431
Provision for doubtful trade receivables (-)	(502,617)	(1,200,092)
Short-term trade receivables	23,842,455	36,571,339

As of 31 December 2008 and 2007, there is no guarantee given as a provision for note receivables and trade receivables.

Maturity schedule of notes receivables as of 31 December 2008 and 2007 are as following:

	31 December 2008	31 December 2007
1-30 days	10,000	30,000
61-90 days	125,967	-
91-120 days	102,850	-
	238,817	30,000

As of 31 December 2008 and 2007, movement of provision for doubtful receivables is as following:

	31 December 2008	31 December 2007
Opening balance	1,200,092	1,128,326
Collections	(707,382)	-
Provision for the period	9,907	71,766
Closing balance	502,617	1,200,092

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Details of trade receivables from related parties are as following (Note 37-i-a):

	31 December 2008	31 December 2007
Akça Holding A.Ş.	-	2,258,425
Menderes Tekstil Pazarlama A.Ş.	-	5,599,018
Smyrna Organik Tarım Sanayi ve Ticaret A.Ş.	-	2,124
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	198,482	-
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	3,235,598	-
	3,434,080	7,859,567

Group sells with term of 60 days for Menderes Pazarlama A.Ş., 45 days for other Group Companies and 45 days for other customers and exports with average terms of 90 days for Group Companies and other customers. Income from related parties regarding transactions is presented in article iii-e, Note 37.

Long-Term Trade Receivables

None (31 December 2007 – December).

Short-Term Trade Payables

As of 31 December 2008 and 2007, details of trade payables to related parties are as following:

	31 December 2008	31 December 2007
Trade payables	36,642,178	38,428,987
Unearned interest on trade payables	(710,222)	(1,000,100)
Due to related parties (Note 37)	11,392,446	5,081,999
Cheques and notes payable	4,529,387	5,964,402
Unearned interest on notes payable	(134,522)	(117,107)
	51,719,267	48,358,181

As of 31 December, bank has given guarantees for trade payables of USD 2,019,783 (TRY 3,054,518) and EUR 497,449 (TRY 1,064,939).

Maturity schedule of notes payable as of 31 December 2008 and 2007 are as following:

	31 December 2008	31 December 2007
1 – 30 days	1,492,978	3,340,666
31 – 60 days	1,352,274	2,258,059
61 – 90 days	1,658,275	364,790
91 – 120 days	25,860	-
331 – 360 days	-	887
	4,529,387	5,964,402

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Details of trade payables to related parties are as following (Note 37-i-b):

	31 December 2008	31 December 2007
Akçamen Tekstil Sanayi Ticaret A.Ş.	-	274,519
Selin Tekstil Sanayi ve Ticaret A.Ş.	1,849,541	701,881
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	9,144,785	3,986,224
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	12,348
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	398,120	107,027
	11,392,446	5,081,999

Non-current Trade Payables

	31 December 2008	31 December 2007
Trade payables	1,433,347	2,204,618
Unearned interest on trade payables	-	(4,406)
	1,433,347	2,200,212

NOTE 11 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

As of 31 December 2008 and 2007 , details of other current receivables of Group are as following:

	31 December 2008	31 December 2007
Deposit and guarantees given	102,840	62,242
Due from shareholders (Note 37)	-	15,221,840
Due from related parties (Note 37)	29,540,104	91,477,866
Sundry debtors	2,130,259	1,701,779
	31,773,203	108,463,727

Amount in other sundry receivables are comprised of receivables from tax offices, customs administration and subcontractor related to Menderes Bulgaria Ltd.

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Details of non-trade receivables from related parties are as following (Note 37-i-c):

	31 December 2008	31 December 2007
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	17,312,318	59,775,099
Akça Holding A.Ş.	3,844,994	31,390,600
Smyrna Organik Tarım Sanayi ve Ticaret A.Ş.	7,489,012	99,574
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	843,853	211,784
Akçamen Tekstil Sanayi Ticaret A.Ş.	49,927	-
Menderes Lojistik Depo Hizm. Taş. A.Ş.	-	809
	29,540,104	91,477,866

As of 31 December 2008 and 2007, all amounts above are composed of non-trade receivables. For non-trade receivables from related parties with foreign currency balances; for the periods between 01.01.-30.06.2008 and 01.01.-31.12.2007, 3% interest rate is used, for 01.07.-30.11.2008, it is 3.3%, for 01.12.-31.12.2008, it is 6.62%, and with TRY balances; for the periods between 01.01.-30.06.2008 and 01.01.-31.12.2007, it is 23%, for 01.07.-31.12.2008 it is 26%. Income from these transactions is presented in Note 37 iii-e.

As of 31 December 2008, the Group has total trade receivables of USD 13,990,155 (TRY 21,157,312), (31.12.2007: USD 78,273,975) non-trade receivables of USD 11,447,674 (TRY 17,312,318), (31.12.2007: USD 51,322,314) from Osman Akça Tarım Ürünleri A.Ş.; USD 2,542,481 (TRY 3,844,994), (31.12.2007: USD 26,951,661) from Akça Holding A.Ş.

Group has announced with disclosure dated 04 July 2008 that negotiating to increase capital ratio of 8% in Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. to 48% by acquiring shares with nominal value of TRY 1 which is valued with USD 68,00 equivalent to TRY 84,32 by Raymond James Yatırım Menkul Kıymetler A.Ş. dated 29 June 2008; it has been decided with consensus to be bought 297,000 shares from Akça Holding A.Ş., 344,000 from Rıza Akça'dan, 359,000 from Dilek Göksan, 100,000 from Cemal İpekoğlu and 100,000 from Ali Atlamaz; the payments will be done by deductions from existing current accounts and remaining amounts must be paid at latest on 31 December 2009. Payment for 1,200,000 shares of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. is TRY 101,184,000 will be deducted from the payables of group companies and shareholders which is TRY 82,902,992 on 04 July 2008. After deduction, the remaining payables equivalent to TRY 18,281,008 will be paid till 31 December 2009.

As of 31 December 2008, non-trade receivables from related companies comprise 19.69% of total current assets and 8.27% of total assets. (It composes 37% of the total current assets and 25% of total assets as of 31 December 2007) (Note 37-i-c).

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Details of non-trade receivables from shareholders are as following (Note 37-i-d):

	31 December 2008	31 December 2007
Rıza Akça	-	14,859,811
Ahmet Bilge Göksan	-	362,029
	-	15,221,840

As of 31 December 2007, due from shareholders are comprised of TRY balances and the current interest rate used for these receivables in the period of 01.01.-31.12.2007 was 16%. Income operations from related parties are summarized in note 37-iii-e.

As of 31 December 2007, due from shareholders constitute 6% of total current assets and 5% of total assets (Note 37-i-d).

Other Non-Current Payables

None (31 December 2007 – None).

Other Current Payables

As of 31 December 2008 and 2007, details of other current payables of Group are as following:

Other current payables	31 December 2008	31 December 2007
Taxes and funds payable	350,551	490,973
Social security deductions payable	457,056	538,478
Due to personnel	1,083,973	936,859
Advances received	1,025,587	53,699
Due to shareholders (Note 37)	5,808,315	-
	8,725,482	2,020,009

Details of non-trade payables to shareholders are as following (Note 37-i-e):

	31 December 2008	31 December 2007
Rıza Akça	2,997,812	-
Ali Atlamaz	723,075	-
Cemal İpekoğlu	1,567,057	-
Ahmet Bilge Göksan	428,537	-
Dilek Göksan	91,834	-
	5,808,315	-

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Other Non-Current Payables

None (31 December 2007 – December).

NOTE 12 – RECEIVABLES AND PAYABLES FROM FINANCE SECTOR ACTIVITIES

Current Receivables and Payables From Finance Sector Activities

None (31 December 2007 – None).

Non-Current Receivables and Payables From Finance Sector Activities

None (31 December 2007 – None).

NOTE 13 – INVENTORIES

	31 December 2008	31 December 2007
Raw Materials	37,877,782	44,423,615
Work in progress	29,829,072	36,401,309
Finished goods and merchandises	6,437,001	8,472,448
	74,143,855	89,297,372

The Group's inventories were insured for TRY 145,306,802.

NOTE 14 – BIOLOGICAL ASSETS

Current Biological Assets

None (31 December 2007 – None).

Non-Current Biological Assets

None (31 December 2007 – None).

NOTE 15 – RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS

None (31 December 2007 – None).

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NOTE 16 – INVESTMENTS SUBJECT TO EQUITY PICK-UP METHOD

As of 31 December 2008, Akça Enerji Üretim Otoprodüktör Grubu A.Ş., Menderes Tekstil Pazarlama A.Ş. and Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. are held subject to equity pick-up method by the Group, with rate of 20%, 45% and 48% consecutively. (31 December 2007 - None).

	31 December 2008	Share (%)	31December 2007	Share (%)
Akça Enerji Üretim Dağıtım Otoprodüktör A.Ş.	1,757,005	%20	-	-
Menderes Tekstil Pazarlama A.Ş.	2,757,671	%45	-	-
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	96,425,411	%48	-	-
	100,940,087		-	

The Group has declared with the material disclosure announcement dated 10 May 2007 that not to join the capital increase of subsidiaries, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Menderes Tekstil Pazarlama A.Ş. those are to increase their capital. The share in the capital of Akça Enerji was 20% prior to capital increase and after it become 9%. The share in the capital of Menderes Pazarlama was 45% prior to capital increase and after it become 18%. As of 31 December 2007, the shares of related subsidiaries have occurred to be investment securities level. Therefore, the method of consolidation changed from equity pick-up method and related companies are presented at their cost values in the financial statements as of 30.06.2007, 30.09.2007, 31.12.2007, 31.03.2008 and 30.06.2008. Due to this change in the accounting policy, there have been losses of TRY 1,917,070 recorded in other losses. Group has increased the capital ratio in Akça Enerji Üretim Otoprodüktör Grubu A.Ş. from 9% to 20% and in Menderes Tekstil Pazarlama A.Ş. from 18% to 45% with share transfers on 25 August 2008. As of 31 December 2008, level of investment reached to subsidiary level. This reason, these companies are consolidated with equity pick-up method.

Group has announced with disclosure dated 04 July 2008 that negotiating to increase capital ratio of 8% in Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. to 48% by acquiring shares with nominal value of TRY 1 which is valued with USD 68,00 equivalent to TRY 84,32 by Raymond James Yatırım Menkul Kıymetler A.Ş. dated 29 June 2008; it has been decided with consensus to be bought 297,000 shares from Akça Holding A.Ş., 344,000 from Rıza Akça'dan, 359,000 from Dilek Göksan, 100,000 from Cemal İpekoğlu and 100,000 from Ali Atlamaz; the payments will be done by deductions from existing current accounts and remaining amounts must be paid at latest on 31 December 2009. Payment for 1,200,000 shares of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. is TRY 101,184,000 will be deducted from the payables of group companies and shareholders which is TRY 82,902,992 on 04 July 2008. After deduction, the remaining payables equivalent to TRY 18,281,008 will be paid till 31 December 2009.

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Summary information about investment accounted for using the equity method is as following:

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. is established on 13 July 1998. Head quarter of the Company is in Denizli. Main activity of the Company is to supply the electricity to Group companies.

Group has announced about applying for Auto producer License to Energy Market Regulatory Board with special case announcement dated 25 July 2008. The Auto producer License dated 31 October 2008 and number EO/1813-4/1275 has been acquired from Energy Market Regulatory Board in the name of Menderes Tekstil San. Tic. A.Ş. Group has ensured its demand of energy from its subsidiary, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. till 31 October 2008. As of 31 October 2008, it has become energy producer for itself with Auto producer License obtained from Energy Market Regulatory Board.

Total of assets, liabilities and shareholders' equity of Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and summarized income statements for the period ending at the date of 31 December 2008 and 2007 are as following:

	31.12.2008	31.12.2007
Current Assets	9,003,852	4,369,366
Non-current Assets	4,251,582	9,271,494
Total Assets	13,255,434	13,640,860
Current liabilities	3,239,505	3,206,928
Non-current liabilities	1,230,904	1,505,752
Shareholders' equity	8,785,025	8,928,180
Total Equities	13,255,434	13,640,860
	01.01.-	01.01.-
	31.12.2008	31.12.2007
Sales, net	24,465,503	25,233,105
Cost of sales	(21,096,195)	(22,557,162)
Net profit / (loss)	(143,155)	1,822,042

Menderes Tekstil Pazarlama A.Ş.

Menderes Tekstil Pazarlama Anonim Şirketi was established in 1998. The head office is in İzmir. It is engaged in sales of home textile products.

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Total of assets, liabilities and shareholders' equity of Menderes Tekstil Pazarlama A.Ş. and summarized income statements for the period ending at the date of 31 December 2008 and 2007 are as following:

	31.12.2008	31.12.2007
Current Assets	5,292,887	9,145,926
Non-current assets	1,281,589	1,329,126
Total Assets	6,574,476	10,475,052
Current liabilities	409,801	5,675,279
Non-current liabilities	36,517	31,090
Shareholders' equity	6,128,158	4,768,683
Total Equities	6,574,476	10,475,052
	01.01.-	01.01.-
	31.12.2008	31.12.2007
Sales, net	31,884,926	31,222,426
Cost of sales	(29,912,482)	(27,422,038)
Net profit / (loss)	1,359,475	2,722,775

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Head quarter of the Company is in İzmir. Company operates vehicle inspection stations which are privatized within the context of law b-numbered 4046, in Aydın, Manisa, Denizli and İzmir for 20 years. As of 31 December 2008, company has integrated 20 established and 4 mobile vehicle inspection stations.

Total of assets, liabilities and shareholders' equity of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. and summarized income statements for the period ending at the date of 31 December 2008 and 2007 are as following:

	31.12.2008	31.12.2007
Current Assets	5,186,215	918,123
Non-current assets	448,569,362	37,411,023
Total Assets	453,755,577	38,329,146
Current liabilities	38,092,543	3,044,876
Non-current liabilities	214,776,762	32,367,110
Shareholders' Equity	200,886,272	2,917,160
Total Equities	453,755,577	38,329,146
	01.01.-	01.01.-
	31.12.2008	31.12.2007
Sales, net	29,592,446	-
Cost of sales, net	(28,556,331)	-
Net profit / (loss)	(9,142,223)	127,784

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In the period of 01 January – 31 December 2008, net loss from investments subject to equity pick-up method is TRY 967,422.

	Share in capital (%)	Restated Shareholders' Equity	Restated Participation Amount	Net Profit/Loss
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	20.0	8,785,025	1,757,005	1,711,498
Menderes Tekstil Pazarlama A.Ş.	45.0	6,128,158	2,757,671	2,319,669
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	48.0	200,886,272	96,425,411	(4,998,589)
			100,940,087	(967,422)
Previous period effect				8,065
				(959,357)

According to the signed agreement between TÜVTURK [North/ South] Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. (Contractor) and Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. (Subcontractor), subcontractors is allowed to establish a partial or full right to claim rights or receivables based on the agreement, directly or indirectly through cooperating with subsidiaries and/or equity participants by written prior authorization or to transfer to any third party or individual or credit institution.

Based on this, according to valuation report of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. prepared by Raymond James Yatırım Menkul Kıymetler A.Ş. dated 20 June 2008, Group has participated in Aktur Araç Muayene İstasyonları A.Ş. with 48% capital ratio. As a result of this acquisition, deferred tax has been calculated based on issue stated above and calculated deferred tax had an effect amounting to TRY 24,829,960 in the Group's balance sheet. The total effect of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. according to the equity pick-up method is TRY 4,998,589 in consolidation.

NOTE 17 – INVESTMENT PROPERTY (NET)

None (31 December 2007 – None).

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NOTE 18 – PROPERTY, PLANT AND EQUIPMENT

Movements in tangible fixed assets for the period ending at the date of 31 December 2008 are as following:

Cost:	01 January 2008	Additions	Disposals	Transfers	31 December 2008
Land and land improvements	1,549,247	20,096	-	519,047	2,088,390
Buildings	48,639,215	-	-	632,963	49,272,178
Machinery, plant and equipment	186,784,133	5,011,036	(104,659)	121,684	191,812,194
Vehicles	1,001,295	6,964	(30,531)	-	977,728
Fixtures and fittings	5,114,354	402,324	(4,325)	-	5,512,353
Construction in progress	-	1,273,694	-	(1,273,694)	-
	243,088,244	6,714,114	(139,515)	-	249,662,843
Accumulated Depreciation					
Land improvements	114,084	83,571	-	-	197,655
Buildings	8,039,850	980,169	-	-	9,020,019
Machinery, plant and equipment	120,184,524	12,519,799	(50,797)	-	132,653,526
Vehicles	849,234	86,852	(30,443)	-	905,643
Fixtures and fittings	3,220,812	383,476	(987)	-	3,603,301
	132,408,504	14,053,867	(82,227)	-	146,380,144
Net Book Value					
Land improvements	1,435,163				1,890,735
Buildings	40,599,365				40,252,159
Machinery, plant and equipment	66,599,609				59,158,668
Vehicles	152,061				72,085
Fixtures and fittings	1,893,542				1,909,052
Net Book Value	110,679,740				103,282,699

As of 31 December 2008, the depreciation expense of tangible fixed assets for the fiscal period is TRY 14,053,867.

As of 31 December 2008, fixed assets were insured for TRY 120,421,134, CHF 2,300,000 (TRY 3,289,000) and EURO 800,000 (TRY 1,712,640).

Total amount of mortgage on lands and buildings for fixed assets of the company given to financial institutions is 51,350,000 USD, 5,140,426 EUR and TRY 84,655,000.

Total amount of guarantee given by Group on behalf of related parties for bank loans is USD 91,500,000 (31 December 2007: USD 81,500,000). Total amount of guarantee given by related parties on behalf of Group for bank loans is USD 99,000,000 (31 December 2007: USD 99,000,000).

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Movements of tangible fixed assets for the period ending at the date of 31 December 2007 are as following:

Cost:	01 January 2007	Additions	Disposals	Transfers	31 December 2007
Land improvements	1,072,097	722,049	(244,899)	-	1,549,247
Buildings	43,386,050	103,755	-	5,149,410	48,639,215
Machinery, plant and equipment	168,107,734	6,210,069	(181,124)	12,647,454	186,784,133
Vehicles	1,205,680	17,655	(222,040)	-	1,001,295
Fixtures and fittings	4,762,031	357,004	(4,681)	-	5,114,354
Construction in progress	2,066,442	15,730,422	-	(17,796,864)	-
	220,600,034	23,140,954	(652,744)	-	243,088,244
Accumulated Depreciation					
Land improvements	69,165	45,390	(471)	-	114,084
Buildings	7,103,013	936,837	-	-	8,039,850
Machinery, plant and equipment	106,519,221	13,833,109	(167,806)	-	120,184,524
Vehicles	791,529	168,193	(110,488)	-	849,234
Fixtures and fittings	2,826,580	397,549	(3,317)	-	3,220,812
	117,309,508	15,381,078	(282,082)	-	132,408,504
Net Book Value					
Land improvements	1,002,932				1,435,163
Buildings	36,283,037				40,599,365
Machinery, plant and equipment	61,588,513				66,599,609
Vehicles	414,151				152,061
Fixtures and fittings	1,935,451				1,893,542
Construction in progress	2,066,442				-
	103,290,526				110,679,740

As of 31 December 2007, the depreciation expense of tangible fixed assets for the fiscal period is TRY 15,381,078.

As of 31 December 2007 fixed assets were insured for TRY 126,377,594, CHF 2,300,000 (TRY 2,362,790) and EUR 1,190,000 (TRY 2,035,138).

Details of fixed asset purchased from related parties are as following (Note 37-ii-c):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	4,205,668	-
Akça Yağ A.Ş.	-	400,000
Total	4,205,668	400,000

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NOTE 19 – INTANGIBLE FIXED ASSETS

Movements of intangible fixed assets for the period ending at the date of 31 December 2008 are as following:

Cost:	01 January 2008	Addition	Disposal	31 December 2008
Other intangible fixed assets	288,217	37,155	(9)	325,363
	288,217	37,155	(9)	325,363
Accumulated depreciation:				
Other intangible fixed assets	72,160	31,168	-	103,328
	72,160	31,168	-	103,328
Total	216,057			222,035

As of 31 December 2008, the amortization expense of intangible fixed assets for the fiscal period is TRY 31,168.

Movements of intangible fixed assets for the period ending at the date of 31 December 2007 are as following:

Cost:	01 January 2007	Addition	Disposal	31 December 2007
Other intangible fixed assets	198,308	89,909	-	288,217
	198,308	89,909	-	288,217
Accumulated depreciation:				
Other intangible fixed assets	47,008	25,152	-	72,160
	47,008	25,152	-	72,160
Total	151,300			216,057

As of 31 December 2007, the amortization expense of intangible fixed assets for the fiscal period is TRY 25,152.

NOTE 20 – GOODWILL

None (31 December 2007 – None).

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NOTE 21 – GOVERNMENT GRANTS AND INCENTIVES

Group received subsidy from attended overseas fairs, according to legislation of Turkish Treasury, amounting to TRY 19,863 (31 December 2007: TRY 67,647) for the year 2008, also there is income of TRY 225,124 (31 December 2007: None) due to Law numbered 4857, Social Security Institutions.

NOTE 22 – PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES

Short Term Provisions, Commitments and Contingent Liabilities

	31 December 2008	31 December 2007
Provision for the court cases	105,400	127,515
Provisions for electricity expense	238,597	-
	343,997	127,515

For the period 1 January – 31 December 2008, there has been provision of TRY 18,589 (01 January – 31 December 2007: TRY 123,863) set for the court cases against Group and its probable interest and expenses.

The movement schedule of provision for the court cases is as following:

	01.01.– 31.12.2008	01.01.– 31.12.2007
Balance as of 1 January	127,515	3,335,934
Provision in period	18,589	123,863
Court cases balance which are closed in period	(40,704)	(3,332,282)
Balance at the end of the period	105,400	127,515

Long term provisions, commitments and contingent liabilities

None (31 December 2007 – None).

NOTE 23 – COMMITMENTS

	31 December 2008		31 December 2007	
	FX	TRY	FX	TRY
Letter of guarantees given to bank				
- TRY	-	2,268,539	-	955,055
- USD	187,650	283,783	-	-
Security bond given to factoring company				
- USD	-	-	7,000,000	8,152,900
- EUR	8,250,000	17,661,600	2,600,000	4,446,520
- GBP	1,400,000	3,069,360	1,916,455	4,457,482
		23,283,282		18,011,957

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Group has given joint and collective guarantee at most USD 5,565,585.79 for the financial leasing agreement of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. signed with İş Finansal Kiralama A.Ş..

Total amount of mortgage on lands and buildings for fixed assets of the company given to financial institutions is 51,350,000 USD, 5,140,426 EUR and TRY 84,655,000.

As of 31 December 2008 and 2007, there is no given guarantee for notes receivables and trade receivables.

Total amount of guarantee given by Group on behalf of related parties for bank loans is USD 91,500,000 (31 December 2007: USD 81,500,000). Total amount of guarantee given by related parties on behalf of Group for bank loans is USD 99,000,000 (31 December 2007: USD 99,000,000).

As of 31 December, bank has given guarantees for trade payables of USD 2,019,783 (TRY 3,054,518) and EUR 497,449 (TRY 1,064,939).

NOTE 24 – EMPLOYEE BENEFITS

	31 December 2008	31 December 2007
Provision for severance pay	2,967,734	4,162,410
Total long term payable provisions	2,967,734	4,162,410

For the period 01 January – 31 December 2008, average personnel number including subcontractors employed by the Group is 4,054.

The taken rate of retirement probability is 98%.

For the period ended 31 December 2008 and 2007, the movement schedule of severance pay provision is as following;

	01.01.– 31.12.2008	01.01.– 31.12.2007
Balance of 1 January	4,162,410	3,273,269
Severance pay provision for the period	(492,682)	1,279,961
Severance pay that are paid in the period	(701,994)	(390,820)
Balance at the end of the period	2,967,734	4,162,410

NOTE 25 – RETIREMENT PLANS

None (31 December 2007 – None).

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NOTE 26 – OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

Other Current Assets

As of 31 December 2008 and 2007, details of other current assets are as following:

Other current assets	31 December 2008	31 December 2007
Order advances given	3,405,249	1,734,726
Prepaid expenses	490,993	562,066
Vat carried forward	-	61,746
VAT receivables	2,551,207	1,533,790
Prepaid taxes and funds	1,084,532	646,401
	7,531,981	4,538,729

Other Non-Current Assets

As of 31 December 2008 and 2007, details of other non-current assets are as following:

Other non-current assets	31 December 2008	31 December 2007
Advances given for purchasing of tangible fixed assets	-	284,565
	-	284,565

Other Current Liabilities

None (31 December 2007 – None).

Other Non-Current Liabilities

None (31 December 2007 – None).

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NOTE 27 – SHARE CAPITAL

27.1 Paid in Capital

As of 31 December 2008 and 2007, Group's paid in capital was divided into 184,000,000 shares as each valued at TRY 1 nominally.

As of 31 December 2008 and 2007, Group's paid in capital is as following:

Shareholders:	31 December 2008		31 December 2007	
	Share (%)	TRY	Share (%)	TRY
Publicly Quoted	51.93%	95,553,791	51.93%	95,553,791
Akça Holding A.Ş.	45.68%	84,057,127	45.68%	84,057,127
Other	2.39%	4,389,082	2.39%	4,389,082
Total	100.00%	184,000,000	100.00%	184,000,000

According to company's main article of association, more than half of the Members of Board required to be elected from the candidates which are pointed out from A Group shareholders.

Capital of the Company was increased from TRY 181,000,000 to TRY 184,000,000 according to the decision numbered 2007/16 and dated 08 May 2007 and the capital increase was registered on 12 July 2007.

27.2 Inflation Adjustment Difference in Shareholder's Equity

	31 December 2008	31 December 2007
Inflation adjustment difference in shareholder's equity	485,133	485,133
	485,133	485,133

Profit Reserves

	31 December 2008	31 December 2007
Legal reserves	4,297,919	4,297,919
	4,297,919	4,297,919

Profit reserves are consists of legal reserves.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of Group's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

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Publicly quoted companies have to oblige to procedures of dividend distribution by Capital Market Board, which are stated below:

With the decision of CMB dated 08 February 2008 and numbered 4/138, dividend distributions of the quoted companies in the Istanbul Stock Exchange in 2007, applied as 20% which is stated in the first paragraph of 5th article, Communiqué IV, No: 27, “Communiqué about the basic mandatory subject to dividends and advance dividends of Public Incorporated Company shareholders”. The dividend payment can be realized as free capital increase by adding capitalized surplus or cash directly to the owner’s equity or certain amount of payment in cash and remaining payment as in split depend on the general meeting decision. If first dividends is less than 5% of presently paid in / raised capital amount, it is possible to keep the amount in the company.

27.4 Retained Earnings

Other profit reserve of TRY 24,039,234 of Parent Company is included in the retained earnings of TRY 35,651,430 (31 December 2007: Other profit reserve of TRY 15,471,153 out of TRY 30,276,537).

Minority Interest

Group’s minority interest is belonging to Menderes Bulgaria Ltd. and as of balance sheet date, it is TRY 0 (31 December 2007: TRY 0).

31 December 2008	Total Shareholders’ Equity	Profit/Loss of the period	Parent Company Share	Minority Interest	Minority part of Shareholders’ Equity	Minority part of Profit/(Loss)
Menderes Bulgaria Ltd.	(1,883,761)	-	90%	10%	(188,376)	-

31 December 2007	Total Shareholders’ Equity	Profit/Loss of the period	Parent Company Share	Minority Interest	Minority part of Shareholders’ Equity	Minority part of Profit/(Loss)
Menderes Bulgaria Ltd.	(1,504,862)	-	90%	10%	(150,486)	-

As it is seen from above tables, related subsidiary has lost its shareholders’ equity.

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NOTE 28 – SALES AND COST OF SALES

28.1 Sales

Sales	01.01.- 31.12.2008	01.01.- 31.12.2007
Domestic sales	38,027,251	43,533,517
Export sales	228,298,650	260,385,754
Other sales	1,681,296	535,903
	268,007,197	304,455,174
Sales returns	(672,964)	(610,085)
Sales discount	-	(11,000)
Sales income (net)	267,334,233	303,834,089

For the period ended 01 January-31 December 2008 and 2007, for each main product sales of goods and service amounts are as following:

	Unit	01.01.- 31.12.2008	01.01.- 31.12.2007
Yarn	Kg	-	1,054,339
Raw Fabric	M ²	628	33,110
Finished Fabric	M ²	14,967,833	16,822,951
Inter Facing Undercoat	M ²	20,514,790	18,192,148
Cover, Pillow, Curtain	Item	15,036,726	19,058,801
Waste Cotton	Kg	873,700	1,007,320
Patch Fabric	Kg	3,729,255	5,123,203
Oakum	Kg	673,688	937,620
Waste Dust	Kg	156,600	235,580
Grape, fig, apricot	Kg	159,768	1,479,067

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Sales to related parties are as following (Note 37-ii-a):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Menderes Tekstil Pazarlama A.Ş.	29,799,032	27,522,856
Selin Tekstil Sanayi ve Ticaret A.Ş.	24,000	35,163
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	10,986,163	2,303,172
Akça Holding A.Ş.	-	16,921,275
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	782,933	35,112
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	2,436	-
	41,594,564	46,817,578

Term difference from related parties shown as following (Note 37-iii-e):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Menderes Tekstil Pazarlama A.Ş.	146,601	263,470
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	-	100,831
	146,601	364,301

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28.2 Cost of Sales

	01.01.- 31.12.2008	01.01.- 31.12.2007
Direct material cost	139,596,589	197,891,896
Direct labor cost	38,912,795	36,663,850
General production overheads	31,251,266	38,278,287
Depreciation expenses	13,280,027	14,849,185
<u>Change in semi-finished goods</u>		
1. Beginning inventory (+)	36,401,309	18,504,381
2. Ending inventory (-)	(29,829,072)	(36,401,309)
Cost of finished goods produced	229,612,914	269,786,290
<u>Change in finished goods inventory</u>		
1. Beginning inventory (+)	8,441,325	2,844,622
2. Ending inventory (-)	(6,215,191)	(8,441,325)
Cost of finished goods sold	231,839,048	264,189,587
<u>Cost of merchandise</u>		
1. Beginning Merchandise Inventory (+)	31,123	1,145
2. Purchases During the Period (+)	4,028,086	12,120,437
3. Ending Merchandise Inventory (-)	(221,810)	(31,123)
Cost of merchandise sold	3,837,399	12,090,459
Cost of other service rendered	112,290	75,500
Cost of sales, net	235,788,737	276,355,546

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For the period ended 01 January-31 December 2008 and 2007, for each main production of goods and service amounts are as following:

	Unit	01.01.- 31.12.2008	01.01.- 31.12.2007
Yarn	Kg	13,906,620	14,230,782
Raw Fabric	M ²	121,022,844	158,470,858
Finished Fabric	M ²	158,321,315	203,036,291
Inter Facing Undercoat	M ²	20,909,783	18,097,478
Cover, Pillow, Curtain	Item	14,774,206	19,509,930
Waste Cotton	Kg	873,700	1,007,320
Patch Fabric	Kg	3,705,317	6,520,571
Oakum	Kg	673,688	937,620
Waste Dust	Kg	156,600	235,580

Purchases from related parties are as following (Note 37-ii-b):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	352,771	2,376,306
Selin Tekstil Sanayi ve Ticaret A.Ş.	18,445,000	17,805,000
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	21,944,696	24,025,291
Akça Holding A.Ş.	97,360	76,219
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	343	-
	40,840,170	44,282,816

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NOTE 29 – RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	01.01.- 31.12.2008	01.01.- 31.12.2007
Research and development expenses	-	2,158
Marketing, sales and distribution expenses	7,880,478	8,306,709
General administrative expenses	3,934,706	4,522,896
	11,815,184	12,831,763

The details of the benefits provided to member of the board of directors pursued in the operating expenses are as following (Note 37-iii-a):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Member of the board of directors	515,689	501,152
	515,689	501,152

Rent and cost of service paid to related parties pursued under financial expenses are as following (Note 37-iii-b):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	357,610	334,820
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	332,135	305,348
Akça Holding A.Ş.	375	-
Akça Enerji Üretim ve Dağıtım Otop. A.Ş.	121,335	-
	811,455	640,168

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NOTE 30 – OPERATING EXPENSES ACCORDING TO THEIR NATURE

Marketing, Sales and Distribution Expenses:

	01.01.- 31.12.2008	01.01.- 31.12.2007
Personnel expenses	1,799,025	1,794,442
Export expenses	5,821,864	6,459,106
Transportation of domestic sale	208,951	53,161
Depreciation expenses	10,230	-
Other expenses	40,408	-
	7,880,478	8,306,709

General Administration Expenses:

	01.01.- 31.12.2008	01.01.- 31.12.2007
Personnel expenses	78,400	47,544
Insurance expenses	810,300	669,456
Representation and accommodation expenses	44,396	163,745
Communication expenses	164,264	134,009
Vehicle rents	298,659	195,373
Education expenses	178,634	71,704
General administrative material consumption	335,165	148,701
Capital market expenses	48,139	93,552
Repair and maintenance expenses	91,793	93,945
Traveling expenses	266,186	295,151
Chamber fee expenses	32,800	23,505
Tax and duty expenses	195,423	151,942
Fuel expenses	29,030	70,673
Notary and insurance expenses	6,435	14,528
Audit and consulting expenses	133,467	201,978
Lawsuit provisions	18,589	123,864
Severance pay provision expenses	-	889,141
Doubtful receivable provisions	9,907	71,767
Depreciation expenses	794,778	557,045
Other expenses	398,341	505,273
	3,934,706	4,522,896

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Research and Development Expenses:

	01.01.- 31.12.2008	01.01.- 31.12.2007
Research and development expenses	-	2,158
	-	2,158

NOTE 31 –INCOME/ EXPENSE FROM OTHER OPERATIONS

For the period ended 01 January-31 December 2008 and 2007 income from other operations is as following:

	01.01.- 31.12.2008	01.01.- 31.12.2007
Reversal of unnecessary provision	1,436,401	3,358,820
Rent income	221,408	159,347
Other income	18,387	504,556
Other extraordinary incomes	375,023	967,019
Profit on sale of fixed assets	56,421	33,248
	2,107,640	5,022,990

Details of rent and service income from related parties in other income are as following (Not 37-iii-c):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Menderes Tekstil Pazarlama A.Ş.	54,000	42,000
Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş.	74,400	62,400
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	56,200	57,600
Selin Tekstil Sanayi ve Ticaret A.Ş.	9,600	7,800
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	18,000	1,500
Smyrna Organik Tarım Sanayi ve Ticaret A.Ş.	7,200	-
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	170	-
Akça Araç A.Ş.	170	-
Akçamen Tekstil Sanayi Ticaret A.Ş.	600	-
	220,340	171,300

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For the period ended 01 January-31 December 2008 and 2007, expenses for other operations are as following:

	01.01.- 31.12.2008	01.01.- 31.12.2007
Export commission expenses	(9,184,583)	(11,302,400)
Import commission expenses	(232,457)	(374,104)
Other expenses	(852)	(491)
Other extraordinary expenses (*)	(51,690)	(2,733,482)
	(9,469,582)	(14,410,477)

(*) In the fiscal period of 01 January – 31 December 2007, loss of TRY 1,917,070 has been reflected in other non-operating expenses and losses due to change of accounting policy.

NOTE 32 – FINANCIAL INCOME

For the period ended 01 January-31 December 2008 and 2007, financial incomes are as following:

	01.01.- 31.12.2008	01.01.- 31.12.2007
Interest and term differences income	5,693,147	4,556,877
Foreign exchange gain	26,399,161	11,945,550
Rediscount interest income	(144,996)	1,121,613
	31,947,312	17,624,040

Foreign exchange difference, interest and term difference income from related parties in financial incomes are as following (Note 37-iii-e):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Akça Holding A.Ş.	8,673,518	2,590,240
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	11,802,462	3,763,131
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	113,859	6,359
Smyrna Organik Tarım Sanayi ve Ticaret A.Ş.	619,356	4,883
Akçamen Tekstil Sanayi Ticaret A.Ş.	1,635	-
Rıza Akça	888,814	1,946,180
Ahmet Bilge Göksan	28,867	119,287
	22,128,511	8,430,080

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NOTE 33 – FINANCIAL EXPENSES

For the period ended 01 January-31 December 2008 and 2007, financial expenses are as following:

	01.01.- 31.12.2008	01.01.- 31.12.2007
Interest expenses	(9,103,682)	(6,814,327)
Foreign exchange losses	(46,976,452)	(17,372,640)
Commission expenses of borrowing	(690,934)	(792,105)
Commission expenses of letter of guarantees	(335,753)	(179,154)
Term differences expenses	(592,668)	(231,726)
Rediscount expenses	(160,500)	(896,985)
Other financial expenses	(40,163)	(99,992)
	(57,900,152)	(26,386,929)

Foreign exchange difference, interest and term difference paid to related parties in financial expenses are as following: (Note 37-iii-d):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	3,293,731	8,395,287
Akça Holding A.Ş.	3,209,423	5,877,872
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	592,668	332,557
	7,095,822	14,605,716

NOTE 34 – FIXED ASSETS HELD FOR FURTHER SALE AND ABOLISHED OPERATIONS

None (31 December 2007 –None.).

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NOTE 35 –TAX ASSETS AND LIABILITIES

Corporation tax

Group is liable to corporation tax valid in Turkey. The necessary provisions are made on the attached financial statements for expected tax liabilities related to the group's current period activity results.

Corporation tax rate that will be accrued over corporation tax base is calculated over the tax base that remains after adding expenses recorded as expense in determination of commercial earnings that are nondeductible from tax base and subtracting tax-exempt profit, tax- free income and other deductions (if there are losses from previous years and used investment allowances if preferred).

The applied effective interest rate in 2008 is 20% (2007: 20%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 20% (2007: 20%) in year 2008.

Losses may be carried forward for a maximum period of five years in order to be deducted from the taxable profit for a maximum period of five years.

There is no absolute and certain confirmation procedure related to tax evaluation in Turkey. Companies prepare their tax return between 1-25 Aprils coming after the related year's balancing period (for the companies having special account period, between 1-25 of fourth month following the closing of period). These tax returns and related accounting records may be inspected and changed by tax department in five years.

Withholding Tax

In addition to Corporation tax, it is required to calculate withholding tax from the dividends distributed by full pledge taxpayer enterprise and include in its income tax base and except dividends distributed by foreign companies to its subsidiary in Turkey. As of 23 July 2006 income tax stoppage rate was changed as 15%. Dividends that are added to capital without distribution are not subject to income tax stoppage. It is necessary to make tax withholding at 19,8% over investment allowance balance utilized based on investment incentive certificate taken before 24 April 2003. 40% of company activities directly related to production investment certificate investment expenses made after this date can be deducted. Tax withholding cannot be made on investment expenses without incentive certificate.

Investment allowance application with effect from 1 January 2006 was abolished. However, because of inadequacy of taxable income of companies, as of 31 December 2005 investment allowance balance that the companies could not utilize can be carried forward following years to deduct from taxable income that can be gained later. Nonetheless, carried investment allowances can only be deducted from the earnings of 2006, 2007 and 2008. It is not possible to alienate the nondeductible investment allowance balance from corporation tax base of 2008 to following periods.

In the 2006, 2007 and 2008 corporation tax accounts of companies, if they prefer to deduct carried investment allowance from taxable income, corporation tax will be 30%. In the case of not utilizing carried investment allowance, corporation tax will be 20% and the unutilized right of investment allowance will be lost.

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Deferred Tax:

Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported in accordance with CMB Communiqué XI, No: 29 and the statutory tax financial statements. The differences which are explained below usually emanate from amounts for taxable value of some income – expense items and being in different periods of financial statements which are prepared according to Account Standards Communiqué of CMB.

Time differences arise from differences which occurred because of change in income expense items, which are recorded with accounting and tax aim. Time differences are being calculated based on intangible fixed assets (excluding land and area), revaluation of intangible fixed assets and stocks; rediscount of receivables and payables, financial leases, provision for severance pay, provision unused allowance, previous year's losses and benefitable amount of investment incentive. Deferred income taxes will be calculated on temporary differences that are expected to be realized or settled based on taxable income in coming years under the liability method using a principal tax rate of 20% in 2008 (31 December 2007: 20%).

For the period ended 31 December 2008 and 2007, movements of deferred tax assets and liabilities are as following:

	01.01.- 31.12.2008	01.01.- 31.12.2007
Current corporation tax	(14,566)	(489,754)
Deferred tax assets/(liabilities), net	3,290,535	1,228,686
	3,275,969	738,932

	01.01.- 31.12.2008	01.01.- 31.12.2007
Deferred tax (asset) / liability movements:		
Opening balance	(953,650)	(2,182,336)
Deferred tax expense / (income)	3,290,535	1,228,686
Closing balance	2,336,885	(953,650)

	01.01.- 31.12.2008	01.01.- 31.12.2007
Reconciliation of Tax Provision		
Unaudited profit before tax	(2,558,443)	(1,340,148)
Total additions to tax base	4,047,521	8,426,857
Total deductions from tax base	1,416,247	4,637,940
Unaudited financial profit	72,831	2,448,769
Valid Tax Rate	20%	20%
Calculated Tax	14,566	489,754
Tax provision in the income statements	14,566	489,754

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The entries related to deferred tax and corporation tax is as following:

	31 December 2008		31 December 2007	
	Total temporary differences	Deferred tax (liability)	Total temporary differences	Deferred tax (liability)
<u>Deferred tax assets:</u>				
Provision for doubtful receivables	739	148	-	-
Unearned interest on receivable	208,282	41,656	179,656	35,931
Accrued interest on borrowings	35,610	7,122	72,867	14,573
Severance pay provision	2,967,734	593,547	4,162,410	832,482
Reversal of capitalized financial expenses	7,287,997	1,457,599	165,956	33,191
Tangible fixed assets	1,517,567	303,513	-	-
Investments	967,421	193,484	-	-
Other	2,843	570	15,265	3,053
		2,597,639		919,230
<u>Deferred tax liabilities:</u>				
Tangible fixed assets	-	-	5,493,650	1,098,730
Unearned interest on payables	844,744	168,949	1,121,613	224,323
Foreign Exchange	451,307	90,261	490,720	98,143
Term differences	-	-	2,258,425	451,684
Other	7,721	1,544	-	-
		260,754		1,872,880
Deferred tax liabilities		260,754		1,872,880
Deferred tax assets/(liabilities)-net		2,336,885		(953,650)

According to the signed agreement between TÜVTURK [North/ South] Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. (Contractor) and Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. (Subcontractor), subcontractors is allowed to establish a partial or full right to claim rights or receivables based on the agreement, directly or indirectly through cooperating with subsidiaries and/or equity participants by written prior authorization or to transfer to any third party or individual or credit institution.

Based on this, according to valuation report of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. prepared by Raymond James Yatırım Menkul Kıymetler A.Ş. dated 20 June 2008, Group has participated in Aktur Araç Muayene İstasyonları A.Ş. with 48% capital ratio. As a result of this acquisition, deferred tax has been calculated based on issue stated above and calculated deferred tax had an effect amounting to TRY 24,829,960 in the Group's balance sheet. The total effect of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. according to the equity pick up method is TRY 4,998,589 in consolidation.

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NOTE 36 – EARNINGS PER SHARE

	01.01.- 31.12.2008	01.01.- 31.12.2007
Net Period profit / loss	(11,267,858)	(2,764,664)
Weighted-average number of shares outstanding (Per share with 1 TRY value)	184,000,000	184,000,000
Profit per share (TRY)	(0.0612)	(0.0150)

NOTE 37 – DUE TO/FROM RELATED PARTIES

i) Transactions and balances with related parties:

a) Trade receivables from related parties (Note 10):

	31 December 2008	31 December 2007
Akça Holding A.Ş.	-	2,258,425
Menderes Tekstil Pazarlama A.Ş.	-	5,599,018
Smyrna Organik Tarım Sanayi ve Ticaret A.Ş.	-	2,124
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	198,482	-
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	3,235,598	-
	3,434,080	7,859,567

Group exports with average terms of 90 days for sales to Group Companies and other customers, 60 days for Menderes Pazarlama A.Ş., 45 days for other Group Companies and 45 days for other customers. Income from these transactions is presented in Note 37 iii-e.

b) Trade payables to related parties (Note 10):

	31 December 2008	31 December 2007
Akçamen Tekstil Sanayi Ticaret A.Ş.	-	274,519
Selin Tekstil Sanayi ve Ticaret A.Ş.	1,849,541	701,881
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	9,144,785	3,986,224
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	12,348
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	398,120	107,027
	11,392,446	5,081,999

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c) Non-trade receivables from related parties (Note 11):

	31 December 2008	31 December 2007
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	17,312,318	59,775,099
Akça Holding A.Ş.	3,844,994	31,390,600
Smyrna Organik Tarım Sanayi ve Ticaret A.Ş.	7,489,012	99,574
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	843,853	211,784
Akçamen Tekstil Sanayi Ticaret A.Ş.	49,927	-
Menderes Lojistik Depo Hizm. Taş. A.Ş.	-	809
	29,540,104	91,477,866

As of 31 December 2008 and 2007, all amounts above are composed of non-trade receivables. For non-trade receivables from related parties with foreign currency balances; for the periods between 01.01.-30.06.2008 and 01.01.-31.12.2007, 3% interest rate is used, for 01.07.-30.11.2008, it is 3.3%, for 01.12.-31.12.2008, it is 6.62%, and with TRY balances; for the periods between 01.01.-30.06.2008 and 01.01.-31.12.2007, it is 23%, for 01.07.-31.12.2008 it is 26%. Income from these transactions is presented in Note 37 iii-e.

As of 31 December 2008, the Group has total trade receivables of USD 13,990,155 (TRY 21,157,312), (31.12.2007: USD 78,273,975) non-trade receivables of USD 11,447,674 (TRY 17,312,318), (31.12.2007: USD 51,322,314) from Osman Akça Tarım Ürünleri A.Ş.; USD 2,542,481 (TRY 3,844,994), (31.12.2007: USD 26,951,661) from Akça Holding A.Ş.

As of 31 December 2008, non-trade receivables from related companies comprise 19.69% of total current assets and 8.27% of total assets. (It composes 37% of the total current assets and 25% of total assets as of 31 December 2007).

d) Due from shareholders (Note 11):

	31 December 2008	31 December 2007
Rıza Akça	-	14,859,811
Ahmet Bilge Göksan	-	362,029
	-	15,221,840

As of 31 December 2007, due from shareholders are comprised of TRY balances and the current interest rate used for these receivables in the period of 01.01.-31.12.2007 was 16%. Income operations from related parties are summarized in note 37-iii-e.

As of 31 December 2007, due from shareholders constitute 6% of total current assets and 5% of total assets.

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e) Due to shareholders (Note 11):

	31 December 2008	31 December 2007
Rıza Akça	2,997,812	-
Ali Atlamaz	723,075	-
Cemal İpekoğlu	1,567,057	-
Ahmet Bilge Göksan	428,537	-
Dilek Göksan	91,834	-
	5,808,315	-

ii) Major sales to related parties and major purchases from related parties:

a) Major sales to related parties (Note 28):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Menderes Tekstil Pazarlama A.Ş.	29,799,032	27,522,856
Selin Tekstil Sanayi ve Ticaret A.Ş.	24,000	35,163
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	10,986,163	2,303,172
Akça Holding A.Ş.	-	16,921,275
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	782,933	35,112
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	2,436	-
	41,594,564	46,817,578

b) Major purchases from related parties (Note 28):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	352,771	2,376,306
Selin Tekstil Sanayi ve Ticaret A.Ş.	18,445,000	17,805,000
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	21,944,696	24,025,291
Akça Holding A.Ş.	97,360	76,219
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	343	-
	40,840,170	44,282,816

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c) Fixed assets purchases from related parties (Note 18)

	01.01.- 31.12.2008	01.01.- 31.12.2007
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	4,205,668	-
Akça Yağ A.Ş.	-	400,000
Total	4,205,668	400,000

iii) Other income and expenses resulting from transactions between related parties:

a) Benefits provided to member of the board of directors (Note 29):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Member of the board of directors	515,689	501,152
	515,689	501,152

b) Rent and cost of service paid to related parties (Note 29):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	357,610	334,820
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	332,135	305,348
Akça Holding A.Ş.	375	-
Akça Enerji Üretim ve Dağıtım Otop. A.Ş.	121,335	-
	811,455	640,168

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c) Rent and service income from related parties (Note 31):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Menderes Tekstil Pazarlama A.Ş.	54,000	42,000
Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş.	74,400	62,400
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	56,200	57,600
Selin Tekstil Sanayi ve Ticaret A.Ş.	9,600	7,800
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	18,000	1,500
Smyrna Organik Tarım Sanayi ve Ticaret A.Ş.	7,200	-
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	170	-
Akça Araç A.Ş.	170	-
Akçamen Tekstil Sanayi Ticaret A.Ş.	600	-
	220,340	171,300

d) Foreign currency differences, interest and term differences paid to the related parties (Note 33):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	3,293,731	8,395,287
Akça Holding A.Ş.	3,209,423	5,877,872
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	592,668	332,557
	7,095,822	14,605,716

Foreign exchange difference, interest and term difference income from related parties (Note 28, 32):

	01.01.- 31.12.2008	01.01.- 31.12.2007
Akça Holding A.Ş.	8,673,518	2,590,240
Menderes Tekstil Pazarlama A.Ş.	146,601	263,470
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	11,802,462	3,763,131
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	-	100,831
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	113,859	6,359
Smyrna Organik Tarım Sanayi ve Ticaret A.Ş.	619,356	4,883
Akçamen Tekstil Sanayi Ticaret A.Ş.	1,635	-
Rıza Akça	888,814	1,946,180
Ahmet Bilge Göksan	28,867	119,287
	22,275,112	8,794,381

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NOTE 38 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Credit Risk

Registered value of financial assets is the maximum net credit risk. Maximum net credit risk as of balance sheet date is as following:

31.12.2008	Receivables				Bank Deposits
	Trade Receivables		Other Receivables		
	Related Party	Third party	Related Party	Third party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E) (1)	3,434,080	20,880,457	29,540,104	2,233,099	-
The part of maximum risk under guarantee with collateral	-		-	-	-
A. Net book value of financial assets that are neither past due nor impaired(2)	3,434,080	20,367,840	29,540,104	102,840	12,708,339
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired (3)	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired (6)	-	10,000	-	2,130,259	-
The part under guarantee with collateral etc.	-		-	-	-
D. Net book value of impaired assets	-	502,617	-	-	-
Past due (gross carrying amount)	-	502,617	-	-	-
Impairment (-)	-	(502,617)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk (5)	-	-	-	-	-

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31.12.2007	Receivables				Bank Deposits
	Trade Receivables		Trade Receivables		
	Related Party	Third party	Related Party	Third party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E) (1)	7,859,567	30,061,520	106,699,706	1,764,021	-
The part of maximum risk under guarantee with collateral	-	-	-	-	
A. Net book value of financial assets that are neither past due nor impaired(2)	7,859,567	28,861,428	106,699,706	62,242	11,004,811
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired (3)	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired (6)	-	-	-	1,701,779	-
The part under guarantee with collateral etc.					
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	1,200,092	-	-	-
Impairment (-)	-	1,200,092	-	-	-
The part of net value under guarantee with collateral etc.	-	(1,200,092)	-	-	
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk (5)	-	-	-	-	

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As of 31.12.2008, ageing of overdue receivables is as following:

31.12.2008	Receivables		Trade Receivables	
	Related Party	Third party	Related Party	Third party
Overdue 1 - 30 day	-	10,000	-	-
Overdue 1 – 3 months	-	-	-	-
Overdue 3 - 12 months	-	-	-	-
Overdue 1 - 5 year	-	-	-	2,130,259
	-	10,000	-	2,130,259

As of 31.12.2007, ageing of overdue receivables is as following:

31.12.2007	Receivables		Trade Receivables	
	Related Party	Third party	Related Party	Third party
Overdue 1 - 30 day	-	-	-	-
Overdue 1 – 3 months	-	-	-	-
Overdue 3 - 12 months	-	-	-	-
Overdue 1 - 5 year	-	-	-	1,701,779
	-	-	-	1,701,779

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Foreign Currency Risk

As of 31 December 2008 and 2007, foreign currency position of the Group in terms of original currency is as following :

	31 December 2008					
	TRY Equivalent (Functional Unit)	USD	Euro	GBP	SEK	CHF
1. Trade Receivables	19,896,713	419,960	4,733,608	1,733,390	27,388,524	-
2a. Monetary Financial Assets (including cash and banks)	10,906,069	6,510,290	483,289	11,730	-	151
2b. Non-monetary financial assets	3,405,249	2,399,564	8,772	-	-	32,527
3. Other	21,157,311	13,990,155	-	-	-	-
4. Current Assets (1+2+3)	55,365,343	23,319,969	5,225,669	1,745,120	27,388,524	32,678
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Trade Receivables	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	55,365,343	23,319,969	5,225,669	1,745,120	27,388,524	32,678
10. Trade Payables	27,699,502	13,968,956	3,068,369	2,502	-	-
11. Financial Liabilities	57,082,992	30,291,507	4,258,531	983,617	-	-
12a. Other monetary financial liabilities	-	-	-	-	-	-
12b. Other non-monetary financial liabilities	1,025,587	2,808	-	-	75,243	-
13. Current Liabilities (10+11+12)	85,808,081	44,263,271	7,326,900	986,119	75,243	-
14. Trade Payables	1,433,347	-	669,538	-	-	-
15. Financial Liabilities	7,186,089	-	3,356,730	-	-	-
16a. Other monetary financial liabilities	-	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	8,619,436	-	4,026,268	-	-	-
18. Total Liabilities	94,427,517	44,263,271	11,353,168	986,119	75,243	-
19. Net asset / liability position of off- balance sheet derivative instruments (19a- 19b)	-	-	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	- (39,062,173)	- (20,943,302)	- (6,127,499)	- 759,001	- 27,313,281	- 32,678
21. Net foreign currency asset / liability position of monetary items (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	- - -	- - -	- - -	- - -	- - -	- - -
22. Fair value of derivative instruments used in foreign currency hedge	- -	- -	- -	- -	- -	- -
23. Exports	228,298,650	-	-	-	-	-
24. Imports	89,499,234	-	-	-	-	-

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	31 December 2007					
	TRY Equivalent (Functional Unit)	USD	Euro	GBP	SEK	CHF
1. Trade Receivables	28,261,668	331,870	7,531,105	2,732,186	48,054,347	-
2a. Monetary Financial Assets (including cash and banks)	10,935,964	7,003,888	603,073	14,241	9,532,489	-
2b. Non-monetary financial assets	1,734,726	1,181,061	61,364	-	-	-
3. Other	91,165,699	78,273,975	-	-	-	-
4. Current Assets (1+2+3)	132,098,057	86,790,794	8,195,542	2,746,427	57,586,836	-
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Trade Receivables	-	-	-	-	-	-
6b. No-monetary financial assets	-	-	-	-	-	-
7. Other	139,690	8,398	75,961	-	-	40,506
8. Non-Current Assets (5+6+7)	139,690	8,398	75,961	-	-	40,506
9. Total Assets (4+8)	132,237,747	86,799,192	8,271,503	2,746,427	57,586,836	40,506
10. Trade Payables	25,698,713	13,870,232	5,526,383	39,913	-	-
11. Financial Liabilities	64,071,674	44,310,561	4,438,738	1,764,041	4,277,022	-
12a. Other monetary financial liabilities	-	-	-	-	-	-
12b. Other non-monetary financial liabilities	53,699	19,212	-	-	-	-
13. Current Liabilities (10+11+12)	89,824,086	58,200,005	9,965,121	1,803,954	4,277,022	-
14. Trade Payables	2,200,213	-	1,286,524	-	-	-
15. Financial Liabilities	8,652,478	-	5,059,337	-	-	-
16a. Other monetary financial liabilities	-	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	10,852,691	-	6,345,861	-	-	-
18. Total Liabilities	100,676,778	58,200,005	16,310,982	1,803,954	4,277,022	-
19. Net asset / liability position of off- balance sheet derivative instruments (19a- 19b)	-	-	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	31,560,969	28,599,187	(8,039,479)	942,473	53,309,814	40,506
21. Net foreign currency asset / liability position of monetary items (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	-	-	-	-	-	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-
23. Exports	260,453,687	-	-	-	-	-
24. Imports	145,273,494	-	-	-	-	-

Import and export advances in the financial statements as of 31 December 2008 and 2007 were valued with historical costs.

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Foreign Currency Risk Sensitivity

As of 31 December 2008 and 2007, in the case of increasing / losing value of TRY at 10% in view of foreign currencies below, shareholders' equity and income statement will be affected as below. While making analysis, firstly interest rates and all other variables are assumed as fixed.

31 December 2008	Profit / Loss	
	Appreciation of foreign currency against TRY	Appreciation of foreign currency against TRY
	In the case of increasing / losing value of TRY at 10% against USD	
1-USD net asset / liability	(2,334,006)	2,334,006
2-Part of hedged from USD risk (-)	-	-
3-USD net effect (1+2)	(2,334,006)	2,334,006
	In the case of increasing / losing value of TRY at 10% against Euro	
4- Euro net asset / liability	(613,627)	613,627
5- Part of hedged from Euro risk (-)	-	-
6-Euro net effect (4+5)	(613,627)	613,627
	In the case of increasing / losing value of TRY at 10% against GBP	
7- GBP net asset / liability	75,900	(75,900)
8- Part of hedged from GBP risk (-)	-	-
9- GBP net effect (7+8)	75,900	(75,900)
	In the case of increasing / losing value of TRY at 10% against SEK	
10- SEK net asset / liability	2,738,852	(2,738,852)
11- Part of hedged from SEK risk (-)	-	-
12- SEK net effect (10+11)	2,738,852	(2,738,852)
	In the case of increasing / losing value of TRY at 10% against CHF	
13-CHF net asset / liability	15	(15)
14-Part of hedged from CHF risk (-)	-	-
15-CHF net effect (13+14)	15	(15)
TOTAL (3+6+9+12+15)	(132,866)	132,866

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31 December 2007	Profit / Loss	
	Appreciation of foreign currency against TRY	Appreciation of foreign currency against TRY
	In the case of increasing / losing value of TRY at 10% against USD	
1-USD net asset / liability	2,742,894	(2,742,894)
2-Part of hedged from USD risk (-)	-	-
3-USD net effect (1+2)	2,742,894	(2,742,894)
	In the case of increasing / losing value of TRY at 10% against Euro	
4- Euro net asset / liability	(817,680)	817,680
5- Part of hedged from Euro risk (-)	-	-
6-Euro net effect (4+5)	(817,680)	817,680
	In the case of increasing / losing value of TRY at 10% against GBP	
7- GBP net asset / liability	94,247	(94,247)
8- Part of hedged from GBP risk (-)	-	-
9- GBP net effect (7+8)	94,247	(94,247)
	In the case of increasing / losing value of TRY at 10% against SEK	
10-SEK net asset / liability	5,330,981	(5,330,981)
11-Part of hedged from SEK risk (-)	-	-
12-SEK net effect (10+11)	5,330,981	(5,330,981)
TOTAL (3+6+9+12)	7,350,442	(7,350,442)

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Liquidity Risk

Liquidity risk is the Group's possibility of not fulfilling net funding liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources, are reasons of liquidity risk. The Company management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

31 December 2008					
	1 - 30 Days	31 - 90 Days	91 - 180 Days	181 - 365 Days	Total
Cash and cash equivalents	12,714,836	-	-	-	12,714,836
Trade payables	12,346,297	11,704,440	-	-	24,050,737
Other receivables	7,382	-	95,458	2,130,259	2,233,099
Due from related parties	8,531,271	10,447,439	-	10,561,394	29,540,104
Other current / non-current assets	5,394,375	999,161	-	1,138,445	7,531,981
	38,994,161	23,151,040	95,458	13,830,098	76,070,757

	1 - 30 Days	31 - 90 Days	91 - 180 Days	181 - 365 Days	Total
Borrowings	20,730,853	11,201,213	24,921,568	14,954,918	71,808,552
Trade payables	6,072,536	28,630,594	17,016,425	844,456	52,564,011
Other payables	2,032,183	115,425	-	769,559	2,917,167
Due to related parties	471,047	344,000	-	4,993,268	5,808,315
Provisions	-	-	-	343,997	343,997
	29,306,619	40,291,232	41,937,993	21,906,198	133,442,042

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31 December 2007					
	1 - 30 Days	31 - 90 Days	91 - 180 Days	181 - 365 Days	Total
Cash and cash equivalents	11,092,988	-	-	-	11,092,988
Trade payables, net	12,813,721	21,664,814	14,035	2,258,425	36,750,995
Other receivables	-	-	-	1,764,021	1,764,021
Due from related parties	3,428,853	-	-	103,270,853	106,699,706
Other current / non-current assets	939,126	1,883,412	1,629,244	86,947	4,538,729
	28,274,688	23,548,226	1,643,279	107,380,246	160,846,439

	1 - 30 Days	31 - 90 Days	91 - 180 Days	181 - 365 Days	Total
Borrowings	16,027,051	11,398,171	18,695,095	32,548,742	78,669,059
Trade payables, net	6,804,054	32,061,198	9,603,917	1,006,219	49,475,388
Other payables	1,986,596	33,413	-	-	2,020,009
Due to related parties	-	-	-	127,515	127,515
	24,817,701	43,492,782	28,299,012	33,682,476	130,291,971

Interest Rate Risk

The group's financial liabilities exposure the Group to interest rate risk. The group's financial liabilities mainly consist of fixed rate borrowings. As of 31 December 2008, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group's net profit will increase / decrease TRY 71,674.

Capital risk management

In capital management, while the group tries to provide continuity, on the other hand aims at increasing profitability by using the balance of payable and equity most efficiently.

Group monitors its capital with Liability/Total Capital ratio. This ratio is net liability divided by total capital. Net liability is calculated as cash and cash equivalents are deducted from total liability (bank borrowings, financial leasing and trade payables are included as in balance sheet).

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As of 31 December 2008 and 2007 the net debt / equity ratio is as following:

	31.12.2008	31.12.2007
Total debt	132,147,256	137,879,931
Less: Cash and cash equivalents	12,714,836	11,092,988
Net debt	119,432,420	126,786,943
Total equity	212,589,001	216,135,192
Total capital	332,021,421	342,922,135
Net Debt / Total Capital ratio	36%	37%

Important accounting policies

The Group's accounting policies about financial instruments are disclosed in note 2 "Significant Accounting Policies".

Categories of financial instruments

Financial assets	31.12.2008	31.12.2007
Cash and cash equivalents	12,714,836	11,092,988
Trade receivables	23,842,455	36,571,339
Financial assets	-	623,944
Financial liabilities		
Borrowings	76,710,257	84,855,584
Lease payables	2,284,385	2,465,954
Other payables	8,725,482	2,020,009
Trade payables	53,152,614	50,558,393

NOTE 39 – FINANCIAL INSTRUMENTS (STATEMENTS OF FAIR VALUES AND STATEMENTS WITHIN ACCOUNTING ENSURING FINANCIAL RISK)

Group states that the financial instruments are reflected with their fair value of registered value.

NOTE 40 – POST BALANCE SHEET EVENTS

40.1 Group has decided to increase capital of Group subsidiary, Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş., from TRY 3,000,000 to TRY 28,000,000 with special case announcement dated 25 February 2009. Group will join the capital increase with its pre-emptive right by keeping the present ratio (48%) which is TRY 12,000,000 out of TRY 25,000,000.

40.2 By putting “Decision related to Abolishment of expression New in New Turkish Lira and New Kurush and Application” into force based on decree of Minister of State dated 02 February and numbered 33, 1st article, State of Turkish Republic of Law on Currency, it has been decided on 04 April 2007 and started its application on 01 January 2009 by Minister of State.

40.3 Severance pay ceiling was TRY 2,173.19 as of 31 December 2008 and it has increased to TRY 2,260.05 starting from 01 January 2009 (31 December 2007 – TRY 2,030.19).

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NOTE 41 – OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR REQUIRED TO BE DISCLOSED FOR CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

a. Group has announced about applying for Auto producer License to Energy Market Regulatory Board with special case announcement dated 25 July 2008. The Auto producer License dated 31 October 2008 and number EO/1813-4/1275 has been acquired from Energy Market Regulatory Board in the name of Menderes Tekstil San. Tic. A.Ş. Group has ensured its demand of energy from its subsidiary, Akça Enerji Üretim Otoproduktör Grubu A.Ş. till 31 October 2008. As of 31 October 2008, it has become energy producer for itself with Auto producer License obtained from Energy Market Regulatory Board.

b. Group has announced with special case announcement dated 07 July 2008 that Group would be converting structure into Holding structure by dividing and founding new companies with core operation of textile and transfer the presently operating textile companies to the newly found ones, and notified that preparations are in progress to make textile, real estate investment partnership, energy and automotive sectors as main operations. There have been global crises started from the beginning of year 2007, hence it is considered as uncertain business condition to fulfill the restructuring process to reach intended result. For this reason, board of management has decided to cease the restructuring till the global economy is in balance.

c. Group has reached a decision dated 06 December 2005 and numbered 2005/17 to liquidate the subsidiary, Menderes Bulgaria Ltd. and liquidation process to be completed on 30 January 2006 and to notify Istanbul Stock Exchange and Capital Market Board on 17 December 2005, with special case announcement. Along with the liquidation process is still not completed as of report date, Group management has indicated that it would be completed in year 2008.

d. With decree of Capital Market Board date 14 June 2008 about term difference income of TRY 2,258,425.05 pursued in financial statements for trade accounts for Akça Holding which is not present in the legal booking;

- As of 30 September 2005, Group has been given one month period to include calculated term difference of TRY 2,258,425.05 into its financial statements. Group has been warned to prepare financial statements in accordance with its legal booking without prejudice to accounting standards. As of report date, related amount has been include in the financial statements.

e. Group has participated in capital increase of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. that has vehicle inspection stations in Aydın, Manisa, Denizli and İzmir with 48%. This affiliate has 20 established and 4 mobile vehicle inspection stations in 20 different points in 4 cities for 20 years.

f. In weekly bulletin of Capital Market Board numbered 2008/32, the result of review within the context of 15/6 article, Capital Market Board reached following verdicts regarding related parties;

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- The company's management has been held responsible for taking benefit from the non-commercial receivables from related parties Akça Holding A.Ş., Osman Akça Tarım Ürünleri İthalat ve İhracat A.Ş. ve Akça Yağ Sanayi ve Ticaret A.Ş. in the fiscal period of 31.03.2003-31.12.2007 and TRY 1,534,152.58 transferred to Akça Holding, TRY 1,591,730.42 to Osman Akça Tarım Ürünleri in between 31.03.2003 - 31.12.2007 and TRY 75,199.09 transferred to Akça Yağ are claimed by CMB to return with its interest as of 31 December 2007 and 31 December 2006 consecutively. If these amounts are not paid back then responsible management will be reported,

- In between year 2003 and 2007, TRY 3,756,864.21 has been transferred to Akça Holding and it was subject to long term or no term at all and no interest in particular way in their trade transactions. Hence as of 31 December 2007, it has been asked to return related amount with its legal trade interest back to the Company. If this process is not fulfilled within the given period the responsible management will be reported,

- In between year 2003 and 2007, TRY 559,082.68 has been transferred to Selin Tekstil Sanayi ve Ticaret A.Ş. as a result of trade and it was subject term difference in their trade transactions. Hence as of 31 December 2004, it has been asked to return related amount with its legal trade interest back to the Company. If this process is not fulfilled within the given period the responsible management will be reported.

Non-commercial	Principal	Interest	Total
Akça Holding A.Ş.	1,534,153	80,543	1,614,696
Osman Akça Tarım Ürünleri İthalat ve İhracat A.Ş.	1,591,730	83,566	1,675,296
Akça Yağ Sanayi ve Ticaret A.Ş.	75,199	10,716	85,915
Commercial			
Akça Holding A.Ş.	3,756,864	197,235	3,954,099
Selin Tekstil Sanayi ve Ticaret A.Ş.	559,083	250,469	809,552
Total	7,517,029	622,529	8,139,558

Group has included the above amounts as following on 22 July 2008, TRY 7,330,006 of these amounts are debitted to the current accounts in the related companies, TRY 809,552 is deducted from current accounts and total TRY 8,139,558 is booked as "other profit reserves" without including in the fiscal period income.

g. With decree of Capital Market Board dated 14 June 2008, Group did not participate in the capital increase of Akça Enerji and Menderes Pazarlama, by not participating whether it caused decrease in assets of Group and if there is, it has to be defined; not yet reported to in this stage, and it has been given 2 month period to prepare valuation by the Group in accordance with decision dated 17 July 2003 and numbered 37/875 related to the capital increase in Akça Enerji and Menderes Pazarlama realized in 2007. Group has participated in the capital increase of Akça Enerji ve Menpa Pazarlama with its old ratio in the capital as of report date.