Akenerji Elektrik Üretim A.Ş.

Annual Report 2008

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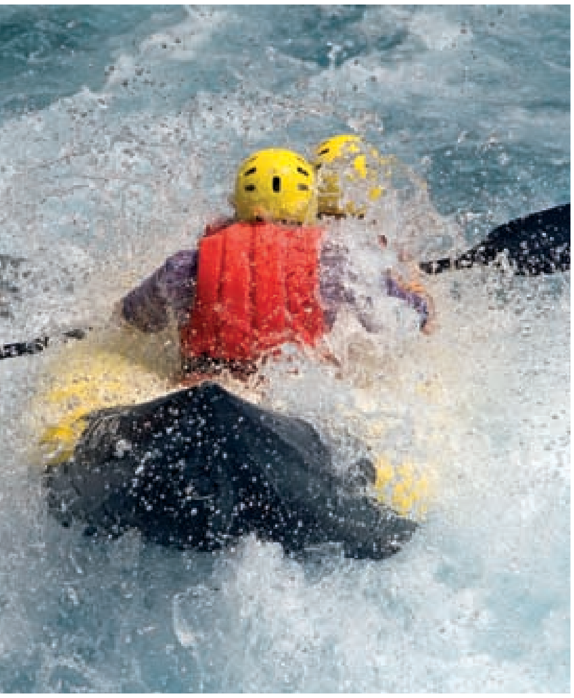
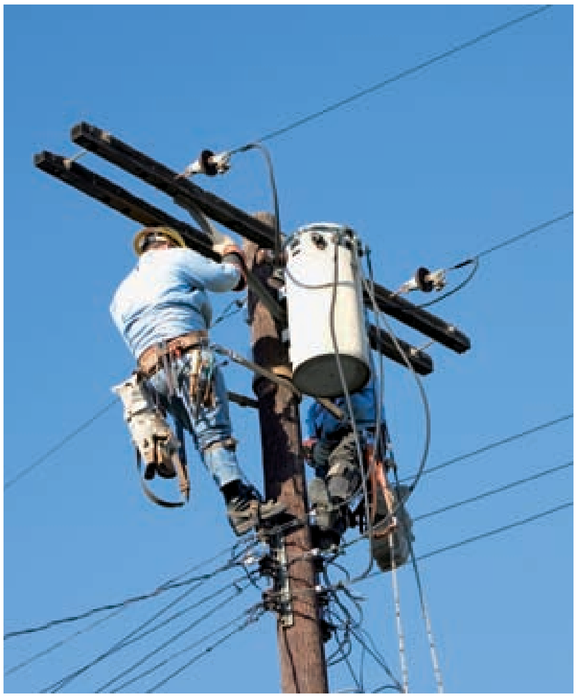
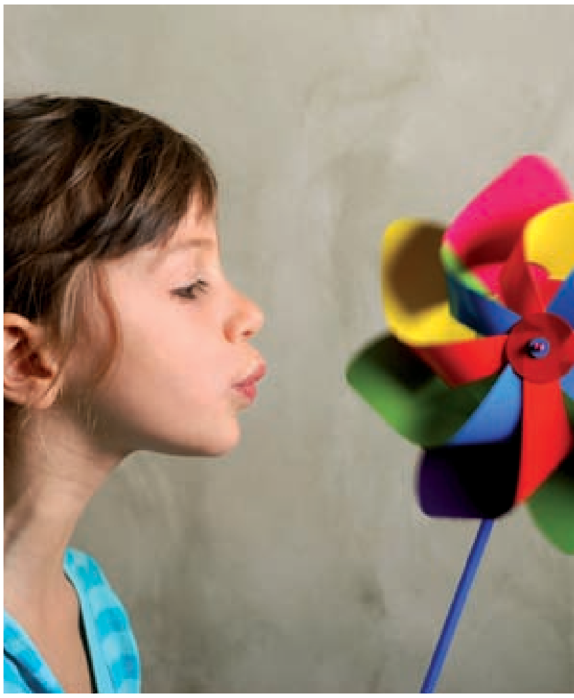
Elektrik Üretim A.Ş.







AKKÖK

CONTENTS

Akenerji
The "first" in Turkey

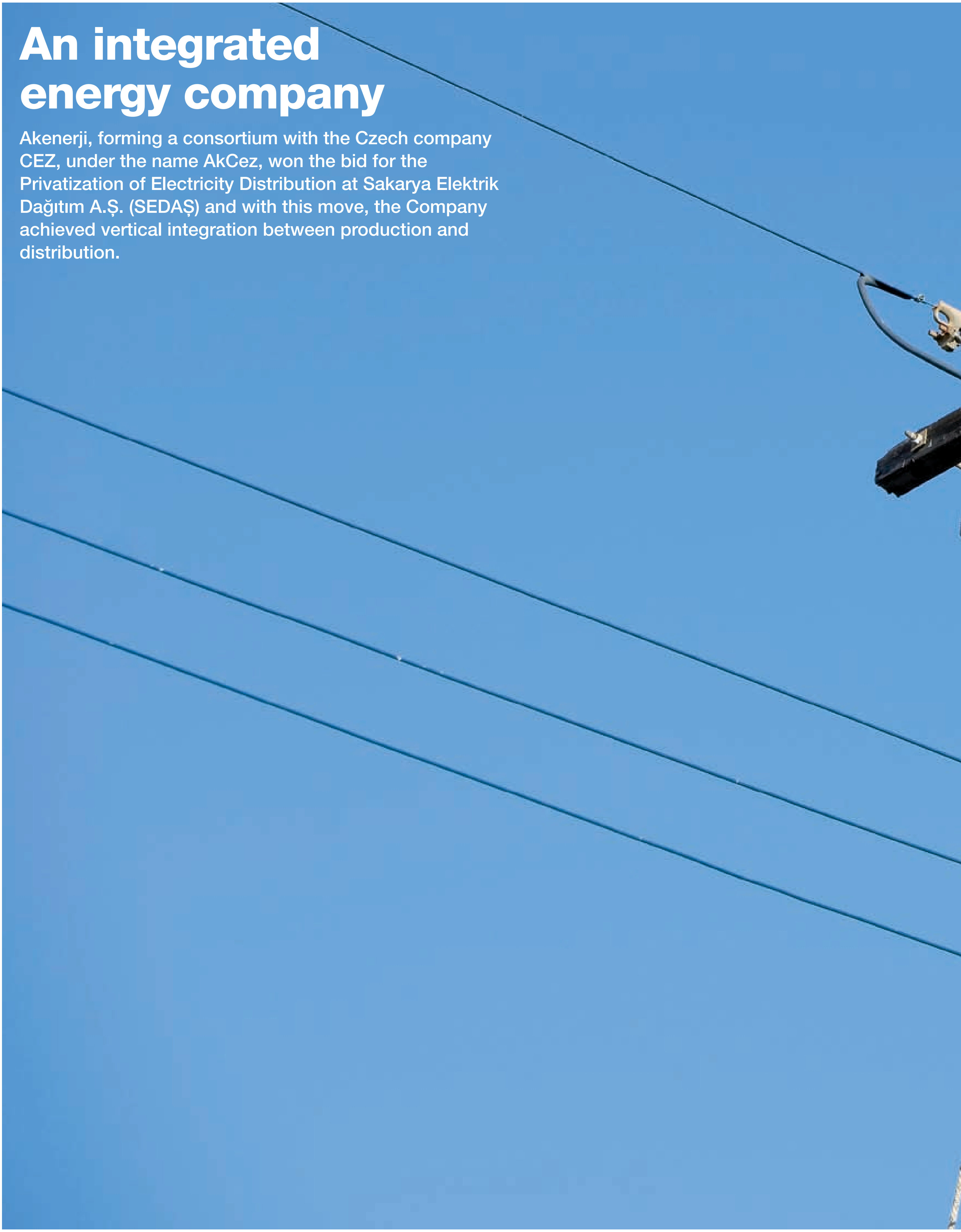
Active in the energy sector for more than nineteen years, Akenerji is Turkey's first private sector electricity producer. With nine power plants in Turkey's industrial regions, Akenerji is the first company in the sector in Turkey to invest in renewable energy, diversify power sources and achieve risk management of fuel resources.

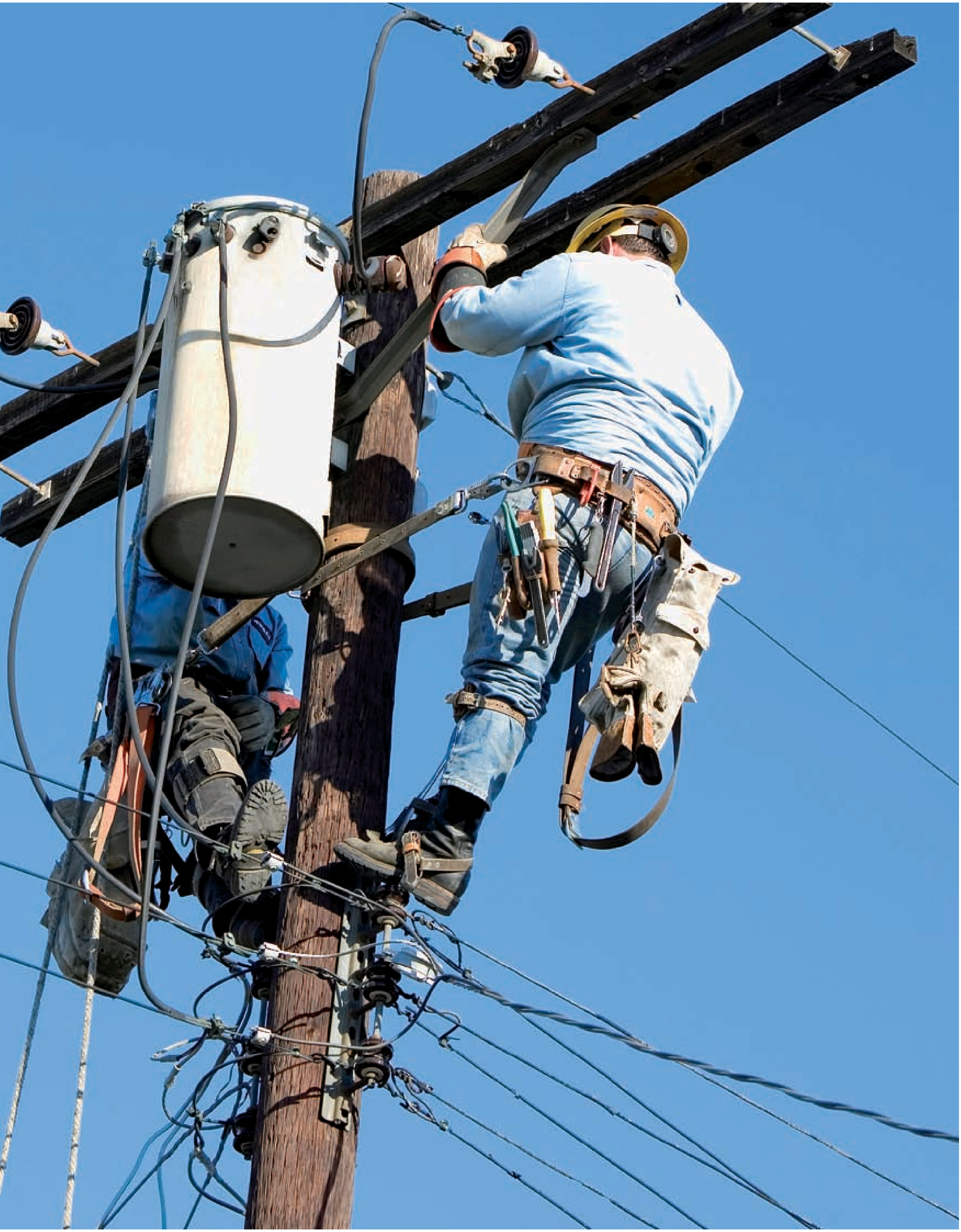
Strategic partnership

Akenerji signed a strategic equal-partnership agreement in October 2008 with CEZ, one of the leading power companies in Europe, to further strengthen its competitive position in the market.

An integrated energy company

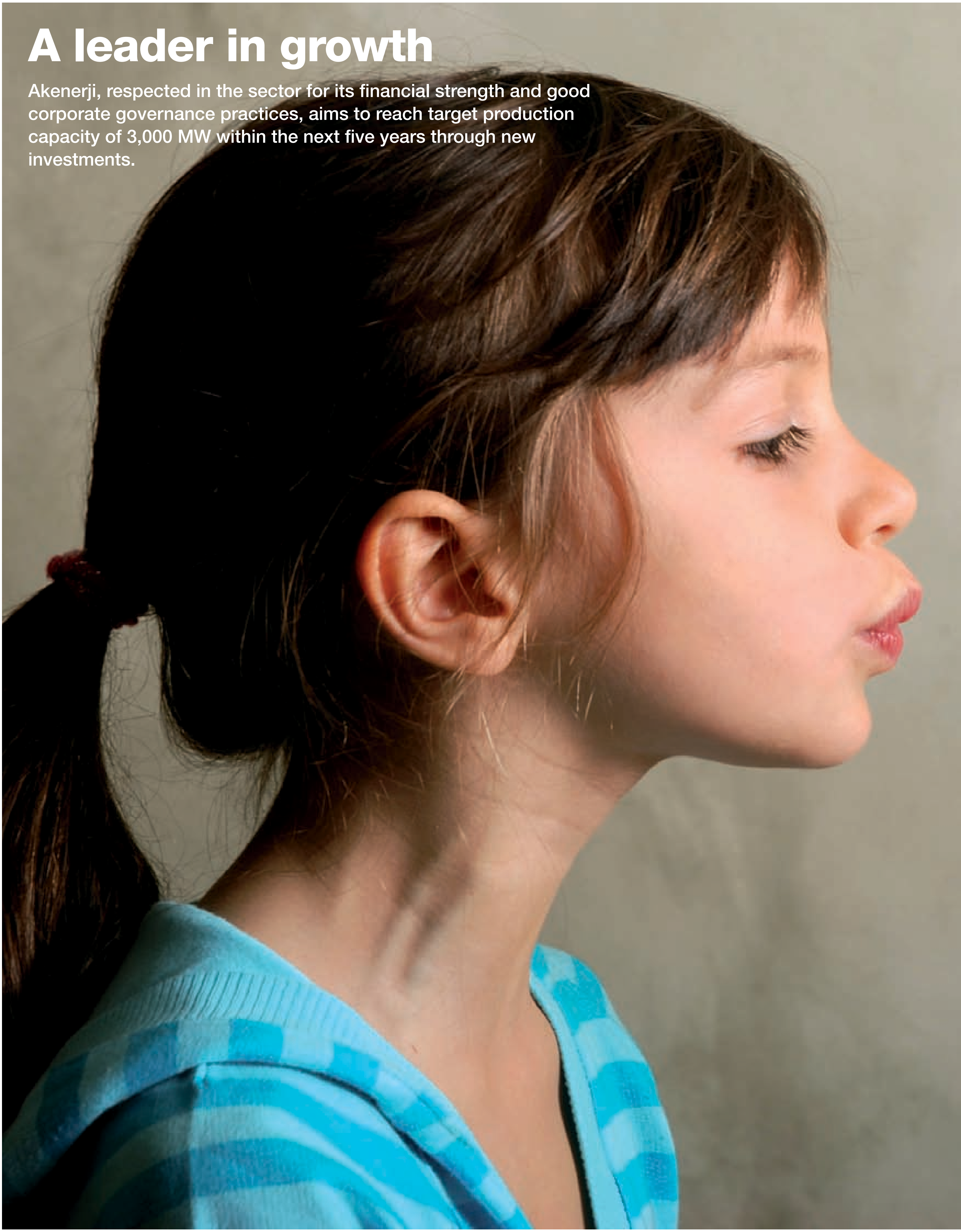
Akenerji, forming a consortium with the Czech company CEZ, under the name AkCez, won the bid for the Privatization of Electricity Distribution at Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) and with this move, the Company achieved vertical integration between production and distribution.

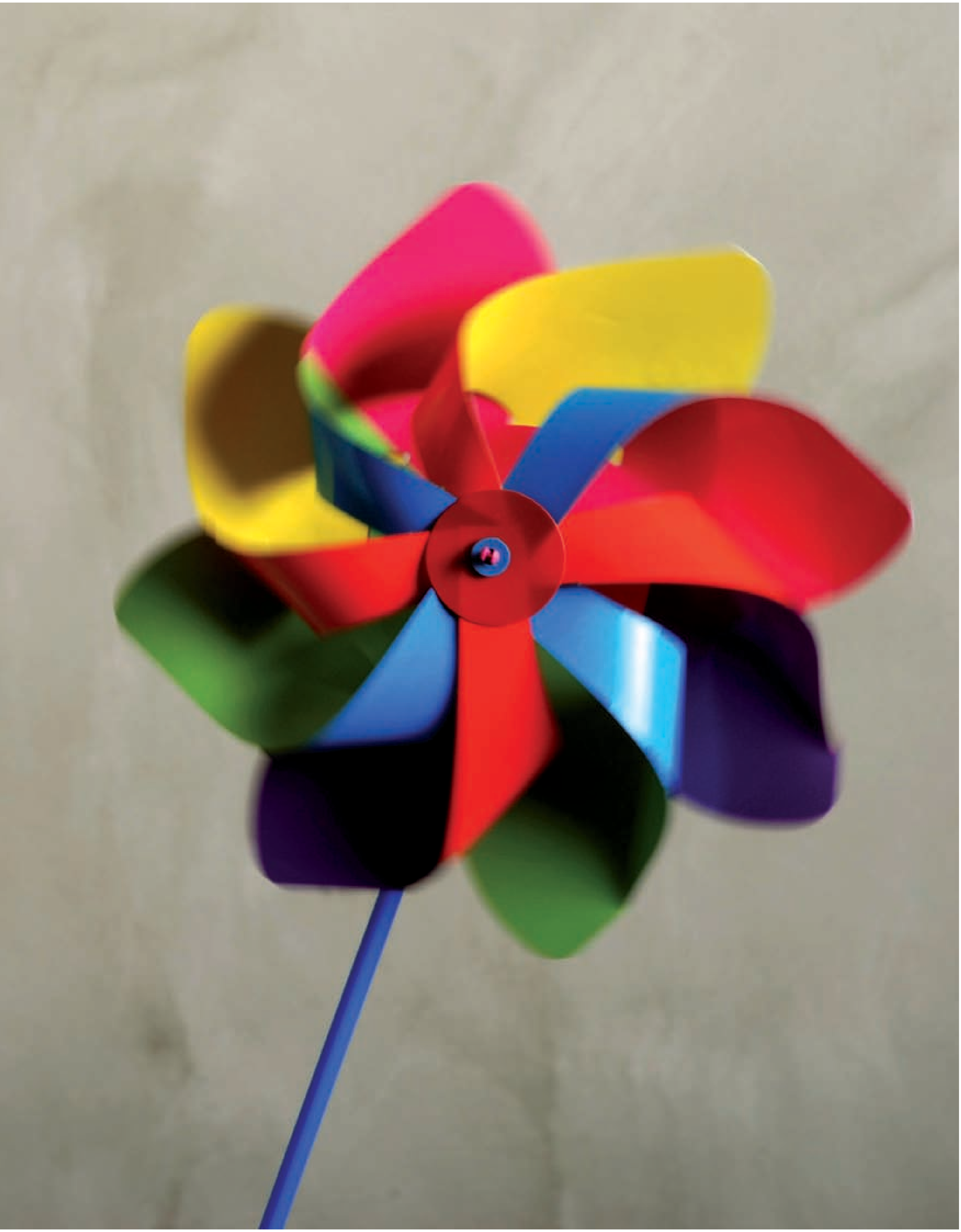




A leader in growth

Akenerji, respected in the sector for its financial strength and good corporate governance practices, aims to reach target production capacity of 3,000 MW within the next five years through new investments.





AKENERJİ IN BRIEF

Production capacity:	496MW electricity, 1,040 tons steam
Plants:	Yalova I, Yalova II, Çerkezköy, Bozüyük, Gürsu, Uşak, Denizli, Çorlu, İzmir Kemalpaşa
Active production capacity:	427MW
Active power plants:	Çerkezköy (98MW), Bozüyük (132MW), İzmir Kemalpaşa (128MW), Yalova I and II (70MW)
Activities:	Electricity production Electricity distribution* Steam production
Number of employees:	229
2008 investments:	US$ 142 million
2008 turnover:	US$ 467 million

* As of February 2009

Considering the long-term supply-demand imbalance, Akenerji continues its investments at a rapid pace despite the current global financial crisis. With the gradual commissioning of renewable energy power plants beginning in mid-2009, the Company will position itself more competitively in the market due to its ability to spread out and diversify fuel costs.

Active in the energy sector for more than nineteen years, Akenerji's broad experience stems from its distinction as a leader in the sector. Akenerji started its activities as an auto-producer group in the electricity sector in 1989. As such, the Company is the first private sector enterprise in Turkey to generate electrical power. Today, Akenerji is one of the country's largest privately owned power companies, both in terms of the number of electric power plants and total generation capacity. With nine power plants meeting the electricity and steam needs of enterprises in Turkey's various industrial regions, since 2006 Akenerji has funneled a significant portion of its sales portfolio into the framework of the Electricity Market Balancing and Settlement Regulations (DUY), which came into effect in August 2006. Considering the long-term supply-demand imbalance, Akenerji continues its investments at a rapid pace despite the current global financial crisis. With the gradual commissioning of renewable energy power plants beginning in the middle of 2009, the Company will position itself more competitively in the market due to its ability to diversify its energy sources.

The natural gas combined cycle plants in Akenerji's portfolio produce electricity and steam through cogeneration and combined cycle processes. The gas and steam turbines used at the plants are mostly supplied by General Electric and Siemens Companies. The General Electric Frame-6C heavy industry-type gas turbines used at the Kemalpaşa Plant represent the most advanced technology and productivity available in the world in its category.

Akenerji closely monitors developments in the sector, and proactively makes and executes strategic decisions. This adds speed, flexibility and, consequently, a competitive edge in the market for the Company. Considering the continuous increase in production costs in the power sector throughout recent years, it is of great strategic importance in terms of productivity to be able to analyze the market risks accurately, and to react properly and timely. Akenerji continues to stand out as a leading company in the sector with its operational competencies and optimal sales portfolio.

From another perspective, because of the amount of the capital needed for investments in the energy sector, and in view of the long return periods that are involved, making the right investment decisions is critical. Akenerji was the first of the privately owned power-generating companies to initiate investments in renewable energy to diversify energy sources and achieve risk management of fuel resources. In 2005, Akenerji was successful in the tender managed by the General Directorate of State Hydraulic Works (DSİ) to build hydroelectric production plants in Turkey; and the Company accordingly began to invest in these projects. With its strategy to ensure efficient production using advanced technology, Akenerji utilizes the latest technology available for the turbines that will be used in hydroelectric and wind power plant projects that are already underway.

Following the signing of a strategic partnership agreement on October 8, 2008 with the Czech energy company CEZ through the transfer of 37.4% of its exclusive shares for US$ 303 million, Akenerji is not only involved in the generation of electricity, but also participates in tenders for electricity distribution projects. Akenerji formed a consortium with CEZ under the AkCez title, and won the tender for the privatization of the TEDAŞ Electricity Distribution Regions of Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ), which was managed by the Privatization Administration.

With the objective of meeting the ever-increasing need for electricity, Akenerji closely follows liberalization movements in the sector, working to accelerate efforts to utilize the country's resources as efficiently and economically as possible. In keeping with its vertical and horizontal growth strategies, Akenerji also carefully monitors tender opportunities in the privatization processes of renewable, thermal and nuclear energy plants and electricity distribution projects.

AGENDA OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

AGENDA

1- Opening, formation of the General Assembly Meeting Council and authorization of the Council for approving the minutes of the meeting;

2- Reading, discussion and submission for approval of the Annual Report of the Board of Directors, stationary and Independent Auditors' reports, balance sheet, income statement and the proposal of the Board of Directors concerning profit distribution;

3- Submission for the approval of the appointment made pursuant to Article 315 of the Turkish Commercial Code and release from liability of the Board of Directors and Auditors;

4- Election of the Members of the Board of Directors and Auditors, determination of their terms of office, compensations, attendance fees, and empowering the Members of the Board in connection with matters specified in Articles 334 and 335 of the Turkish Commercial Code,

5- Appointment of the Independent Auditor and submission for approval of the pertaining Board of Directors decision,

6- Informing shareholders of the transactions undertaken as an associated party within the framework of the evaluation reports received in accordance with the provisions of Series IV, Communiqué No. 41 on "Compliance Principles to be followed by Corporations subject to Capital Markets Law."

Ömer Dinçkök
Chairman of the Board

AKENERJİ...

Mission

To be the leading integrated electricity company in the Turkish energy sector, with a focus on quality and maximum efficiency.

Vision

By sustaining its leadership position, using a proactive approach to become one of the driving forces of the Turkish energy sector.

History

As one of the affiliates of the Akkök Group of Companies, Akenerji started its activities in 1989 as Turkey's first auto-producer group in the electricity sector. Undergoing a change in its Articles of Association in early 2005, Akenerji began operating as an "Electricity Generation Company" from that point on. In addition to electrical power supply to the companies of the Akkök Group, Akenerji also generates electricity for Turkey's other leading groups and corporations. Since 2005, Akenerji has been focused on investing in renewable energy sources, and at present, carries out ten concurrent investments aimed towards achieving this objective.

In July 2008, Akenerji, as part of AkCez -a consortium formed with the Akkök Group and the Czech company CEZ- won the tender for the privatization of Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) within the scope of the Electricity Distribution Privatization projects opened for bidding by the Privatization Administration. The bidding for SEDAŞ, which encompassed the regions of Sakarya, Bolu, Düzce and Kocaeli, opened at US$ 355 million. The Privatization Higher Board approved the bid of US$ 600 million offered by the Akenerji-Akkök-CEZ Consortium. As an exemplary model with impressive projects in the energy sector, Akenerji will reach over one million end-consumers in the region covered by SEDAŞ, further strengthening its leadership position in the sector.

Another important highlight of 2008 for Akenerji was the signing of a strategic equal-partnership agreement on October 8, 2008 with Europe's most profitable, fully integrated and leading energy company, CEZ. Under the agreement, a 50%-50% strategic partnership was formed based on Akenerji's 75% exclusive shares, for which US$ 303 million was paid. With this partnership, Akenerji aims to reach a target production capacity of 3,000 MW within the next five years.

THE ENERGY SECTOR IN TURKEY

2008 has been a significant year in which we witnessed the initiation of privatizations, the transition to cost-based pricing mechanisms and the ratification of Kyoto Protocol with strong backing by the Parliament.

In addition to the Balancing and Settlement Regulations (DUY) market, the Cost-Based Pricing System for establishing electricity and natural gas prices was implemented as of July 1, 2008. This system allows periodical adjustments in prices to reflect changes in foreign exchange rates and input costs.

As a result of rapid urbanization and population growth over the last 24 years, electricity consumption in Turkey has increased annually by an average of 8%. However, in spite of this growth, the 2.5 MWh consumption level per capita in Turkey is still low compared to that in developing countries. Parallel to the drop in industrial production due to the worsening financial crisis in 2008, electricity consumption also showed a contraction. This slow-down is expected to continue until the end of 2009, after which a recovery is foreseen.

To meet the increasing demand for electricity in a fast-growing country like Turkey, new power plants must be built in the coming years. For such a goal to be achieved, a US$ 4-5 billion capital investment will be required every year.

Until 2007, the dominance of the public sector in the industry, the non-transparent cost structure, the burden of taxes, funds and deductions imposed on the energy sector did not make new projects in the sector attractive to investors. However, the DUY mechanism that was launched in 2006 allowed producers to base their prices on cost, thus providing the sector with an alternative, as well as some relief.

After the establishment of the DUY, private sector electricity-generating enterprises that previously could not compete with the prices of state enterprises, found the opportunity to make the transition to a free market mechanism, whereby they could market most of their production under the provisions of DUY.

In addition to the DUY market, the Cost-Based Pricing System for establishing electricity and natural gas prices was also implemented as of July 1, 2008. This system allows adjustments to be made in prices periodically to reflect changes in the foreign exchange rates and input costs. Thanks to this mechanism, the market is expected to work more efficiently, and attract new investments.

Also in 2008, the tender for electricity distribution projects in the Turkish energy sector that had been deferred twice previously was renewed with a call for bids for the Ankara and Sakarya regions in June 2008. The privatization of energy distribution is of great importance in terms of the formation of a liberal market. The investments to be undertaken by the private sector are expected to reduce the amount of energy lost and contraband usage, thereby improving the balance of supply and demand.

The regions of distribution for which tenders were concluded as of December 31, 2008, and their corresponding sales values are as follows:

- Menderes Region, US$ 110 million
- Sakarya Region (SEDAŞ), US$ 600 million
- Ankara Region (BEDAŞ), US$ 1.225 billion
- Meram Region, US$ 440 million
- Aras Region, US$ 128.5 million

The tenders for the remaining 15 regions of distribution are expected to be completed in the near future.

THE BOARD OF DIRECTORS' REPORT

To create added value for our partners, stakeholders and our country...

Akenerji Elektrik Üretim A.Ş.
The Board of Directors' Report on 2008 Activities, submitted to the General Assembly.

To our Shareholders:
We meet here to examine the accounts of the Company for 2008, and to discuss and determine the items on the agenda of the General Meeting of Shareholders. We respectfully welcome all of our shareholders who are present at this meeting.

For your information, we present our report on Company operations between January 1, 2008-December 31, 2008. The Company is in full compliance with the corporate principles of the Capital Markets Board.

The Board of Directors
Ömer Dinçkök, Chairman; **Ali Raif Dinçkök,** Vice-Chairman; **Erol Lodrik,** Member; **Hüsamettin Kavi,** Member; **Ahmet Ümit Danışman,** Member and General Manager; **Zafer Tuncel,** Member; **Raif Ali Dinçkök,** Member

The Board of Directors was appointed by the General Assembly on April 14, 2008 for a term of three years.

Board of Auditors
Bülent Üstünel, Ersin Başaran

Nominal and Paid-in Capital and Period Profit/Loss

Dear Shareholders,
The Company's registered capital ceiling is TL 150,000,000.

The TL 65,340,000, which represents our paid-in capital, was distributed to our shareholders.

Number of Shareholders, Value of Shares and Dividends Distributed in Last Three Years

Six of our shareholders were present at our last Ordinary General Assembly meeting.

The closing Istanbul Stock Exchange transaction price of Company shares on the last day business day of the year, December 31, 2008, was TL 6.10.

Profit distribution of our company in last three years is as follows:
No dividends were paid in 2005.
No dividends were paid in 2006.
No dividends were paid in 2007.

Major Shareholders

As of December 31, 2008, shareholders owning capital shares of 10% or more are as follows:

Company	%	TL
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	40.86	26,701,668.00
Ömer Dinçkök	11.57	7,560,999.60
Ali Raif Dinçkök	11.57	7,560,999.60
Emniyet Tic.ve San.A.Ş.	10.38	6,783,391.72
Other	25.62	16,732,941.08

The Company has equity investments in seven enterprises.

1. The first of these companies is Ak-El Yalova Elektrik Üretim A.Ş., an enterprise established to operate in the industrial field of electricity generation. Akenerji's equity participation in this company, which has a capital of TL 7,000,000, is TL 6,305,050, corresponding to a share of 90.07%.

2. The Company's second affiliate is Aken bV, established with a capital of TL 1,747,135 to set up new corporations for new businesses, buy shares of established companies, obtain financing for new projects and provide consulting services. Akenerji is 100% shareholder in this corporation.

3. The third company is Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş., an enterprise established with a capital of TL 1,000,000 to purchase wholesale electric energy from the free electricity market, undertake the sale of electric power to the consumers and import and/or export electricity as market conditions demand. Akenerji has a share of 90% in this affiliate, with a nominal value of TL 900,000.

4. The fourth company is Akkur Enerji Üretim Ticaret ve Sanayi A.Ş., which was established for electricity generation and for the sales of the energy or capacity produced. The company also holds the licenses to the Burç Dam, Feke I and Feke II HES projects. Akkur's capital is TL 42,300,000, of which Akenerji has an interest of TL 41,877,000, corresponding to a share of 99%.

5. Mem Enerji Elektrik Üretim Sanayi ve Tic. A.Ş., the fifth company, was founded for the purpose of generating and selling electric energy, and is a corporation based on a capital of TL 25,000,000. The company also holds the licenses to the Gökkaya, Himmetli, Saimbeyli and Bulam HES projects. Akenerji has a 99% equity interest in this affiliate, corresponding to TL 24,750,000.

6. The sixth affiliate, Akka Elektrik Üretim A.Ş., with a capital of TL 50,000, was formed to build, operate and lease electrical power plants, generate electricity and sell this energy and/or capacity. Akenerji's equity interest in this company is 90%, with a nominal value of TL 45,000.

7. The Company's seventh affiliate is AkCez Enerji Yatırımları Sanayi ve Ticaret A.Ş. This corporation was established as a distributor of electricity, to achieve sales of electric power or capacity and to develop and carry out projects in the energy sector. The company also owns the Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ), a company with distribution and retail sales licenses. Its capital is TL 499,750,000. Akenerji's equity participation in Akcez is 45%, corresponding to an interest of TL 224,887.50.

Information on the Securities Issued

No securities have been issued, other than those sold as initial public offerings.

Financial Structure

The Company's balance sheet, as of December 31st, 2008, the income statement for the period of January 1, 2008-December 31, 2008 and the financial tables for the previous year are presented on the following pages for your perusal and approval. As can be seen from the tables, Akenerji has a strong financial structure. In addition to retaining the resources gained from operations in previous years, the Company's gains from the public offering of shares in 2000 have made possible the attainment of a strong net cash position. The Company's key financial indicators are as follows:

	Dec. 31, 2007	Dec. 31, 2008
Current Ratio	3.45	2.14
Liquidity Ratio	3.31	2.09
Gross Profit Margin	2.99	16.40
Total Liabilities/ Total Assets	**0.3457**	**0.4433**

Ömer Dinçkök
Chairman of the Board

As a responsible component of the society, Akenerji adheres to the principle of contributing to the social improvement.

Donations and Social Assistance

In addition to providing the best quality goods and services in keeping with principles of Social Responsibility, the Company is highly aware of the responsibility it carries in raising the standards of society in general. The Company is sensitive to the needs of society and of generations yet to come. For this reason, the Company adheres to the principle of actively supporting activities in areas such as education, culture, arts and sports. The Company gives these particular areas priority in funding and providing social assistance in its efforts to enrich the society in which we live.

Within the framework of its Corporate Social Responsibility Principles, the Company allotted TL 295,613.12 for donations and social assistance to various organizations and enterprises.

The distribution of these donations is as follows:

Donations and Social Assistance	(TL)
Associations and Foundations	124,048.88
State Organizations	171,564.24
Total	**295,613.12**

Dividend Distribution Proposal and Conclusion

Dear Shareholders,

We present a report of the Company's operations, together with the Balance Sheet and Income Statements of the previous year, for your consideration, which we hope you will look upon favorably.

In connection with dividend distribution, net period profit appearing on the consolidated financial tables drawn up within the framework of the provisions of Series XI, Communiqué No. 29 of the Capital Markets Board stands at TL 88,950,920.00. Net period profit appearing on the financial tables drawn up in accordance with Tax Procedure Law is TL 120,730,270.59.

We submit the following proposal for your consideration and approval:

- that TL 1,599,826.24, corresponding to 5% of the amount of TL 31,996,524.85, found when losses of previous years (TL 88,733,745.74) appearing in the legal records are subtracted from the net period profit of TL 120,730,270.59 (profit after taxes), be set aside as Series I Legal Reserves, within the framework of Article 466 of the Turkish Commercial Code and Article 27(a) of the Company Articles of Association;

- that the first dividend of TL 17,530,000.00, corresponding to 20% of TL 87,646,706.88, the amount calculated by adding the total amount of donations made during the year (TL 295,6133.12) to net distributable profit of TL 87,351,093.76 (calculated by subtracting Series I Legal Reserves from the net period profit of TL 72,907.209.00 appearing on the financial tables prepared in accordance with the CMB's Series XI Communiqué No. 29), is distributed as cash payment to shareholders (the gross dividend corresponding to one share at a nominal value of TL 1 being TL 0.2683; the dividend ratio being 13.63%);

- that no dividends are distributed to Board Members;

- that the TL 1,426,300, corresponding to 10% of the remainder of the first dividend distributed to shareholders after 5% of the company's paid-in capital is subtracted, is set aside as Second Series Legal Reserves;

- that the remaining TL 68,394,793.76 is added to the Contingent Reserve;

- that dividend distribution takes place on May 4, 2009.

Dear Shareholders,
We sincerely hope that the coming years will bring success and happiness for our country, our Company and for all of you.

Ömer Dinçkök
Chairman of the Board

GENERAL MANAGER'S EVALUATION OF THE YEAR 2008

Akenerji recorded a 34% increase over the previous year, achieving a turnover of US$ 467 million as of the year-end 2008.

Dear Shareholders,

Turkish Electricity Market in 2008

2008 was a period in which the Turkish Electricity market took some serious steps in the transition towards a liberalized market. To this end, first group of electricity distribution tenders were organized, a cost-based pricing mechanism was introduced and privatization processes for electricity generation continued.

With the adoption of the Cost-Based Pricing system on July 1, 2008 electricity and natural gas prices were allowed to periodically reflect changes in foreign exchange rates and other input costs. Thanks to this new system, the market is expected to work more efficiently, creating a new impetus for investment. After the introduction of the DUY system in 2006, this development is of great significance with regard to the transition to a liberalized energy market.

With the impact of the global economic crisis, the drop in oil prices and the slowdown in industrial production, it appears that the problem of electricity shortages in Turkey predicted for 2009 has been temporarily deferred. While electricity consumption in Turkey increased by 8.3% in 2006 and 8.9% in 2007, the rate of increase of electricity consumption in 2008 remained at a level of 4.3%. The 50-60% increase in electricity tariffs in 2008, as well as the effect of the global financial crisis starting in the second half of the year in Turkey, had an adverse impact on electricity consumption. Another factor contributing to the decrease in consumption was the more efficient use of energy that is encouraged by the Energy Efficiency Project (ENVER) launched by the Ministry of Energy.

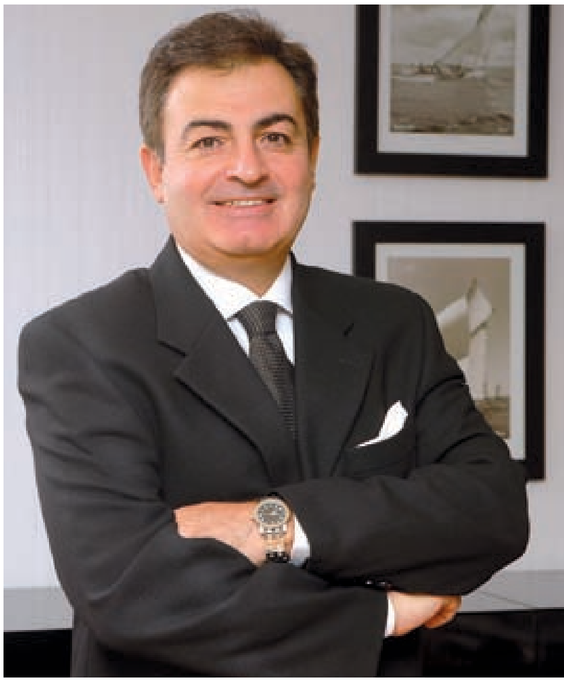
Alternatively, although energy shortages anticipated in the official Turkish Electrical Transmission estimates for 2009 seem to have been avoided for a time, when the growing needs of the Turkish economy and industry are considered, bottlenecks in the energy sector must be averted. This can be achieved by the creation of an investment climate that is supportive of private sector investment.

Other important developments in the Turkish energy market have been the tenders for government contracts to develop lignite and nuclear energy sources. These projects have the objective of increasing the share of private sector investments in the market.

The Afşin Elbistan Thermal Power Plants contract, important in terms of increasing supply, was reopened to bidding on January 25, 2008 and on June 26, 2008. Two proposals were submitted for Field C and one for Field D of the plants. Unfortunately, the tenders were cancelled due to the very high prices asked by the bidders. The tender is expected to be repeated in the near future.

Tenders were also held on March 24, 2008 for building and operating a nuclear power plant. The first proposal for this government contract was submitted on September 24, 2008 and the proposed technology was approved by the Turkish Atomic Energy Agency (TAEK). The proposal envelope was opened on January 19 and the evaluation process by TETAŞ has started.

With the conclusion of these bids and the commissioning of the various power plants, Turkey's balance of supply and demand will improve gradually, the role of the public sector will diminish and Turkey's dependence on foreign sources of energy will decrease. In this context, it is of utmost importance that the privatization of companies included in the Electricity Generation Co. Inc (EÜAŞ) portfolio start as soon as possible.



Ahmet Ümit Danışman
Board Member and
General Manager

Besides its production investments, Akenerji is also interested in electricity distribution bids. As part of the joint venture with AkCez, Akenerji won the bid for Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) with a proposal of US$ 600 million.

Operations in 2008

After selling its Batıçim Power Plant at the beginning of 2008, and closing its Alaplı Plant, Akenerji continued generating electricity in Bozüyük (Eskişehir), Çerkezköy (Çerkezköy), Kemalpaşa (İzmir), Yalova and Yalova Akal (Yalova) power stations. Sales of electricity generating from these plants in 2008 amounted to 2.8 billion kWh. The steam energy sales amounted to 1.8 million tons.

By the end of 2008, 85% of the Company's turnover stemmed from electricity, and 15% from steam energy sales. Akenerji achieved a turnover of US$ 467 million in 2008, recording a 34% increase over the same period in 2007. The EBITDA margin rose to 15% in the same period.

In the last quarter of 2006, after the inauguration of the DUY market, Akenerji began a new process of adapting to a new market and building a different kind of sales portfolio. In 2008, the Company allotted almost all of its power production to the DUY market, other than the energy consumed by the direct feed line customers. Together with other improvements and economizing policies, Akenerji significantly improved its profit margins in 2008.

In addition to investments in electricity generation, Akenerji also participates in tenders for electricity distribution projects. As part of the joint venture with AkCez, Akenerji's proposal of US$ 600 million won the bid for Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ). Concurrently participating in tender for distribution projects, the Company also examined the possibilities of tender for Field C and D at Afşin Elbistan, and for nuclear energy plants. So far, the Company has not submitted a bid, however, developments in these areas are being monitored closely.

On October 8, 2008, Akenerji signed a strategic equal-partnership agreement with CEZ, one of the leading power companies in Europe.

Financial Tables (TL)

	31.12.2007	31.12.2008
Total Assets	595,774,823	860,794,585
Total Shareholder's Equity	390,049,263	479,205,168
Total Sales	452,074,250	607,056,048
EBITDA	(54,466,089)	99,063,367
Net Period Profit/Loss	(39,703,332)	89,152,729
Earnings Per Share	(0.61)	1.36

Recognized in the sector for its strong financial structure and corporate prestige, Akenerji's goal is to increase its present capacity to 3,000 MW in the next five years. With a vision of becoming an integrated energy company, Akenerji is also interested in distribution regions besides SEDAŞ.

Operations and Investments in 2008

By the end of 2008, 85% of the Company's turnover was derived from sales of electricity and the remaining 15% was derived from steam sales. After selling the Batıçim Power Plant at the beginning of 2008, and closing the Alaplı Plant, Akenerji continues to generate electricity with its Bozüyük, Çerkezköy, Kemalpaşa, Yalova and Yalova Akal power stations.

The Company continues to invest in power plants based on renewable energy resources. These investments are:

- Uluabat Hydroelectric Power Plant (HPP)
- Akocak HPP
- Feke I HPP
- Feke II HPP
- Burç Bendi HPP
- Himmetli HPP
- Gökkaya HPP
- Saimbeyli HPP
- Bulam HPP
- Ayyıldız Wind Power Plant

Always monitoring developments in the sector, Akenerji has also initiated a series of efforts to invest and benefit from the opportunities provided by carbon trade. Akenerji is in the process of building hydroelectric and wind power plants that will yield a total capacity of 388 MW. With the commissioning of these plants, and the resulting clean energy produced, more than one million tons of CO_2 emission can be prevented.

Akenerji foresees that the hydroelectric and wind power plants, presently under construction, will amount to a total investment of US$ 650 million. The Company is preparing the framework for the financing needed for these projects. Akenerji investments continue to move along at a rapid pace as planned, keeping in mind the balance of supply and demand in the sector that will be recreated after the global financial crisis.

In addition to ongoing renewable energy investments, Akenerji has submitted an application to build two wind power plants with a total capacity of 170 MW in the Çanakkale region. The Company also has geothermal resource exploration licenses for four fields in İzmir and one in Bursa. With the momentum gained from the CEZ joint venture, Akenerji intends to accelerate investments for electricity generation. Fortified by the CEZ experience in coal and nuclear power production, Akenerji plans to prioritize the development of thermal energy projects.

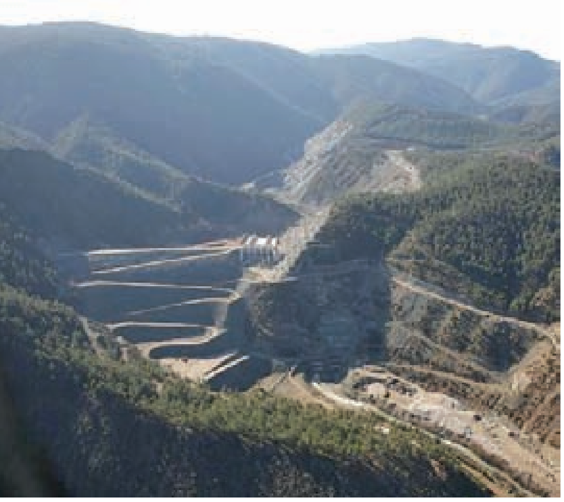
Akenerji, respected in the sector for its financial strength and good corporate governance practices, aims to reach target production capacity of 3,000 MW within the next five years through new investments. With its vision of becoming an integrated energy company, Akenerji is also keen on investing in distribution regions besides SEDAŞ.

Çınarcık Dam and the Uluabat Power Tunnel Hydroelectric Plant

Akenerji offered the highest bid in the Energy Market Regulatory Authority's (EMRA) first hydroelectric power plant privatization tender on March 14, 2005. The Company thus became eligible to operate the Çınarcık Dam and Uluabat Power Tunnel Hydroelectric Plant for a period of 49 years.

The project is planned to be completed by the second half of 2009. Seventy percent of the most important part of the project, which is the digging of a tunnel using Tunnel Boring Machines, has been completed. An investment of approximately US$ 127 million is expected for this project. When the Çınarcık Dam and Uluabat Power Tunnel HPP are completed in the Susurluk Basin of the Marmara Region, it will have an installed capacity of 100 MW and generate 422 million kWh yearly.

After selling the Batıçim Power Plant at the beginning of 2008, and closing the Alaplı Plant, Akenerji continued generating electricity in Bozüyük (Eskişehir), Çerkezköy (Çerkezköy), Kemalpaşa (İzmir), Yalova and Yalova Akal (Yalova) power stations.



Erikli, Akocak Regulators and the Akocak Hydroelectric Power Plant

On June 16, 2005, Akenerji signed an agreement for the use of water for the Erikli, Akocak Regulators and Akocak Hydroelectric Power Plant, for which the Company won the tender that was launched on April 25, 2006 by the EMRA. Production licenses for the projects were obtained on November 23, 2005. Receiving an affirmative Environmental Impact Assessment Report in September 2006, Akenerji subsequently started its fieldwork on the project, which is slated to be finished in 48 months. The facilities are targeted for commissioning in the second half of 2009. With a major part of the construction work already completed, the electro-mechanical assembly of the facilities is expected to be finished in 2009. An investment of US$ 116 million has been allotted for the project. With the completion of the Erikli, Akocak Regulators and Akocak Hydroelectric Power Plant, in the Araklı district of Trabzon, an installed capacity of 81 MW and an annual generating capacity of 257.44 GWh will be established. Akenerji will have made an important contribution to improving average electricity generating costs.

Akkur A.Ş. Feke I, Feke II and Burç Bendi Hydroelectric Power Plants

Akenerji's organizational strategy encompasses creating production diversity by closing low-capacity and inefficient plants, and replacing them with efficient renewable power stations that generate energy using local resources. Within this strategy, the Company has acquired Akkur Enerji, an enterprise that is licensed to establish hydroelectric power plants in Adana and Adıyaman. Purchased for US$ 15,592,500, Akkur Enerji will construct the 28 MW-capacity Burç Bendi HPP in Adıyaman, the 30 MW-capacity Feke I HPP and 70MW-capacity Feke II HPP projects in Adana. Construction of the Burç Bendi, Feke I and Feke II projects are in the process of completion. Burç Bendi is expected to start generating electricity in 2010. Feke I and Feke II are expected to start production in the first half of 2011.

Mem Enerji Himmetli Hydroelectric Power Plant, Gökkaya HPP, Bulam Regulator and HPP, Saimbeyli HPP

It was decided in 2007 that Mem Enerji Elektrik Üretim Sanayi enterprise (Mem Energy Electricity Production Industries), which had a license to establish the Bulam Regulator and Hydroelectric Power Plant (7 MW) in Adıyaman, would be acquired at a cost of US$ 10,642,500. Mem Enerji's production license for Yamanlı III (Himmetli-Gökkaya-Saimbeyli) (57 MW) was also acquired; construction work for this project is ongoing. An application was submitted to EMRA for a license revision, after which the project received a license renewal. Engineering work on the project continues; production is expected to begin in the second quarter of 2011.

Ayyıldız Wind Power Plant

In addition to hydroelectricity, Akenerji has been exploring investment opportunities in wind energy. The Company obtained a license from the EMRA to build a wind power plant with an installed capacity of 15 MW in the Bandırma District of Balıkesir. All design and assessment work related to this investment has been completed. The turbine supplier has been selected and construction work has begun in the field. Power production will start after the completion of installation and test runs in July 2009.

Akenerji has also started to work on obtaining carbon certificates for all of the investments initiated in the area of renewable energy.

Our Goal: An installed capacity of 3,000 MW within the next five years.

Sector Expectations

Compared to Turkey's increasing energy need, which is rising by an average of 8% annually, investments have not increased proportionally. Therefore, the energy sector's strategic value has increased significantly.

The imbalance in supply and demand for electrical energy and increasing shortages of energy in steadily developing Turkey are inevitably stunting the momentum of growth within Turkish industry. This is one of the most important issues that Akenerji aims to address. As of today, the global financial crisis has made an impact on industrial consumption in Turkey and this seems to have deferred the shortage of electricity that was expected in 2009.

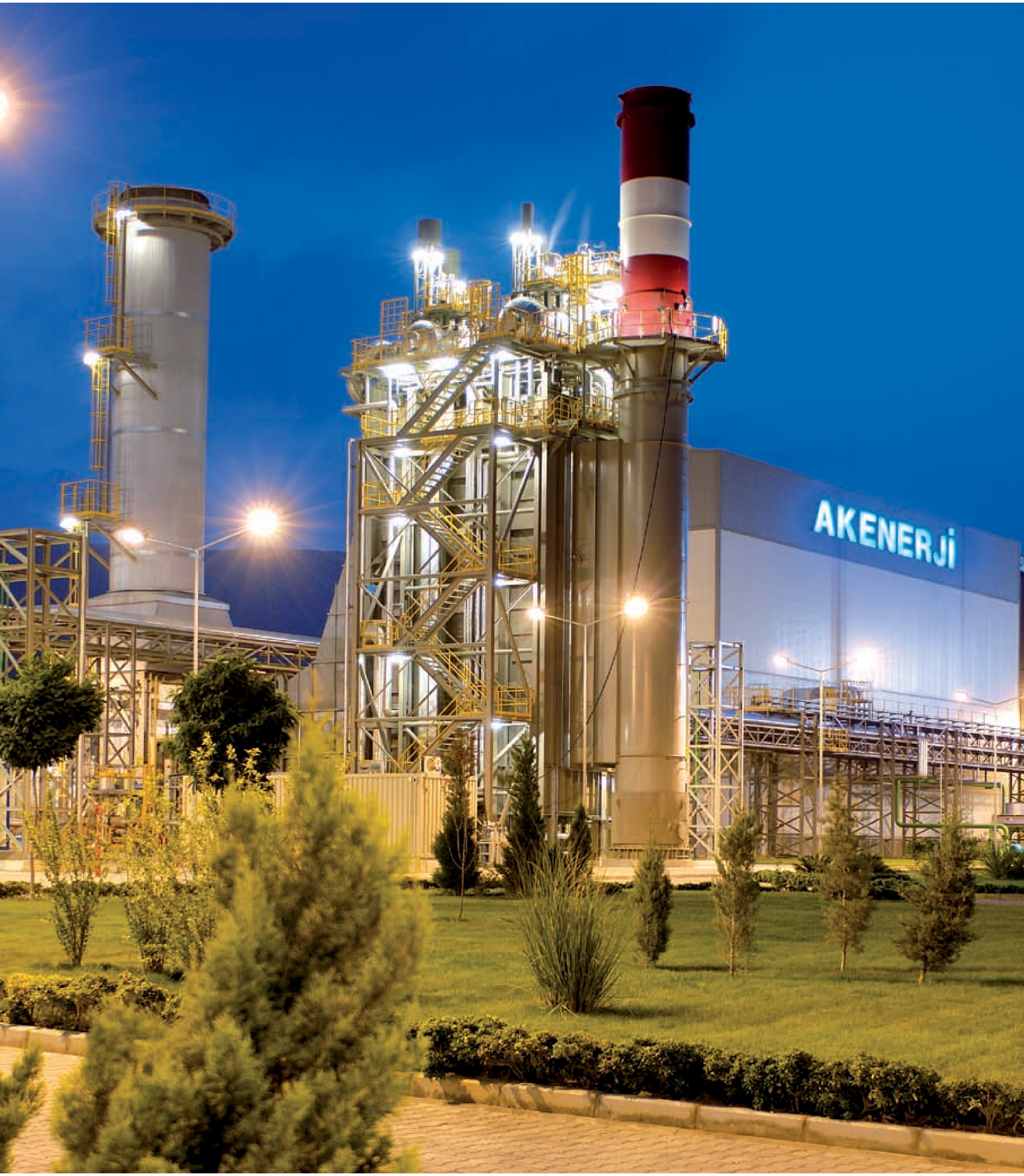
Demand in 2008 rose by 4.3%, compared to the previous year, with total electrical consumption at 198 billion kWh. The slowdown in 2009 is not expected to last long. The prediction is that there will be a need for investments amounting to between four to five billion US dollars each year until 2020.

In the last year, tariffs were increased by 80% in natural gas, 50% in industrial electricity and 60% for household electricity. The share drop seen in oil prices in 2008 so far has not been completely reflected in natural gas unit prices. The impact of this drop is expected to be seen in natural gas prices in the first months of 2009. This will certainly have a positive effect on both the producer and the consumer.

In addition, privatizations of TEDAŞ Electricity Distribution Companies, which started in 2008, are expected to be carried out without interruption, while the tender for Afşin Elbistan Fields C-D and the nuclear power plants are expected to be completed in 2009. The privatization of the EÜAŞ Portfolio Production Companies will be launched in 2009.

Monitoring closely the above-mentioned tenders and privatization projects and targeting an installed capacity of 3,000 MW within the next five years, Akenerji is in the process of adding new projects to the Company's existing portfolio of investments.

Ahmet Ümit Danışman
Board Member and
General Manager


AKENERJİ

HUMAN RESOURCES

Akenerji's human resources approach works in parallel to the strategies of both the Company and the Holding, standing out with its focus on change, a strategic awareness and building an effective, problem-solving team.

The Company's human resources policy is based on employee satisfaction and becoming a role model corporation in the sector with a quality workforce, thereby developing a reputation that marks Akenerji as the best employer.

Akenerji strives to create a staff of highly educated professionals, and potential professionals, who are skilled in pursuing corporate goals.

In this respect, Akenerji's human resources approach works in parallel to the strategies of both the Company and the Holding, standing out with its focus on change, a strategic awareness and building an effective, problem-solving team. Thanks to a workforce possessing strong communication skills and a results-oriented approach, Akenerji will continue to maintain its competitive edge in the changing climate of the sector.

Akenerji has adopted the principle of providing its employees with varied human resources tools and a working environment that supports their development and progress, leading them to their full potential.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

1. Corporate Governance Compliance Statement

Akenerji Electricity Generation Inc. (Akenerji Elektrik Üretim A.Ş.) aims to create enhanced value for its customers, employees and shareholders. It comprehends that quality corporate governance practices are as important as the financial performance in this period of high competition and rapidly changing environment. Since the establishment of our Company we have been practicing fundamental management principles in our relations with our shareholders, customers, employees and other institutions and organizations within the framework of our corporate governance concept. Our fundamental management principles are as follows:

Reliability: Reliability and stability are the main values of our Company. Our Company is aware that reliability forms the foundation of the energy sector and so customers, shareholders and employees are given clear and correct information. We have been carrying out our activities and operations with precision, punctuality and we are true to our word.

Honesty: In our operations and activities we have always been committed to the principle of uprightness. Our relations with our customers, employees, shareholders, group companies, banks and other institutions and organizations are based on ethical and professional rules.

Accountability: Our Company's Board of Directors and top management perform their tasks giving top priority to the profitability of the Company and benefits of its shareholders. Our Company's Board of Directors and top management are fully accountable for the corporate identity of the Company and accordingly for the shareholders.

Customer Satisfaction: We always give top priority to quality and customer satisfaction.

Transparency: We always make the necessary arrangements to provide information to our customers, employees, shareholders, regulatory bodies and public opinion concerning the Company. Excluding the information regarded as commercial secret and information barred from public disclosure, we always announce financial and non-financial information related to the Company to the public in a timely, correct, understandable, apparent, interpretable and easily accessible manner. We always give information related to the products that we offer to our customers in an open and clear manner.

Social Responsibility: Our Company pays attention not only to the Company image and profitability, but also to social benefits that support social and cultural activities and events that are in line with the principles of respect to the environment. Our Company has adopted an attentive and stable management style which is based on confidence. "Corporate Governance Principles" which are developed by the Capital Markets Board in parallel with the practices worldwide bear the purpose of strengthening and increasing the confidence of our present and probable shareholders, customers, regulatory body, and national and international public opinion. In accordance with this purpose Akenerji Electricity Generation Inc. (Akenerji Elektrik Üretim A.Ş.) declares that it will observe and abide by the Corporate Governance Principles and have made the necessary arrangements to be operated within the framework of practices required by these principles.

SECTION I-SHAREHOLDERS

2. Department of Relations with Shareholders

Relations with shareholders have been carried out within the organization by the Assistant General Manager, in charge of Finance. Procedures and transactions for dividends and capital increases related with the shares have been made through the bank branches that the Company has made agreements with, in accordance with the communiqués of the Capital Markets Board. When the terms of the agreements with the bank branches are expired, then such transactions have been followed up by means of a special program in the headquarters of the Company and the Company fulfills the rights of the shareholders. Formal requests from brokerage houses, investor institutions and individual investors have been responded periodically in three-month periods, in interim periods, if requested for meetings and/or through electronic mail. Moreover, Road Shows have been made in order to carry out the introduction and presentation of the Company for the international investors and to give information about the strategic and financial position of the Company at least once within a year.

As of 17.03.2009, Department of Relations with Shareholders is established in order to sustain all these tasks.

3. Exercise of the Shareholders' Rights to Access Information

Requests of the shareholders for information are dealt with in writing and/or via telephone and electronically. We also have a web page available, related with the activities and operations of the Company and we are regularly updating this web page. In addition to these, our shareholders may also receive information by sending messages to our Company's email address which is included in our website (info@akenerji.com.tr).

There were no requests for the appointment of a special auditor within this period or during previous periods.

4. General Assembly Information

Announcement for a General Assembly is published in two newspapers 15 days prior to the date of General Assembly and notified to ISE as well. Published announcement of the general assembly includes the agenda, date, time, place of the general assembly and the conditions for participation. Minutes of the meeting and the list of the attendees are given to the shareholders who request them. Representatives of Stock Exchange, Brokerage Houses and Press cannot participate in the General Assembly.

Documents of the meeting are submitted to the Capital Markets Board (CMB) and the ISE following the meeting. The 2008 meeting quorum was 74.72% in the General Assembly. No questions were raised by the attendees of the General Assembly during the meeting. Proposals given by the shareholders were presented for the approval of the General Assembly and approved unanimously. Since the authorization concerning purchasing, selling and leasing of the assets of the corporation was granted to the Board of Directors in accordance with Article 15 of the Articles of Association of the Company, such particular subjects are not included in the agenda of the General Assembly.

5. Voting Rights and Minority Rights

According to the Articles of Association of the Company there is no privileged vote. Each share has only one voting right. We do not have any practice in our Company's policies for the representation of minority shares in management and in the cumulative voting method.

6. Profit Distribution Policy and Ceiling of Profit Distribution

So far, our Company managed the profit distribution to its shareholders in cash and/ or as a promissory note in accordance with the legislation of the CMB by taking into consideration the financial performance of the Company, sectoral conjecture and the economic conditions of our country. Our Company will make its decision on distribution of profit to its shareholders within the framework of the regulations prescribed by the legislation of the CMB, by taking into consideration the financial performance of the Company, envisaged investment projects as well as sectoral and economic conditions in the coming years. Dividend distribution information of the last five years is presented in the following chart.

7. Transfer of Shares

Shares of our Company are registered shares and there is no provision that restricts the transfer of the shares in the Articles of Association of The Company. Transfer of the shares, all of which are quoted in ISE, can be performed in accordance with the provisions of the Turkish Commercial Code, CMB Law, Energy Markets Regulatory Authority Act and Central Registry Agency Act.

Dividend Distribution

Balance Sheet Term.	Tot. Dist.	Without Charge	Dist. Profit	Paid Capital
2007	-	-	-	65,340,000
2006	-	-	-	65,340,000
2005	-	-	-	65,340,000
2004	-	-	-	65,340,000
2003	20%	-	8,442,799	59,400,000

SECTION II-PUBLIC DISCLOSURE AND TRANSPARENCY

8. Public Disclosure Policy of the Company

The Finance and Financial Affairs Coordinator answers the questions from the financial intermediaries and individual investors verbally and in writing, addresses the financial performance of Akenerji, organizes meetings related with this particular subject and regularly informs of activities carried out within the framework of our corporate governance principles and the requirements of the CMB law as explained below.

Information which has importance at a level which can affect the share price of our Company are shared with the financial intermediary institutions after informing the CMB and ISE in accordance with the legislation of the CMB.

Meeting and negotiation requests from brokerage houses and financial intermediary institutions are dealt with by the Vice General Manager responsible for the Finance and Financial Affairs.

Questions from the Brokerage Houses and Financial Intermediaries are presented for the information and approval of the Vice General Manager responsible for the Finance and Financial Affairs.

Roadshows and investor meetings are organized by financial intermediaries for the purpose of increasing the value of the Company's shares. In these meetings information related to the financial performance of the Company during the last period, annual and strategic targets of the Company, its position in the market and its competitors, are presented to the representatives of the brokerage houses, financial intermediaries and the investors.

General Manager and/or Vice General Manager responsible for the Finance and Financial Affairs do their best to carry out such meetings at least once a year.

A section under the title "Investor Relations" was developed on the web page of the Company which covers Reports and Financial Statements. This section provides shareholder services regarding the financial performance of the Company in a regular and updated manner.

The Annual Report issued every year is sent electronically to financial intermediaries and investors.

9. Material Disclosure

Within the framework of the principles of public disclosure and transparency, 33 "Material Disclosures" were made in 2008 in order to provide stakeholders and other relevant persons, primarily our shareholders with timely information. For the Material Disclosures which were made appropriate to the regulations of the CMB and in a timely manner, there was no additional disclosure needed by the CMB or the ISE Market.

10. Company's Website and its Contents

The Company's Internet site can be accessed at www.akenerji.com. Our Internet site contains the latest information on partnership and management structure, periodical financial statements, other reports, history, purpose of the Company, important actual developments concerning the Company and daily stock exchange price of our shares. Our website will be revised in order to provide all the information deemed as a necessary requirement of the corporate governance principles of CMB. In addition to this, persons who wish to get further information about our organization may send messages to info@akenerji.com.tr address.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

11. Disclosure of Ultimate Controlling Shareholder/Shareholders

Akkök Sanayi ve Yatırım Geliştirme A.Ş. (Akkök Industry and Investment Development Inc.) and Emniyet Ticaret A.Ş. (Emniyet Trade Inc.) are the two main shareholders of our Company. Dinçkök family is the ultimate controlling shareholder of the first company whereas Lodrik family is the ultimate controlling shareholder of the latter company. Partnership structure is disclosed in the Annual Report every year.

12. Announcement of Insiders

Persons and departments that are in the insider position are composed of the General Manager, Vice General Manager for Finance and Financial Affairs, Accounting and Information Processing Departments.

SECTION III-STAKEHOLDERS

13. Announcements and Disclosures to Stakeholders

The parties determined as stakeholders of Akenerji are the shareholders, employees, customers, suppliers, society and public agencies. Akenerji specifies its main and intermediary goals, policies, strategies and company objectives by taking into consideration the present and future expectations of its stakeholders. During this process, sharing of information with the stakeholders is carried out by various means.

Supplier Performance System is used for evaluating of the annual performances of our suppliers, and selecting them with their capacity of supplying products that meet the specifications of our Company. The suppliers that are evaluated in this content are provided with information related to areas where they should improve.

In addition to this, Company's policies, technical specifications/terms of reference and agreements are also included within the content of shared information with the suppliers.

We are informing our customers of the amended legislations periodically. Furthermore, we are supporting our customers in order for them to fulfill the technical specifications of the institutions and enterprises such as TEDAŞ (Turkish Electricity Distribution Company), TEİAŞ (Turkish Electricity Transmission Company) and Energy Market Regulatory Agency (EMRA).

Management of Akenerji comes together with the local people of regions where our power plants are installed for social activities from time to time, and the local people are informed about the activities of the Company concerning total quality and environmental issues as well as the Company policy through personal visits, presentations and manual distribution.

In Akenerji, establishing communication with its employees in an open and upright manner, and employee satisfaction constitute the fundamentals of its human resources policy. Our intranet database, briefing meetings with the top management and performance evaluation meetings may be mentioned as typical examples of our horizontal and two-way (from upward to downward and from downward to upward) vertical communication channels. By using these means of communication, we inform our employees about our quality policy, activities, procedures and guidelines as well as take their opinions into consideration about particular subjects.

14. Stakeholders Participation in Management

In Akenerji, a Project Team for Quality was established for the purpose of obtaining ISO 9001-2000 certificate. Objectives of this team include evaluation of the proposals from employees within the year by co-operating with all the departments, and presenting the results for the approval of the top management. This plays an important part within in-house communications.

15. Human Resources Policy

Our Human Resources Policy is to be an institution, with a qualified labor force and practices based on employee satisfaction, and thus developing a reputation in the sector such that everyone would prefer to be employed by Akenerji.

We are committed to staffing our team with highly educated, experienced or potential professionals who are exceptionally talented in their area of specialization.

Our approach is to continue our competitive advantage within the changing conditions of the sector with a labor force that operates with our company's principles of being change oriented, creative, team players, result oriented and with powerful communication skills.

Akenerji is responsible for providing a working environment that promotes an innovative and progressive culture where our team can realize their full potential.

16. Information Related to Customer Relations

Akenerji which supplies electric energy to leading industrial and trade companies of Turkey, carries out its sales and marketing operations with an understanding of customer focused service.

Whereas electric energy demand of some of the customers (transfer customers) are met by means of the lines of TEİAŞ and TEDAŞ over national energy network, electricity energy demand of others (direct feed line customers) are met by the direct lines which are installed directly from Akenerji Power Plants to the plant of the customer.

The technical quality of energy supplied by TEDAŞ to the transfer customers is low in quality, whereas the technical quality of the energy supplied to bus customers by Akenerji is of a high quality. Customer surveys are performed periodically both for transfer and bus customers in order to maintain the high service quality. Akenerji makes the necessary changes in its business processes in order to improve customer satisfaction and service quality according to results of the customer surveys.

Furthermore, Customer Complaint Form practice is carried on in order to evaluate customer complaints. Required improvements are implemented in accordance with the feedback received from customers.

17. Social Responsibility

Akenerji shows its corporate social responsibility by taking the necessary steps for preventing environmental pollution and protecting natural resources during manufacturing. Discovering, developing, adopting and applying innovative and environment-friendly technologies are the main issues that also fall within our Quality Policy. In every innovative project implemented, full compliance with environmental legislations begins in the preparation stage of Environmental Impact Assessment Report. Any wastes generated from Akenerji Power Plants are disposed/recycled according to regulations issued by the Ministry of Environment and Forestry. The Akçevre Council was established in Yalova in 1993 by Akkök group of companies (Akenerji, Aksa, Akkim and Aktops). The council created a uniform approach to environmental issues and formed a venue to share experiences and problem solving activities. Information dissemination activities, social activities and environmental awareness raising activities are other ways in which the council hopes to spread information and share ideas. The Akçevre Council organizes awards and social activities not only for the Company's employees but also for students from regional schools. The annual employee "Environmental Awareness Award" was first organized in 1997 and aimed to motivate employees to propose environmental projects and activities. The "Composition and Painting Award for the Protection of the Environment" for students in the region is another annual award which aims to establish environmental awareness at an early age within the context of Worldwide Environment Day, June 5th. Occupational Health and Safety is one of the top priorities for Akenerji. All sorts of precautions are taken including preventing occupational risks, training and informing employees, organizing events, providing devices and tools, preparing procedures and directions to protect employees' health and safety.

Akkök Emergency Inspection Board was established in order to ensure that the Akkök Group companies take coordinated actions prior to, during and after any emergency. (The occupational health and safety of all Akkök Group's employees is given top priority, taking precautionary measure in the control and inspection stages to ensure that production process continues without interruptions.) The companies affiliated to the Akkök Group are inspected for compliance with the Akkök Emergency Preparation, Management and Inspection Procedure. Based on these inspections, reports containing the determined strong and weak (subject to improvement) aspects are presented to the respective companies.

Akenerji is perceived favorably by the people who live in the surroundings of its power plants thanks to the employment opportunities created and our economical and other contributions.

SECTION IV-BOARD OF DIRECTORS

18. The Structure of the Board of Directors and Independent Members

The Board of Directors comprises of seven people who are Chairman, Vice Chairman, four members (two of them are responsible for independent auditing) and the General Manager. Five members of the Board of Directors perform executive functions. They have a division of labor in accordance with the nature of tasks. The Directors are not subject to any rules regarding taking duties outside of the Company.

19. Qualifications of the Board Members

Well-educated and skilled persons with management and auditing experience, who are knowledgeable about the industry are nominated and appointed as members of the Board of Directors. There are no stipulations in the Articles of Association of the Company regarding qualifications of the Board members.

20. Mission and Vision of the Company and its Strategic Targets

Mission

To be the leading integrated electric company in the Turkish energy sector with a focus on quality and maximum efficiency.

Vision

By sustaining its leadership position, using a proactive approach to become one of the driving forces of the Turkish energy sector.

Our mission and vision are shared systematically with our employees through such methods as meetings and orientations.

In the beginning of each year, the Company determines the targets of the Company for that year, revises them if required and shares the general and department specific targets of the Company with its employees. The Company targets are specified by the General Manager and Top Management through a consultation process in the beginning of each year in accordance with the main purpose, intermediary purpose, policy and strategies of the Company. Vice General Managers prepare targets of their departments in light of the main targets of the Company that are determined annually and present such targets for the approval of the General Manager. Targets of the departments are in accordance with the purpose and targets of the Quality Management System. Personal targets are the sub-targets which are developed in the specified level of the organization in order to reach the targets of the departments and shared with the employees. Every year during July each employee comes together with his/her immediate supervisor and they follow up and review the personal targets. The set targets are evaluated by the Management in Activity Review Meetings during interim and year end periods.

21. Risk Management and Internal Control Mechanism

In the Company, Finance and Risk Management Board Meetings are held once a month in order to carry out an efficient risk management. The General Manager presides over these meetings. Other members of this board are two Executive Board Members, Vice General Manager (Financial Affairs) and Marketing Manager. In this board, besides the commercial and financial risk of the Company, the assessment of financial performance is also evaluated. Especially in the receivables risk management instruments are used that evaluate customer by customer risk levels. Net foreign currency position of the Company is monitored for the purpose of avoiding foreign currency risk.

Furthermore, a "monitoring the process of keeping risks under control" procedure are carried out across the plants, in order to ensure that the existing risks as a natural consequence of the technologies employed in Akenerji are kept under control so that they do not pose any threat for the health and safety of our employees, our workplace as well as our environment.

22. Powers and Duties of Members of the Board and the Management

Duties and functions of managers of the Company are specified by written job descriptions and updated continuously according to the changes in their assignments. The authorities of the Board of Directors of the Company are determined in the articles of the association of the Company. The authorities of managers are reviewed every year.

23. Activities of the Board

A department performs secretarial functions in order to inform members of the Board of Directors and to provide communication within the Company. The Board of Directors carries out its operations and activities within the framework of the authorities specified in the Articles of

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Association of the Company. So far, all the resolutions have been passed unanimously. Members of the Board of Directors do not have weighted vote rights, they have negative vote rights but such right has not been used up till today.

24. Doing Business with the Company and Competition Ban

Competition Ban for the Members of the Board of Directors was abolished in accordance with the provisions of Article 334 and 335 of the Turkish Commercial Code in the General Assembly. So far, there was no conflict of interest arising from competition of a Director with the Company.

25. Corporate Code of Ethics

The basic abilities, which everyone takes charge in Akenerji, are critical in supporting the Company culture targets. They are as follows;

1. Research and Acquisition of Knowledge: It is the will of a person to acquire information about his/her work environment, industry/market and the economical, social and political developments with a view to remain up-to-date on the best practices and to take right decisions in the workplace. Such a person has the necessary skills of figuring out the problems and opportunities in his/her work looking holistically inside and outside the Company, understanding developments and making in depth observations about people and issues, rather than perform the duties by asking routine questions as required by his/her job.

2. Honesty and Reliability: Expressing one's feelings and opinions openly and truthfully under any circumstances in such a way that one's discourse and behavior are coherent. Such a person tells openly when he/she makes a mistake and expects the same sincerity and openness also from others.

3. Team Work and Co-operation: This is the willingness for and competence of working cohesively together with the other members of a team. This ability requires working co-operatively in accordance with the department/company targets and giving priority to common targets over personal targets rather than regarding co-workers as rivals.

4. Responsiveness to Customers and Colleagues: This includes willingness to understand others. It is the ability of correctly inferring and being sensitive to other's feelings, thoughts and worries, which they might not be able to express explicitly or put into words at all. This ability also includes inter-cultural sensitiveness.

5. Self-confidence: This is one's belief that he/she has the necessary knowledge and skills to perform his/her duties in the best way and to choose the most effective approach to solve problems. A person with this ability feels and expresses confidence in his/her capabilities, ideas and judgements even in cases of increasing difficulty or in cases that he/she falls into conflict with his/her supervisors/customers.

6. Being Result-Oriented: Desire and motivation for doing better, achieving excellence and reaching challenging targets that contribute to improve one's and others' performance. This ability also includes being innovative or doing existing works in a different manner.

7. Creativity and Innovation: Ability to effectively work in various environments with different persons or teams and to adjust to changes. A person with this ability understands and appreciates different and counter views. He/she also helps such views be put into practice if such a change is needed in his/her job or work environment and adapts his/her personal approach according to the new situation by easily going along with the change made.

26. The Number, Structure and Independence of the Committees established by the Board of Directors

In this section, it is set forth whether corporate administrative committee or other committees together with the committee responsible for the auditing, is established. The chairpersons and members of such committees and their qualifications, their meeting frequencies, and their related activities, and procedures to be conducted while performing these activities is determined in order for the Board of Directors to fulfill their assignments and liabilities in a proper way, and to provide a reason in the event of not establishing a corporate administrative committee.

Furthermore, it is provided whether the chairpersons of the committees that are established by the board of directors, are chosen from the independent board members, and in case the committees comprise of two members, both members or in case the committees consist of more than two members, the majority of the members are the board members who are assigned for executive operations, and whether a board member is appointed to more than one committees. In case such principles are not complied with, the justification for this breach, and the conflict of interests that may happen arising from any failure of completely fulfilling these principles.

The Board of Directors of the Company consists of seven members, of whom five are executives and two are members responsible for independent auditing. Every three months, financial statements are presented for the consideration of the Board of Directors, following the approval of the Auditing Board.

27. Financial Benefits Granted to the Board of Directors

In this section, all the benefits, rights, and wages granted to the members of the Board of Directors, and the criteria used in the calculation thereof, and whether a rewarding mechanism is applied which reflects the performance of the Company depending on the performances of the board members, in determining the financial rights of these members will be provided.

In this section, additionally, it is explained whether the Company gave a loan to any of the board members or managers, or extends maturity or makes change in favor of such board members or managers in the terms of the loans or credits used by them, whether the Company granted them a loan under the name of personal credit through a third person, or gave collaterals such as surety on behalf of board members and managers, and if one or more of the foregoing matters are applied, then the justification for them and the conflict of interests that may arise from these circumstances.

Material rights granted to the members of the Board of Directors are specified in the Articles of Association. According to Article 7 of the Articles of Association, monthly wages which are determined every year at the general assembly are separated from the 2.5% distributed as per the regulations of the CMB out of the net profit in accordance with Article 27/3 of the Articles of Association of the Company. Apart from the aforementioned, there are no other financial rights granted to the board members of the Company.

AUDITING REPORT OF AKENERJİ ELEKTRİK ÜRETİM A.Ş. PRESENTED TO THE ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS FOR THE FISCAL PERIOD OF 2008

Company's Name	:	Akenerji Elektrik Üretim A.Ş.
Head Office	:	Miralay Şefik Bey Sokak 15-17 Ak Han Gümüşsuyu/ISTANBUL
Share Capital (paid)	:	TRY 65,340,000
Field of Activities	:	Electricity and Steam Generation
Auditors' Names, Terms in Office	:	Bülent ÜSTÜNEL and Ersin BAŞARAN They are appointed for a term of one year; they are not shareholders
Number of Board Meetings attended and Auditors' Meetings held	:	We have attended three meetings held by the Board of Directors and four meetings by the Auditors Committee in the year.
Scope, dates and results of the examination:	:	Accounts, books and documents of the Company were examined four of the accounts, books and documents times at quarterly intervals in March, June, September and December of the Company and their results respectively whereupon nothing was found to be in breach of the customary procedures. It has been observed that the balance sheet and the examinations income statement of the Company have been prepared in line with the records.
Number and results of the cash counts carried out at the Company pursuant to Article 353 of the Turkish Commerce Code	:	Cash counts were carried out under our supervision six times in two months intervals without any prior notice and such counts showed agreement with the records.
Results of the reviews conducted pursuant to Article 353/4 of the Turkish Commerce Code	:	In the reviews that we made once in a month, we determined that valuable documents and securities delivered to the Company as surety or bailment were issued in compliance with the applicable legislation and deposited in the Company and relevant records were kept.
Complaints and frauds brought to our notice and action taken in connection therewith	:	No complaints or notices were brought to our notice.

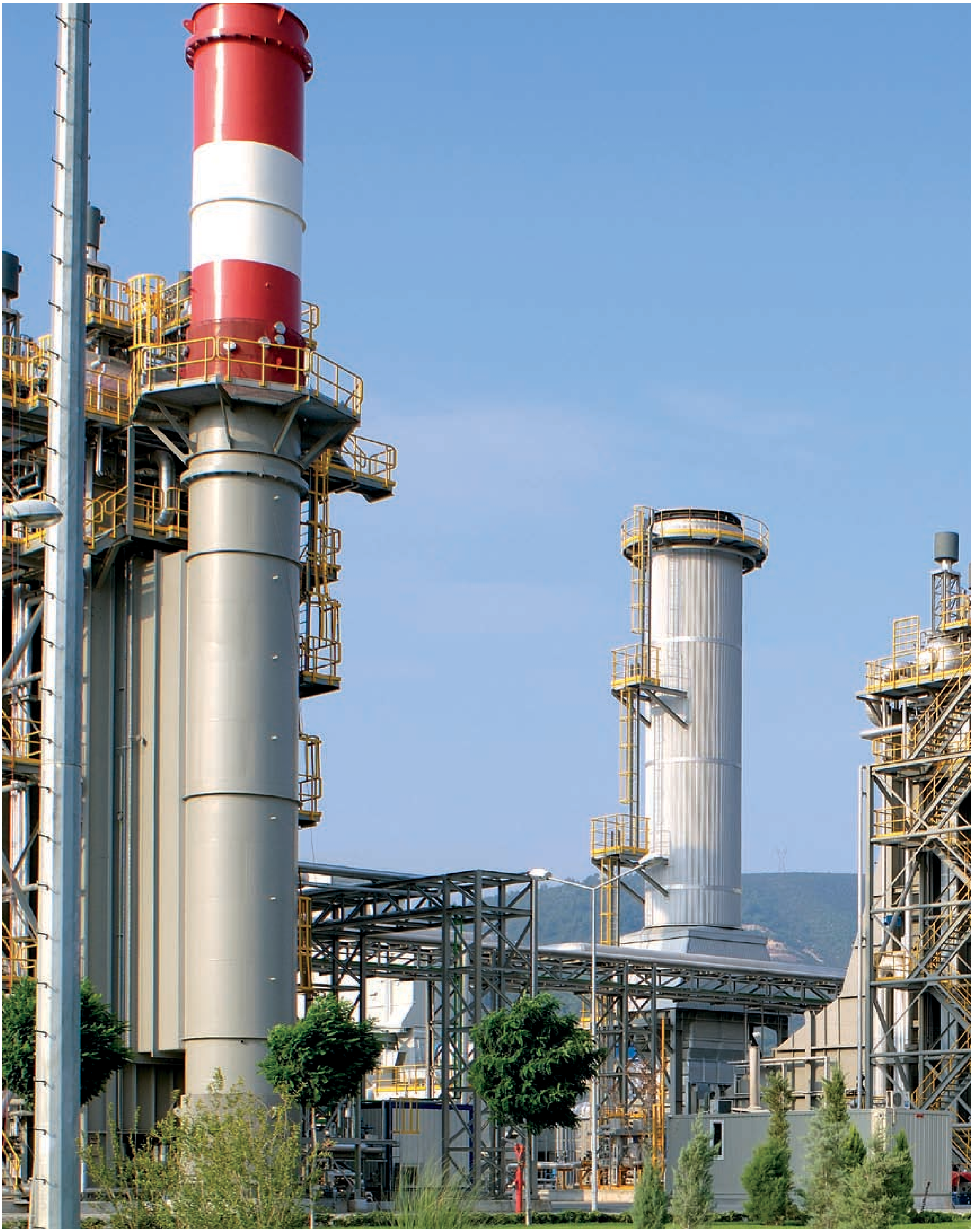
We have examined the accounts and transactions of Akenerji Elektrik Üretim A.Ş. for the period between 01.01.2008 and 31.12.2008 in accordance with the Turkish Commerce Code, Articles of Association of the Company and other legislation as well as in line with the generally accepted accounting principles and standards.

In our opinion, the attached balance sheet prepared as of 31.12.2008, the contents of which we accepted, presents a true and fair view of the financial position of the Company as of 31.12.2008. The income statement prepared for the period between 01.01.2008 and 31.12.2008 presents a true and fair view of the results from its operations for the said period and the proposed distribution of profit complies with the laws and the Articles of Association of the Company.

We hereby request approval of the Balance Sheet and the Income Statement, and the release of the Directors of the Board from their obligations.

Sincerely

Bülent Üstünel **Ersin Başaran**




AKENERJİ

AKENERJİ ELEKTRİK ÜRETİM A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008
AND INDEPENDENT AUDITORS' REPORT

Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.

Avni Dilligil Sokak No: 6
Mecidiyeköy 34394 İstanbul / Turkey
Tel: +90 (212) 275 96 90
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Akenerji Elektrik Üretim A.Ş.

We have audited the accompanying consolidated financial statements of Akenerji Elektrik Üretim A.Ş. (the Parent Company) and its Subsidiaries which comprise the consolidated balance sheet as at December 31, 2008, and the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Turkish Accounting/Financial Reporting Standards (TAS/TFRS) which are issued by the Turkish Accounting Standards Board (TASB) and which are similar to the International Accounting/Financial Reporting Standards (IAS/IFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the independent auditing standards issued by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Our independent audit involves the application of independent auditing techniques to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of the independent auditing techniques including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, is made by our professional judgment. In making those risk assessments; the internal control system of the entity is taken into consideration. However, this is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control but for displaying the relationship between the consolidated financial statements and the internal control system prepared by the entity in order to design audit procedures that are appropriate in the circumstances. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Akenerji Elektrik Üretim A.Ş. (the Parent Company) and its Subsidiaries as of 31 December 2008, and of their financial performance and cash flows for the year then ended in accordance with the TAS/TFRS issued by the TASB.

Without qualifying our opinion we would like to draw attention to the following matter;

The subsidiary Aken BV in which the Parent Company has 100% interest as of 31 December 2008 does not materially affect the consolidated financial statements; hence, the said company is stated at cost in the accompanying consolidated financial statements.

İstanbul,
17 March 2009

Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.
Member firm of BDO International

Ömür Günel
Partner in charge

AKENERJİ ELEKTRİK ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2008 AND 2007 (TL)

	Note	31 December 2008	31 December 2007
ASSETS			
Current Assets		**238.049.931**	**196.027.874**
Cash and Cash Equivalents	2,3	100.919.999	87.604.911
Trade Receivables			
-Other Trade Receivables	2,6	86.269.717	42.743.396
-Due from Related Parties	2,6,25	19.469.721	13.651.712
Other Receivables	7	1.569.038	753.012
Inventories	2,8	5.831.547	7.415.453
Other Current Assets	14	11.381.909	16.488.938
Sub Total		**225.441.931**	**168.657.422**
Long term assets held for sale	2,22	12.608.000	27.370.452
Long Term Assets		**622.744.754**	**399.746.949**
Other Receivables	7	63.515	29.727
Financial Assets	2,4	1.988.942	2.208.942
Tangible Assets	2,9	465.508.156	284.139.378
Intangible Assets	2,10	32.016.913	33.000.628
Goodwill	2,11	36.758.891	36.758.891
Other Long Term Assets	14	86.408.337	43.609.383
TOTAL ASSETS		**860.794.685**	**595.774.823**

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2008 AND 2007 (TL)

	Note	31 December 2008	31 December 2007
LIABILITIES			
Short Term Liabilities		**111.161.309**	**56.877.292**
Financial Liabilities	2,5	34.541.857	8.210.101
Trade Payables			
-Other Trade Payables	2,6	52.808.645	36.208.403
-Due to Related Parties	2,6,25	12.988.578	5.076.635
Other Payables	7	4.734.078	1.928.362
Current Period Tax Liability	2,12,23	976.755	-
Debt Provisions	2,12	5.099.172	4.820.740
Other Short Term Liabilities	14	12.224	633.051
Long Term Liabilities		**270.428.208**	**148.848.268**
Financial Liabilities	2,5	260.447.398	147.454.057
Provisions for Employee Benefits	2,13	1.460.409	1.394.211
Deferred Tax Liabilities	2,23	8.520.401	-
EQUITY		**479.205.168**	**390.049.263**
Parent Company Equity		477.783.295	388.839.995
Share Capital	15	65.340.000	65.340.000
Capital Adjustment Differences	15	101.988.910	101.988.910
Issue Premiums	15	48.869.596	48.869.596
Restricted Profit Reserves	15	8.045.482	8.045.482
Retained Earnings/(Accumulated Losses)	15	164.588.387	204.126.975
Net Profit/(Loss) For The Period	24	88.950.920	(39.530.968)
Minority Interest	**2,15**	**1.421.873**	**1.209.268**
TOTAL LIABILITIES AND EQUITY		**860.794.685**	**595.774.823**

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007 (TL)

	Note	31 December 2008	31 December 2007
INCOME FROM CONTINUING OPERATIONS			
Sales Income	16	607.056.048	452.074.250
Cost of Sales (-)	16	(507.494.679)	(438.553.247)
GROSS PROFIT/(LOSS)		**99.561.369**	**13.521.003**
General Administration Expenses (-)	17	(34.366.376)	(68.672.252)
Research and Development Expenses (-)	17	(992.931)	(262.935)
Other Operating Income	19	15.648.208	3.755.022
Other Operating Expenses (-)	19	(12.647.668)	(3.437.658)
OPERATING PROFIT/(LOSS)		**67.202.602**	**(55.096.820)**
Financial Income	20	44.037.621	15.187.976
Financial Expenses (-)	21	(12.176.856)	(14.557.245)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**99.063.367**	**(54.466.089)**
Tax Income/(Expense) for the Period	2,12,23	(1.390.237)	-
Deferred Tax Income/(Expense)	2,23	(8.520.401)	14.762.757
Tax Income/(Expense) of Continuing Operations	2,23	(9.910.638)	14.762.757
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**89.152.729**	**(39.703.332)**
PROFIT/(LOSS) FOR THE PERIOD		**89.152.729**	**(39.703.332)**
Distribution of Profit/(Loss) for the Period			
Minority Interest		201.809	(172.364)
Parent Company Equity		88.950.920	(39.530.968)
Parent Company			
Earnings/(Loss) Per Share	2,24	1,36	(0,61)

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007 (TL)

	Note	Share Capital	Capital Adjustment Differences	Issue Premiums	Restricted Profit Reserves	Retained Earnings/ (Accumulated Losses)	Net Profit/ (Loss) for the Period	Parent Company Equity	Minority Interest	Total
As of 1 January 2007	**15**	**65.340.000**	**101.988.910**	**48.869.596**	**8.045.482**	**263.886.458**	**(59.713.368)**	**428.417.078**	**1.283.805**	**429.700.883**
Capital increase		-	-	-	-	-	-	-	97.248	97.248
Transfer	15	-	-	-	-	(59.713.368)	59.713.368	-	-	-
Effect of subsidiary included in the consolidation	15	-	-	-	-	(46.115)	-	(46.115)	579	(45.536)
Profit/(loss) for the period	15,24	-	-	-	-	-	(39.530.968)	(39.530.968)	(172.364)	(39.703.332)
Balance as at 31 December 2007	**15**	**65.340.000**	**101.988.910**	**48.869.596**	**8.045.482**	**204.126.975**	**(39.530.968)**	**388.839.995**	**1.209.268**	**390.049.263**
Capital increase		-	-	-	-	-	-	-	16.250	16.250
Transfer	24	-	-	-	-	(39.530.968)	39.530.968	-	-	-
Effect of rate change in the subsidiary included in the consolidation	15	-	-	-	-	(7.620)	-	(7.620)	(5.454)	(13.074)
Profit for the period	15,24	-	-	-	-	-	88.950.920	88.950.920	201.809	89.152.729
Balance as at 31 December 2008	**15**	**65.340.000**	**101.988.910**	**48.869.596**	**8.045.482**	**164.588.387**	**88.950.920**	**477.783.295**	**1.421.873**	**479.205.168**

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007 (TL)

	Note	31 December 2008	31 December 2007
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (+)/loss (-) before tax		99.063.367	(54.466.089)
Adjustments:			
Depreciation (+)	18	31.545.885	51.403.840
Provision for termination indemnity	13	(14.780)	151.374
Debt provisions	12	359.410	184.941
Other provisions	22	25.880	45.123.698
Provision for doubtful trade receivables, net	6	1.129.136	79.028
Rediscount income (-)/expense (+), net	20,21	155.206	39.740
Income from marketables securities or long term investments (-)		(9.447.637)	(9.836.901)
(Profit)/loss on fixed asset sales	19	(4.750.737)	(795.718)
Loss on sales of financial assets		20.350	-
Interest expense (+)	21	8.855.553	2.768.707
Income Before Working Capital Changes (+)		**126.941.633**	**34.652.620**
Increase (-)/decrease (+) in trade receivables		(51.092.869)	(9.961.285)
Increase (-)/decrease (+) in inventories		1.583.906	(174.290)
Increase (-)/decrease (+) in other receivables		(849.905)	(441.635)
Increase (-)/decrease (+) in other assets	14	5.107.029	(884.456)
Increase (+)/decrease (-) in trade payables		24.976.473	(4.300.858)
Increase (+)/decrease (-) in other payables		2.805.716	723.165
Increase (+)/decrease (-) in other liabilities	14	(620.827)	609.748
Interest payments (-)		(8.438.367)	(739.270)
Tax payments (-)	12	(413.482)	-
Net cash flows provided from operating activities		**99.999.307**	**19.483.739**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Financial assets sales total		199.650	2.758.437
Increase (-)/decrease (+) in goodwill	13	-	(14.209.894)
Tangible asset acquisitions (-)	9	(211.593.956)	(72.900.860)
Intangible assets acquisitions (-)	10	(28.447)	(49.082)
Cash inflows from sales of tangible and intangible assets(+)		19.178.764	1.250.800
Increase in other long term assets (-)	14	(42.798.954)	(11.584.885)
Interests collected (+)		9.447.637	9.836.901
Net cash (used in)/provided from investment activities		**(225.595.306)**	**(84.898.583)**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows/(outflows) related to short and long term liabilities		138.907.911	13.451.247
Effect of subsidiary included in the consolidation		-	(45.536)
Effect of rate change in subsidiary included in the consolidation		(13.074)	-
Effect of capital increase in subsidiaries on the minority interests		16.250	97.248
Net cash flows provided from financing activities		**138.911.087**	**13.502.959**
Increase/(decrease) in cash and cash equivalents		13.315.088	(51.911.885)
Cash and cash equivalents at the beginning of the period	2,3	87.604.911	139.516.796
Cash and cash equivalents at the end of the period	**2,3**	**100.919.999**	**87.604.911**

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

1. Organization and Principal Activities

The principal activity of Akenerji Elektrik Üretim A.Ş. (the Parent Company) is the production of electrical energy and steam. The principal activities of the subsidiaries are the production, transfer, distribution, purchase and sales of electrical energy and to establish plants to serve such purposes and to realize local wholesale activities related to electrical energy and/or capacity with respect to the electrical energy legislation.

The Parent Company, its subsidiaries consist of the following:

Parent Company:
Akenerji Elektrik Üretim A.Ş.-Turkey

Subsidiaries:
Ak-El Yalova Elektrik Üretim A.Ş.-Turkey *
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş.-Turkey *
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.-Turkey *
Akkur Enerji Üretim Ticaret ve Sanayi A.Ş.-Turkey *
Akka Elektrik Üretim A.Ş.-Turkey **
Aken BV-The Netherlands ***
Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş.-Turkey ****

* Included in the consolidated financial statement in accordance with the full consolidation method.
** Established as at 1 May 2008 and included in the consolidated financial statements by full consolidation method.
*** Does not materially affect the consolidated financial statements, hence stated in the consolidated financial statements at cost.
**** Established as at 27 November 2008 and included in the consolidated financial statements by equity method.

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

Miralay Şefik Bey Sokak No:15 Akhan Kat: 3-4 Gümüşsuyu/İstanbul-Turkey

The Parent Company and its subsidiaries are Akkök Group companies.

The Parent Company is registered at the Capital Markets Board and 52,82% of its shares are offered to public and being traded at the Istanbul Stock Exchange (ISE) since 3 July 2000.

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

Name	Shareholding
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	40,86%
Ömer Dinçkök	11,57%
Ali Dinçkök	11,57%
Others *	36,00%
	100,00%

* Represents shareholdings of less than 10%.

As of 31 December 2008 the average number of employees is 217 (31 December 2007-208).

AKENERJİ ELEKTRİK ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

2. Presentation of the Financial Statements

i. Basis of Presentation:

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

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

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

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

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

The consolidated financial statements of the Parent Company and its Subsidiaries prepared as of 31 December 2008 as per the Communiqué XI/29 are approved at 9 March 2009 by the Company's Board of Directors.

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

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

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

iii. Consolidation Principles:

Consolidation is realized within the Parent Company, Akenerji Elektrik Üretim A.Ş. and the direct and indirect shareholdings of the Parent Company within its affiliates and subsidiaries are as follows:

	31 December 2008	31 December 2007
Subsidiaries		
Ak-El Yalova Elektrik Üretim A.Ş. *	90,01%	89,95%
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş. *	90,00%	90,00%
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. *	99,00%	99,00%
Akkur Enerji Üretim Ticaret ve Sanayi A.Ş. *	99,00%	99,00%
Akka Elektrik Üretim A.Ş. *	90,00%	
Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş. **	45,00%	
Aken BV ***	100,00%	100,00%

* Stated in the accompanying consolidated financial statements by full consolidation method.
** Stated in the accompanying consolidated financial statements by equity method.
*** Stated at cost in the accompanying consolidated financial statements.

	31 December 2008	31 December 2007
Affiliate		
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. ****	-	33,00%

**** Sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. as at 16.07.2008 and stated at cost in the accompanying consolidated financial statements as of 31 December 2007.

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

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

Full Consolidation Method:

- All balance sheet items except for the paid in capital of the Parent Company and its Subsidiaries and their equities at the acquisition date are added, and inter-company balances are eliminated.

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

- As of the acquisition date, the Parent Company's shareholding in its subsidiaries is offset against the portion of share capital it owns in the subsidiary's equity for once. The equity of the subsidiary at the acquisition date should be drawn up according to the market value of the subsidiary's net assets at that date. If the cost value of the Parent Company's shareholding in its subsidiary is more than the nominal value of the part of the share capital in the subsidiary's equity, the difference is recorded as positive goodwill in the consolidated balance sheet as a separate item. If the cost value of the investment is less than the nominal value of the share capital of the subsidiary, the difference is recorded as negative goodwill and correlated with the statement of income. The Parent Company has acquired 99% the shares of Akkur Enerji Üretim Ticaret ve Sanayi A.Ş., a company with TL 5.000.000 capital of which TL 4.541.600 is unpaid, for a total of USD 15.592.500 at 20 November 2006. The installed capacities of the hydroelectic power plants of the acquired company, Akkur Enerji Üretim Ticaret ve Sanayi A.Ş., owning manufacturing licenses are as follows:

Burç Bendi ve Hidroelektrik Santrali *(planned to be established in Adıyaman)*	: 18,84 MWm/17,52 MWe
FEKE-I HES *(planned to be established in Adana)*	: 25,64 MWm/24,61 MWe
FEKE-II HES *(planned to be established in Adana)*	: 149,57 MWm/143,58 MWe

Furthermore, the said power plants have Water Consumption contracts entered into with Public Waterworks Administration within the scope of application for manufacturing license. The term of license for each of the three power plants is 49 years. The Parent Company has acquired 99% of the shares of Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş., a company with a capital of TL 2.000.000, on 11 May 2007 at a total price of USD 10.642.500. The installed capacity of the Bulam Regulator and Hydroelectric Power Plant of the acquired company, Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş., which is planned to be established in Adıyaman is 7,90 MWm/7,11 MWe. Furthermore, Yamanlı III project which is planned to be established in Adana by the acquired company Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. has an installed capacity of 58,76 MWm/57 MWe. The said power plant has a Water Consumption contract with Public Waterworks Administration. The term of license for the power plant is 49 years.

- As the cost of acquired subsidiaries is higher than the value of shares stated among equities in the balance sheets prepared in accordance with TAS/TFRS at the acquisition dates of the subsidiaries, a total positive goodwill of TL 36.758.891 has been created (Note 11). In the event of any value decrease related to the goodwill amount, it is reflected to the statement of income. A value decrease test is performed at the same date of each year in order to determine if there is any value decrease in the goodwill.

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

- The purchases and sales among the Parent Company and its Subsidiaries and the profit and losses arising from these transactions are reversed in the Consolidated Income Statement. Furthermore, the profits and losses arising from purchases and sales of financial assets, stocks, tangible and intangible assets, and other assets subject to purchase and sales among the shareholders subject to consolidation are also included among the reversed profits and losses mentioned above.

Equity Method:

- As per the equity method, the equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net profit or loss of the associate. Dividends and similar grants received from an associate in which the said investment has been made decrease the book value of the investment.

- If the Parent Company's share of losses of an associate exceeds its "interest in the associate", the Parent Company discontinues recognising its share of further losses.

iv. Adjustments:

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

- Rediscount calculation on post dated cheques, customers, suppliers and bank loans
- Depreciation adjustment
- Reversal of establishment and organization expenses
- Deferred tax adjustment
- Provision for doubtful receivables
- Provision for litigation
- Provision for impairment of tangible assets
- Provision for impairment of affiliates
- Elimination of intra-group balance and transactions as per the consolidation procedure
- Provision for impairment over the sales value of long term assets held for sale

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

The consolidated balance sheets as of 31 December 2008 and 2007 and notes to these balance sheets as well as the consolidated statements of income, changes in equity, and cash flows for the years then ended have been presented comparatively. In order to comply with the presentation of the current period financial statements, the comparative information is reclassified when deemed necessary. The goodwill amortization reversed in accordance with the TAS/TFRS has decreased the loss for the year ended 31 December 2007 by TL 653.516 and increased the retained earnings by TL 76.697 as of 31 December 2007.

vi. Offsetting:

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

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

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

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

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

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

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

• TFRS Comment 11, “TFRS 2-Group and Treasury Share Transactions”.

• TFRS Comment 13, “Customer Loyalty Programs”

• TFRS Comment 14, “TAS 19-Limit on a Defined Benefit Asset, Minimum Funding Conditions and their Interaction”

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

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

TFRS 1	The initial application of the Turkish Financial Reporting Standards -Change Brought to Investment Costs in the First Application of TFRS	Valid at and subsequent to 1 January 2009
TFRS 2	Share Based Payments -Change Brought to the Conditions and Reversals of Progress Payments	Valid at and subsequent to 1 January 2009
TFRS 3	Mergers -Comprehensive Revision in the Implementation of Purchasing Management	Valid at and subsequent to 1 July 2009
TFRS 5	Assets Held for Sale and Discontinued Operations Plan Related to the Sales of Control Share in the Subsidiary	Valid at and subsequent to 1 July 2009
TFRS 8	Operating Segments	Valid at and subsequent to 1 January 2009
TAS 1	Presentation of Financial Statements -Comprehensive Changes Related to Preparing Comprehensive Income Statement -Change in Financial Instruments with Repurchasing Option and the Disclosure of Liabilities to Arise from their Conversion into Cash -Classification of Derivative Instruments as Current/Non-Current	Valid at and subsequent to 1 January 2009
TAS 16	Tangible Assets -Recoverable Value, Sales of Assets Held for Leasing	Valid at and subsequent to 1 January 2009
TAS 19	Employee Benefits -Curtailment and Negative Past Service Cost, Plan Management Costs, Change in the Term “Matured”, Guideline to Contingent Liabilities	Valid at and subsequent to 1 January 2009
TAS 20	Recognition of Government Incentive and Disclosing Government Aids -Government Loans with Interests Lower than the Market Interest Rates	Valid at and subsequent to 1 January 2009
TAS 23	Borrowing Costs -Comprehensive Changes Restricting Direct Expensing -Elements of Borrowing Costs	Valid at and subsequent to 1 January 2009
TAS 32	Financial Instruments: Presentation -Change in Disclosure Related to Liabilities to Arise from Financial Instruments with Repurchase Options and Converting Them Into Cash	Valid at and subsequent to 1 January 2009
TAS 39	Financial Instruments: Recognition and Measurement -Change in Items that may be subject to Hedging	Valid at and subsequent to 1 January 2009
TAS 27, 28 and 31	Consolidated and Separate Financial Statements, Investments in Associates, Interests in Joint Ventures-Comprehensive Change in Implementation of Purchasing Procedure	Valid at and subsequent to 1 July 2009
	TFRS COMMENTS	
TFRS Comment 15	Arrangements for the Construction Real Estate	Valid at and subsequent to 1 January 2009
TFRS Comment 17	Distribution of Non-Cash Assets to Owners	Valid at and subsequent to 1 July 2009

The Parent Company management is in the opinion that the implementation of the above mentioned standards and comments will have no significant impact on the financncial statements of the Parent Company and its Subsidiaries in the future periods.

ix. Significant Accounting Policies and Valuation Procedures Applied:

(a) Financial Instruments:

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

i. Cash and Cash Equivalents

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

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

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

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

Fair Value

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

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

ii. Trade Receivables

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

Fair Value

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

iii. Related Parties

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

Transactions with related parties regarding the Company's principal activities are realized at prices that comply with the prevailing market conditions.

iv. Traed Payables

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

Fair Value

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

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v. Short and Long Term Bank Loans

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

Fair Value

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

vi. Derivative Instruments

The Parent Company enters into swap agreements for the purpose of hedging interest rate risk arising from foreign currency loans used.

(b) Inventories:

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

(c) Financial Investments:

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

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

Financial investments do not have a market value and are recognized at their unit values restated as of 31 December 2004, less provision for value decrease, if any.

(d) Tangible Assets:

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

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

Land improvements	5-50 years
Buildings	19-50 years
Machinery, plant and equipment	3-40 years
Motor vehicles	5-8 years
Furniture and fixtures	3-49 years

(e) Intangible Assets:

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

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

Rights	2-49 years
Special Costs	5-10 years

(f) Assets and Liabilities in Foreign Currency:

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

(g) Impairment of Assets:

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

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

(h) Deferred Taxes:

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

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

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(i) Income Taxes:

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

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

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

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

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

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

(j) Employee Benefits:

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

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

- The dates that the employees will gain their pension rights are determined with respect to the prevailing social security laws with consideration to their past employment durations.

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

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

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

(k) Revenues and Expenses:

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

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

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

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

(l) Earnings/(Loss) Per Share:

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

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

(m) Accounting Estimates:

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

(n) Subsequent Events:

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

(o) Conditional Assets and Liabilities:

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

(p) Borrowing Costs:

Borrowing costs are recognized as expense. Borrowing costs related to the qualifying assets are included directly in the cost of the related qualifying asset. Upon completion of the necessary operations to make the qualifying asset ready for use or sale, the capitalization of the borrowing costs are discontinued. As of 31 December 2008, the borrowing costs amounting to TL 57.951.564 directly related to the investments in progress are added to the cost of the asset (31 December 2007-TL (8.019.558)).

(r) Long Term Assets Held for Sale:

Assets whose book values are recovered only upon being sold and not as a result of being used are classified as long term assets held for sale in which case the related depreciation is discontinued. Long term assets held for sale are valued at the lower of their book value and the value representing their fair values less sales expenses.

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3. Cash and Cash Equivalents

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

	31 December 2008	31 December 2007
Cash	38.815	26.557
Banks (Note 26(i))	100.357.789	86.757.245
-TL demand deposits	524.594	337.937
-Foreign currency demand deposits	626	1.465
-TL time deposits *	3.210.657	19.424.879
-Foreign currency time deposits **	96.621.912	66.992.964
Cheques received	523.395	821.109
	100.919.999	**87.604.911**

* As of 31 December 2008, the interest rate on TL time deposit accounts varies between 17,75% and 22,50% (31 December 2007-16%-19%, net).

** As of 31 December 2008, the net interest rates applied to Euro time deposits vary between 4,38% and 6,00%; those applied to USD time deposits vary between 3,00% and 7,50% (31 December 2007-Euro 3,1%-5,2%; USD 5,4%-5,65%; GBP 5,60%;).

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

4. Finansal Assets

Financial assets consist of the following (TL):

	Shareholding	31 December 2008	31 December 2007
Affiliates;			
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. *	33,00%	-	220.000
Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş. ***	45,00%	112.500.000	-
Capital commitments to affiliates;			
Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş.		(112.500.000)	-
Subsidiaries;			
Aken BV	100,00%	1.988.942	1.988.942
		1.988.942	**2.208.942**

* Sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. at a total price of TL 199.650 as at 16 July 2008 and the loss incurred on the said sales amounts to TL 20.350 (Note 19).

** Established as at 27 November 2008. As of 31 December 2008, its total assets, total liabilities and net loss amounts to TL 2.379, TL 103.513, and TL 101.134, respectively. The share of the Parent Company in the affiliate’s loss is TL 45.510 which is higher than its interest in the said affiliate, hence not recognized in the accompanying financial statements.

5. Financial Liabilities

Financial liabilities consist of the following (TL):

	31 December 2008	31 December 2007
Short term bank loans (Note 26 (ii))	204.206	159.225
Principal payments and interests of long term bank loans **	34.337.651	8.050.876
Short term financial debts	**34.541.857**	**8.210.101**
Long term financial debts **	**260.447.398**	**147.454.057**

The maturities of long term financial debts vary between 10.04.2012-05.12.2015.

Short term bank loans consist of spot credits with no interest.

As of 31 December 2008, the interest rates on long term Euro loans vary between 6,18% and 6,89%, and the interest rates on USD loans vary between 4,01% and 5,40%. (31 December 2007-Euro: 5,09%-6,52%-USD: 5,25%-6,47%).

** As of 31 December 2008, the principal and interest payments of short term portion of long term loans and the long term loans amount to TL 294.785.049 (31 December 2007-TL 155.504.933) (Note 26(ii)).

6. Trade Receivables and Payables

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

	31 December 2008	31 December 2007
Customers	83.357.187	39.929.304
Notes receivable and post dated cheques	3.158.017	2.917.091
Rediscount on receivables (-)	(654.380)	(106.795)
Other short term receivables	408.893	3.796
Doubtful trade receivables	1.644.433	515.297
Provision for doubtful trade receivables (-)	(1.644.433)	(515.297)
Other trade receivables (Note 26 (i))	**86.269.717**	**42.743.396**
Trade receivables from related parties (Notes 25 and 26 (i))	**19.469.721**	**13.651.712**
Total trade receivables	**105.739.438**	**56.395.108**

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As of 31 December 2008 and 2007, changes in the provisions for doubtful trade receivables are set out in the table below (TL):

	31 December 2008	31 December 2007
Opening balance	515.297	436.269
Provisions no longer required (Note 19)	(189.594)	(87.085)
Cancelled receivables	(133.194)	-
Provision made during the period (Note 17)	1.451.924	166.113
Closing balance (Note 26 (i))	**1.644.433**	**515.297**

Trade payables consist of the following (TL):

	31 December 2008	31 December 2007
Suppliers	53.269.036	36.208.403
Rediscount on payables	(460.391)	-
Other trade payables	**52.808.645**	**36.208.403**
Trade payable to related parties (Note 25)	**12.988.578**	**5.076.635**
Total trade payables (Note 26 (ii))	**65.797.223**	**41.285.038**

7. Other Receivables and Payables

Other receivables consist of the following (TL):

	31 December 2008	31 December 2007
Short term other receivables	1.527.187	711.070
Deposits and guarantees given	49.660	49.660
Rediscount on other short term receivables (-)	(7.809)	(7.718)
Total	**1.569.038**	**753.012**

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

	31 December 2008	31 December 2007
Deposits and guarantees given	63.515	29.727

The sum of short and long term other receivables are stated as other receivables from other parties in the Credit Risk Table in Note 26(i).

Other payables consist of the following (TL):

	31 December 2008	31 December 2007
Taxes, duties and other withholdings payable	4.411.726	1.681.098
Social security premiums payable	293.762	240.634
Due to personnel	8.668	5.462
Other miscellaneous debts	5.098	590
Deposits and guarantees received	14.824	578
Total (Note 26 (ii))	**4.734.078**	**1.928.362**

8. Inventories

Inventories consist of the following (TL):

	31 December 2008	31 December 2007
Raw materials and supplies	5.831.547	7.415.453

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9. Tangible Assets

Tangible assets consist of the following (TL):

As of 31 December 2008;

Cost;	Opening 1 January 2008	Additions	Transfers	Capitalized Finance Cost	Fixed Assets Held for Sale	Sales	Closing 31 December 2008
Land	3.902.701	-	-	-	3.042.714	-	6.945.415
Land improvements	35.789.496	32.000	-	-	-	-	35.821.496
Buildings	4.089.157	-	-	-	-	-	4.089.157
Machinery and equipment	471.520.470	1.507.296			(1.689.317)	(17.833.694)	453.504.755
Motor vehicles	2.691.010	-	-	-	-	-	2.691.010
Furniture and fixtures	6.501.874	139.082	-	-	-	(41.096)	6.599.860
Investments in progress	**108.078.263**	**127.278.601**	**24.685.413**	**57.951.564**	**-**	**-**	**317.993.841**
Sub total	**632.572.971**	**128.956.979**	**24.685.413**	**57.951.564**	**1.353.397**	**(17.874.790)**	**827.645.534**
Accumulated depreciation;							
Land improvements	(14.298.689)	(2.766.198)	-	-	-	-	(17.064.887)
Buildings	(251.878)	(82.297)	-	-	-	-	(334.175)
Machinery and equipment	(313.869.749)	(27.300.315)	-	-	1.111.531	15.677.311	(324.381.222)
Motor vehicles	(2.276.933)	(126.299)	-	-	-	-	(2.403.232)
Furniture and fixtures	(4.286.638)	(258.614)	-	-	-	41.096	(4.504.156)
Sub total	**(334.983.887)**	**(30.533.723)**	**-**	**-**	**1.111.531**	**15.718.407**	**(348.687.672)**
Net Book Value	**297.589.084**	**98.423.256**	**24.685.413**	**57.951.564**	**2.464.928**	**(2.156.383)**	**478.957.862**
Provision for value decrease in fixed assets	**(13.449.706)**						**(13.449.706)**
Grand Total	**284.139.378**	**98.423.256**	**24.685.413**	**57.951.564**	**2.464.928**	**(2.156.383)**	**465.508.156**

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As of 31 December 2007;

Cost;	Opening 1 January 2007	Additions	Transfers	Capitalized Finance Cost	Fixed Assets Held for Sale	Sales	Closing 31 December 2007
Land	7.259.011	-	-	-	(3.356.310)	-	3.902.701
Land improvements	48.100.194	6.841	-	-	(12.317.539)	-	35.789.496
Buildings	4.414.074	8.672	-	-	(333.589)	-	4.089.157
Machinery and equipment	638.598.995	2.040.823	5.747.526	-	(116.483.629)	(58.383.245)	471.520.470
Motor vehicles	3.252.887	333.881	-	-	(137.821)	(757.937)	2.691.010
Furniture and fixtures	8.496.038	121.531	-	-	(2.087.462)	(28.233)	6.501.874
Investments in progress	**43.436.676**	**78.408.671**	**(5.747.526)**	**(8.019.558)**	**-**	**-**	**108.078.263**
Sub total	**753.557.875**	**80.920.419**	**-**	**(8.019.558)**	**(134.716.350)**	**(59.169.415)**	**632.572.971**
Accumulated depreciation;							
Land improvements	(16.649.923)	(3.680.591)	-	-	6.031.825	-	(14.298.689)
Buildings	(213.110)	(87.104)	-	-	48.336	-	(251.878)
Machinery and equipment	(380.345.368)	(45.911.224)	-	-	54.006.479	58.380.364	(313.869.749)
Motor vehicles	(2.526.053)	(217.517)	-	-	127.145	339.492	(2.276.933)
Furniture and fixtures	(5.969.494)	(351.738)	-	-	2.008.415	26.179	(4.286.638)
Sub total	**(405.703.948)**	**(50.248.174)**	**-**	**-**	**62.222.200**	**58.746.035**	**(334.983.887)**
Net Book Value	**347.853.927**	**30.672.245**	**-**	**(8.019.558)**	**(72.494.150)**	**(423.380)**	**297.589.084**
Provision for value decrease in fixed assets	**(13.449.706)**	**-**	**-**	**-**	**-**	**-**	**(13.449.706)**
Grand Total	**334.404.221**	**30.672.245**		**(8.019.558)**	**(72.494.150)**	**(423.380)**	**284.139.378**

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10. Intangible Assets

Intangible assets consist of the following (TL):

As of 31 December 2008;

Cost;	Opening 1 January 2008	Additions	Disposals	Closing 31 December 2008
Rights	37.016.417	28.447	-	37.044.864
Special costs	**1.846.515**	**-**	**-**	**1.846.515**
Sub total	**38.862.932**	**28.447**	**-**	**38.891.379**
Accumulated amortisation;				
Rights	(4.047.267)	(1.005.236)	-	(5.052.503)
Special costs	**(1.815.037)**	**(6.926)**	**-**	**(1.821.963)**
Sub total	**(5.862.304)**	**(1.012.162)**	**-**	**(6.874.466)**
Net Book Value	**33.000.628**	**(983.715)**	**-**	**32.016.913**

As of 31 December 2007;

Cost;	Opening 1 January 2007	Additions	Fixed Assets Held for sale	Disposals	Closing 31 December 2007
Rights	37.124.859	17.614	(126.056)	-	37.016.417
Special costs	**2.070.605**	**31.468**	**(255.558)**	**-**	**1.846.515**
Sub total	**39.195.464**	**49.082**	**(381.614)**	**-**	**38.862.932**
Accumulated amortization;					
Rights	(3.019.738)	(1.121.884)	94.355		(4.047.267)
Special costs	**(2.036.813)**	**(33.782)**	**255.558**	**-**	**(1.815.037)**
Sub total	**(5.056.551)**	**(1.155.666)**	**349.913**	**-**	**(5.862.304)**
Net book value	**34.138.913**	**(1.106.584)**	**(31.701)**	**-**	**33.000.628**

11. Goodwill

Goodwill consists of the following (TL):

As of 31 December 2008;

	Opening 1 January 2008	Additions	Disposals	Closing 31 December 2008
Akkur Enerji Üretim Ticaret ve Sanayi A.Ş.	22.548.997	-	-	22.548.997
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	14.209.894	-	-	14.209.894
	36.758.891	**-**	**-**	**36.758.891**

As of 31 December 2007;

	Opening 1 January 2007	Additions	Disposals	Closing 31 December 2007
Akkur Enerji Üretim Ticaret ve Sanayi A.Ş.	22.548.997	-	-	22.548.997
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	-	14.209.894	-	14.209.894
	22.548.997	**14.209.894**	**-**	**36.758.891**

As of 31 December 2008, the registered value of the goodwill has been subjected to impairment test by comparing it with its recoverable value. In order to make this test, the Parent Company has used the independent valuation reports prepared for the abovementioned subsidiaries. The discounted cash flow method has been used in the valuation reports for determining the recoverable amounts. No value decrease has been determined as a result of the said test study.

12. Provisions, Conditional Assets and Liabilities

Debt provisions consist of the following (TL):

	31 December 2008	31 December 2007
Provision for cost expenses	4.049.492	1.926.511
Provision for termination indemnity (Note 13)	-	80.978
Provision for litigation	1.049.680	58.782
Provision for TRT share	-	2.754.469
	5.099.172	**4.820.740**

Tax liability on profit for the period consists of the following (TL):

	31 December 2008	31 December 2007
Provision for current period tax (Note 23)	1.390.237	-
Prepaid taxes and funds	(413.482)	-
	976.755	**-**

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

a) As of 31 December 2008 the contingent liabilities consist of TL 35.830.751, USD 2.298.177 and Euro 2.646.555 (31 December 2007-TL 26.119.671, USD 9.316.475, Euro 3.008.466).

b) As of 31 December 2008 guarantees received for short term trade receivables consist of TL 4.620.111 and USD 832.724 (31 December 2007-TL 22.115.850, USD 3.249.652, Euro 7.467.866, GBP 12.945).

c) As of 31 December 2008 the ongoing litigation commenced by the Parent Company against third parties amounts to TL 241.771 and USD 1.110.000 (31 December 2007-TL 700.074). As of 31 December 2008 the ongoing litigation commenced by third parties against the Parent Company amounts to TL 1.049.680 (31 December 2007-TL 86.835).

d) As of 31 December 2008 overdue receivables of the Company and the related provisions amount to TL 1.644.433 (31 December 2007-TL 515.297).

13. Employee Benefits

Liabilities related to employee benefits consist of provisions for termination indemnity as follows (TL):

	31 December 2008	31 December 2007
Opening balance of provision for long term termination indemnity	1.394.211	1.323.815
Short term provisions for termination indemnity (Note 12)	-	(80.978)
Current period termination indemnity expense (Note 17)	236.737	264.068
Provisions no longer required (Note 19)	(170.539)	(112.694)
Closing balance of provision for termination indemnity	**1.460.409**	**1.394.211**

14. Other Assets and Liabilities

Other current assets consist of the following (TL):

	31 December 2008	31 December 2007
Deferred VAT	9.257.470	13.704.780
Expenses related to future months	1.517.911	1.122.916
Prepaid taxes and funds	26.173	942.152
Personnel advances	177.899	444.278
Order advances given	252.943	269.615
Job advances	149.513	5.197
	11.381.909	**16.488.938**

Other non-current assets consist of the following (TL):

	31 December 2008	31 December 2007
Order advances given	86.181.951	43.548.687
Expenses related to future years	226.386	60.696
	86.408.337	**43.609.383**

Other liabilities consist of the following (TL):

	31 December 2008	31 December 2007
Other order advances received *	-	585.150
Expense accruals	6.376	41.150
Order advances received	4.236	4.315
Other liabilities	1.612	2.436
	12.224	**633.051**

* Advance received for long term assets held for sale.

15. Equity

(a) Share Capital:

The Parent Company share capital consists of the following (TL):

Name	Shareholding	Nominal Value
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	40,86%	26.701.668
Ömer Dinçkök	11,57%	7.561.000
Ali Dinçkök	11,57%	7.561.000
Other *	36,00%	23.516.332
	100,00%	**65.340.000**
Capital adjustment differences		**101.988.910**
Total adjusted capital		**167.328.910**

* Represents shareholding of less than 10%.

The Parent Company's registered capital limit is TL 150.000.000 and its paid-in capital amounts to TL 65.340.000 consisting of 6.534.000.000 shares of 1 kr nominal value each.

(b) Restricted Profit Reserves:

Restricted profit reserves consist of the legal reserves which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below:

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

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

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

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(c) Retained Earnings/(Accumulated Losses):

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

	31 December 2008	31 December 2007
Retained earnings/(accumulated losses)	204.126.975	(137.089.305)
Differences arising from inflation adjustment in equity	-	318.073.409
Legal reserves related to subsidiaries	-	171.979
Extraordinary reserves	-	82.730.375
Transfer of loss for the period	(39.530.968)	(59.713.368)
Effect of rate change in consolidation	(7.620)	-
Effect of subsidiary included in the consolidation	-	(46.115)
	164.588.387	**204.126.975**

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

	31 December 2008	31 December 2007
Retained earnings/(accumulated losses)	(236.387.376)	(196.848.788)
Legal reserves related to subsidiaries	171.979	171.979
Differences arising from inflation adjustment in Equity	318.073.409	318.073.409
Extraordinary reserves	82.730.375	82.730.375
	164.588.387	**204.126.975**

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

The restatement differences arising upon restatement of share premium, legal reserves and extraordinary reserves are as follows (TL):

	Historical Value	Restated Value	Restatement Differences
Share premium	48.869.596	173.250.498	124.380.902
Legal reserves	8.217.461	18.917.455	10.699.994
Extraordinary reserves	82.730.375	265.722.888	182.992.513
			318.073.409

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

(d) Minority Interest

Minority interest consists of the following (TL):

	31 December 2008	31 December 2007
Share capital	1.247.623	1.246.500
Capital commitment	(283.502)	(294.752)
Legal reserves	19.604	19.732
Extraordinary reserves	221.966	223.455
Differences arising from inflation adjustment in equity	1.710.955	1.720.152
Retained earnings/(accumulated losses)	(1.696.582)	(1.533.455)
Profit/(loss) for the period	201.809	(172.364)
	1.421.873	**1.209.268**

16. Sales and Cost of Sales

Sales income consists of the following (TL):

	31 December 2008	31 December 2007
Domestic sales	607.056.048	452.074.250

Cost of sales consists of the following (TL):

	31 December 2008	31 December 2007
Raw materials and supplies	464.373.968	372.558.822
Depreciation expense	22.104.332	49.670.471
Overhead	15.309.518	11.100.042
Labour expense (Note 18)	5.706.861	5.223.912
	507.494.679	**438.553.247**

17. Research and Development Expenses; General Administration Expenses

Research and development expenses and general administration expenses consist of the following (TL):

	31 December 2008	31 December 2007
Research and development expenses *	992.931	262.935
General administration expenses	34.366.376	68.672.252
	35.359.307	**68.935.187**

* Consultancy service fees paid for the project of wind farm planned to be established in Çanakkale.

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General administration expenses consist of the following (TL);

	31 December 2008	31 December 2007
Personnel expenses	7.329.907	9.124.929
Consultancy expenses	4.094.179	3.255.727
Depreciation expenses (Note 18)	1.451.785	1.733.369
Office expenses	1.768.995	1.418.439
Insurance expenses	704.017	990.049
Rent expenses	906.931	834.830
Miscellaneous tax expenses	5.416.110	1.709.560
Security expenses	712.701	652.149
Travel expenses	999.831	687.948
Provision for impairment in assets held for sale (Note 22)	25.880	45.123.698
Provision for termination indemnity (Note 13,18)	236.737	264.068
Advertisement expenses	396.935	144.449
EMRB license expenses	65.342	78.734
Disallowable expenses	3.404.927	1.151.050
Provisions for doubtful trade receivables (Note 6)	1.451.924	166.113
Provisions for litigation	990.898	58.782
Expropriation expenses *	2.195.303	-
Other expenses	2.213.974	1.278.358
	34.366.376	**68.672.252**

* Consists of the expropriation expenses paid for Akocak and Feke-1 hydroelectric power plants whose constructions are ongoing.

18. Expenses by Nature

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

	31 December 2008	31 December 2007
Overhead	22.104.332	49.670.471
General administration expenses (Note 17)	1.451.785	1.733.369
Idle section expenses (Note 19)	7.989.768	-
	31.545.885	**51.403.840**

	31 December 2008	31 December 2007
Depreciation (Note 9)	30.533.723	50.248.174
Amortisation (Note 10)	1.012.162	1.155.666
	31.545.885	**51.403.840**

Employee benefits consist of the following (TL):

	31 December 2008	31 December 2007
Cost of sales (Note 16)	5.706.861	5.223.912
General administration expense	7.566.644	9.388.997
	13.273.505	**14.612.909**

	31 December 2008	31 December 2007
Personnel expense	13.036.768	14.348.841
Provision for termination indemnity and payments in lieu of notice (Note 17)	236.737	264.068
	13.273.505	**14.612.909**

19. Other Operating Income and Expenses

Other operating income consists of the following (TL):

	31 December 2008	31 December 2007
Reversal of TRT delay interest	2.547.798	-
Profit on sales of fixed assets	4.750.737	995.368
Provisions for doubtful trade receivables no longer required (Note 6)	189.594	87.085
Provisions for termination indemnity no longer required (Note 13)	170.539	112.694
Prior period income and profits	218.565	223.642
Fuel-Oil sales income	3.968.039	-
Other income and profits	3.802.936	2.336.233
	15.648.208	**3.755.022**

Other operating expenses consist of the following (TL):

	31 December 2008	31 December 2007
Prior period expenses and losses	1.650.658	234.657
TRT share	1.155.134	1.980.272
Loss on sales of fixed assets	-	199.650
Idle section expenses (Note 18)	7.989.768	-
Loss on sale of affiliate (Note 4)	20.350	-
Other expenses and losses	1.831.758	1.023.079
	12.647.668	**3.437.658**

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20. Financial Income

Financial income consists of the following (TL):

	31 December 2008	31 December 2007
Foreign exchange gains	34.011.183	5.196.822
Interest income	9.447.637	9.836.901
Rediscount interest income	578.801	154.253
	44.037.621	**15.187.976**

21. Financial Expenses

Financial expenses consist of the following (TL):

	31 December 2008	31 December 2007
Short term borrowing expenses	8.855.553	2.768.707
Foreign exchange expenses	2.587.296	11.674.025
Rediscount interest expenses	734.007	114.513
	12.176.856	**14.557.245**

22. Long Term Assets Held For Sale

Long term assets held for sale consist of the following (TL);

	Opening 1 January 2008	Additions	Disposals	Closing 31 December 2008
Cost	135.097.964	2.002.913	(103.747.230)	32.972.033
Accumulated depreciation	(62.572.113)	(1.111.531)	47.078.644	(16.255.089)
Sub Total	**72.525.851**	**891.382**	**(56.668.586)**	**16.716.944**
Provisions for tangible and intangible assets held for sale (Note 17)	**(45.155.399)**	**(25.880)**	**41.040.634**	**(4.108.944)**
Net Book Value	**27.370.452**	**865.502**	**(15.627.952)**	**12.608.000**

	Opening 1 January 2007	Additions	Disposals	Closing 31 December 2007
Cost	-	135.097.964	-	135.097.964
Accumulated depreciation	-	(62.572.113)	-	(62.572.113)
Sub Total	**-**	**72.525.851**	**-**	**72.525.851**
Provisions for tangible and intangible assets held for sale (Note 17)	**-**	**(45.155.399)**	**-**	**(45.155.399)**
Net Book Value	**-**	**27.370.452**	**-**	**27.370.452**

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23. Tax Assets and Liabilities

a) Corporation tax;

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

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

	31 December 2008	31 December 2007
Current period Corporation Tax	(1.390.237)	-
Deferred tax income/(expense)	(8.520.401)	14.762.757
Total tax income/(expense)	**(9.910.638)**	**14.762.757**

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

	31 December 2008	31 December 2007
Per statutory books	126.278.263	16.496.102
Disallowable expenses	7.459.757	7.512.665
Tax exempt income	(4.923.075)	(2.610.245)
Investment allowance	(89.122.078)	-
Offsetting losses	**(32.741.682)**	**(21.398.522)**
Sub total	**6.951.185**	**-**
Tax rate (%)	20	20
Tax provision (Note 12)	**1.390.236**	**-**

b) Deferred Tax Assets and Liabilities;

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

	Total Temporary Differences		Deferred Tax Asset/(Liability)	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Adjustment on impairment of fixed assets	4.108.944	45.155.399	821.789	9.031.081
Provision for termination indemnity	1.460.274	1.460.585	292.055	292.117
Provision for doubtful receivables	1.451.924	-	290.385	-
Adjustment of rediscount on receivables	731.330	114.514	146.266	22.903
Provision for court cases	156.680	58.782	31.336	11.756
2005 prior year losses *	-	42.370.412	-	8.474.082
2006 prior year losses *	-	25.777.340	-	5.155.468
Advance valuation	-	63.310	-	12.662
Foreign exchange difference	-	747.271	-	149.454
Adjustment on loan discount	-	663.766	-	132.753
Deferred Tax Asset	**7.909.152**	**116.411.379**	**1.581.831**	**23.282.276**
Difference between the book values of tangible/intangible assets and their tax bases, net	(48.303.686)	(116.411.379)	(9.660.737)	(23.282.276)
Adjustment on loan discount	(1.743.185)	-	(348.637)	-
Adjustment of rediscount on payables	(464.288)	-	(92.858)	-
Deferred Tax Liability	**(50.511.159)**	**(116.411.379)**	**(10.102.232)**	**(23.282.276)**
Deferred Tax Asset/(Liability) Net	**(42.602.007)**	**-**	**(8.520.401)**	**-**

* As it is probable that the profit to be generated will be sufficient to be used in future assumptions of the Company management, 2005 and 2006 financial losses are considered in the deferred tax calculations.

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24. Earnings/(Loss) Per Share

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

	31 December 2008	31 December 2007
Profit/(loss) for the period (TL)	88.950.920	(39.530.968)
Weighted average number of ordinary shares	65.340.000	65.340.000
(Per share of TL 1 nominal value)		
Earnings/(loss) per share (TL)	1,36	(0,61)

25. Related Party Disclosures

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

	31 December 2008	31 December 2007
Aksa Akrilik Kimya San. A.Ş.	8.489.648	6.429.311
Akkim Kimya San. ve Tic. A.Ş.	3.054.940	2.939.314
Ak-Al Tekstil Sanayii A.Ş.	8.857	305.112
Aktops Tekstil San. A.Ş.	565.552	663.874
Üçgen Bakım ve Yönetim Hiz. A.Ş.	444.218	322.860
Aken BV	5.200	5.200
Akport Tekirdağ Liman İşletmeleri A.Ş.	42.010	19.572
Aksu İplik Dokuma ve Boya Apre Fab. A.Ş.	695.041	32.199
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	-	231.682
Other *	6.236.073	2.702.588
Rediscount on receivables	(71.818)	-
Total (Note 6)	**19.469.721**	**13.651.712**

* As of 31 December 2008, there are 21 shareholding companies not included in the Akkök Group to which the Company effects sales and these companies are recognized as "Other" (31 December 2007-24).

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

	31 December 2008	31 December 2007
Dinkal Sigorta Acenteliği A.Ş.	803.468	264.771
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	292.175	189.725
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş.	58.687	29.530
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	84.417	-
Other *	11.752.478	4.577.250
Due to shareholders	1.250	15.359
Rediscount on payables	(3.897)	-
Total (Note 6)	**12.988.578**	**5.076.635**

* As of 31 December 2008, there are 21 shareholding companies not included in the Akkök Group to which the Company effects sales and these companies are recognized as "Other" (31 December 2007-24).

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

	31 December 2008	31 December 2007
Aksa Akrilik Kimya Sanayii A.Ş.	86.808.303	77.507.341
Akkim Kimya Sanayi ve Ticaret A.Ş.	28.880.625	24.447.738
Ak-Al Tekstil Sanayii A.Ş.	1.945.418	7.846.648
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	7.010.093	6.772.522
Akkök Sanayi Yatırım ve Geliştirme A.Ş. *	200.525	2.748.477
Aktops Tekstil San. A.Ş.	7.826.987	7.369.415
Akpa Tekstil A.Ş.	61.641	43.946
Aktek Bilgi İşlem Tekn.San.ve Tic.A.Ş.	-	26.849
Üçgen Bakım ve Yönetim Hiz. A.Ş.	4.274.447	3.317.847
Akport Tekirdağ Liman İşletmeleri A.Ş.	131.715	81.462
Other **	25.369.821	63.865.309
	162.509.575	**194.027.554**

* Total sales value of Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. and Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. sold in 2008 and 2007 for TL 199.675 and TL 2.748.477, respectively.

** Total related to shareholders other than those included in the Akkök Group.

Sales to related parties other than the abovementioned affiliate sale to Akkök Sanayi Yatırım ve Geliştirme A.Ş. comprises of electricity and steam sales.

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

	31 December 2008	31 December 2007
Aksa Akrilik Kimya Sanayii A.Ş.	5.735.807	1.999.633
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	2.099.606	1.332.861
Ak-Han Bakım Yön Serv. Hizm.Güven. Malz. A.Ş.	295.904	276.812
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	33.517	-
Akkim Kimya San. ve Tic. A.Ş.	346.591	352.621
Üçgen Bakım ve Yönetim Hiz. A.Ş.	112.066	93.878
Ak-Al Tekstil Sanayii A.Ş.	48.723	668.691
Aktek Bilgi İşlem Tekn.San.ve Tic.A.Ş.	595.016	175.707
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	8.788	7.255
Dinkal Sigorta Acenteliği A.Ş.	1.677.356	1.896.347
Other*	69.764.754	50.205.440
	80.718.128	**57.009.245**

* Total related to shareholders other than those included in the Akkök Group.

As of 31 December 2008, remuneration provided to top executives such as the CEO and members of the Board of Directors amount to TL 3.404.134 (31 December 2007-TL 2.785.397).

Purchases from related parties consist of natural gas, service, and consultancy purchases and rent expenses.

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26. Nature and Extent of Risk Arising from Financial Instruments

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

The Finance and Risk Management Board meets once a month for the purpose of effective implementation of risk management at the Company. The meeting is chaired by the General Manager and the members comprise of two Executive Board members, Assistant General Manager (Finance) and Marketing Manager. At such meetings the Company's commercial and financial risks are evaluated as well as its financial performance. Primarily, the types of financial instruments to be used in receivables risk management are determined and the risk levels are evaluated on customer basis. The Company's net foreign currency position is monitored to avoid foreign currency risk.

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

i. Credit Risk

The credit risks of the Company mainly originate from its trade receivables. The Company management evaluates the trade receivables taking into consideration past experience, guarantees received, and the current economic outlook and makes provisions for doubtful receivables when deemed necessary. The Company management does not foresee risks related to the Company's receivables in addition to the provisions made.
The following table displays information regarding the terms overrun and warranty structure of the receivables and the cash and cash equivalents of the Company as of 31 December 2008 (TL):

31 December 2008	Receivables		Receivables			
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party *	Bank Deposits	Other **
Maximum credit risk incurred as of the reporting date * (A+B+C) (Notes 3, 6 and 7)**	**19.469.721**	**86.269.717**	**-**	**1.632.553**	**100.357.789**	**562.210**
-Part of the maximum risk taken under guarantee through collaterals ****	-	5.233.956	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	15.249.441	44.315.403	-	1.632.553	100.357.789	562.210
B. Net book value of overdue assets that are not impaired	4.220.280	41.954.314	-	-	-	-
-Portion taken under guarantee through collaterals	-	5.233.956	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
-Overdue (gross book value)	-	1.644.433	-	-	-	-
-Impairment (-) (Note 6)	-	(1.644.433)	-	-	-	-
-Part of net value taken under guarantees through collaterals	-	-	-	-	-	-

* Consists of the sum of balances related to short and long term other receivables.

** Consists of the sum of cash and cheques received stated among cash and cash equivalents.

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

**** Part of the maximum risk taken under guarantees through collaterals comprise of guarantee letters of USD 344.270 and TL 4.126.941, guarantees notes of USD 386.845, and cash guarantee of TL 1.350.

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

31 December 2007	Receivables		Receivables			
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party *	Bank Deposits	Other **
Maximum credit risk incurred as of the reporting date * (A+B+C) (Notes 3, 6 and 7)**	**13.651.712**	**42.743.396**	**-**	**782.739**	**86.757.245**	**847.666**
-Part of the maximum risk taken under guarantee through collaterals ****	-	6.208.336	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	13.651.712	42.743.396	-	782.739	86.757.245	847.666
B. Net book value of overdue assets that are not impaired	-	-	-	-	-	-
-Portion taken under guarantee through collaterals	-	6.208.336	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
-Overdue (gross book value)	-	515.297	-	-	-	-
-Impairment (-) (Note 6)	-	(515.297)	-	-	-	-
-Part of net value taken under guarantees through collaterals	-	-	-	-	-	-

* Consists of the sum of balances related to short and long term other receivables.

** Consists of the sum of cash and cheques received stated among cash and cash equivalents.

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

**** Part of the maximum risk taken under guarantees through collaterals comprise of guarantee letters of USD 344.270 and TL 5.355.457, guarantees notes of USD 386.845, and cash guarantee of TL 1.350.

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

	Trade Receivables
1-30 days overrun	45.215.984
1-3 months overrun	958.610
3-12 months overrun	-
1-5 years overrun	-
More than 5 years overrun	-
	46.174.594
Portion taken under guarantee through collaterals (-)	5.233.956

As of 31 December 2007, there are no assets which are past due but not impaired.

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ii. Liquidity Risk

Liquidity risk represents holding sufficient amount of cash or marketable securities, the employability of sufficient amount of loan transactions and funding resources, and the power to close out market positions. The Parent Company monitors the funding risk of current and future loan requirements through maintaining continuous access to sufficient number of high quality commercial credit companies and using long term investment loans.

As of 31 December 2008 and 2007, the liquid assets of the Parent Company and its Subsidiaries (current assets-stocks) exceed its short term payables by TL 121.057.075 and TL 131.735.129, respectively.

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

Maturities per contract	Book Value	Total cash outflows per contract (=I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	**294.785.049**	**346.459.784**	**1.853.669**	**48.694.325**	**259.895.749**	**36.016.041**
Bank loans (Note 5)	294.785.049	346.459.784	1.853.669	48.694.325	259.895.749	36.016.041

Expected maturities	Book Value	Total expected cash outflows	Less than 3 months	3-12 months	1-5 ears	More than 5 years
Non-derivative financial liabilities	**70.735.507**	**71.199.795**	**70.995.589**	**204.206**	**-**	**-**
Bank loans (Note 5)	204.206	204.206	-	204.206	-	-
Trade payables (Note 6)	65.797.223	66.261.511	66.261.511	-	-	-
Other payables (Note 7)	4.734.078	4.734.078	4.734.078	-	-	-

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

Maturities per contract	Book Value	Total cash outflows per contract (=I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	**155.504.933**	**188.627.525**	**-**	**16.492.922**	**151.317.004**	**20.817.599**
Bank loans (Note 5)	155.504.933	188.627.525	-	16.492.922	151.317.004	20.817.599

Expected maturities	Book Value	Total expected cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	**43.372.625**	**43.372.625**	**43.213.400**	**159.225**	**-**	**-**
Bank loans (Note 5)	159.225	159.225	-	159.225	-	-
Trade payables (Note 6)	41.285.038	41.285.038	41.285.038	-	-	-
Other payables (Note 7)	1.928.362	1.928.362	1.928.362	-	-	-

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iii. Interest Rate Risk

Interest risk arises from the probable effect of changes in interest rates on the financial statements. The financial loan agreements made by the Parent Company and its Subsidiaries are denominated in USD and Euro with variable interest rate. The Company manages long term market fluctuations, global ambiguities and financial risks through using swap instruments and hedging interest rate prospectively. For this purpose, the market conditions are monitored and the swap operations are made at the optimum conditions. The Company has subsequently continued to monitor the market related to the said transactions and evaluates opportunities. The swap transactions made by the Parent Company for hedging interest risk as of 31 December 2008 are as follows:

Bank	Loan amount in USD	Contract Date	Maturity	Interest Rate
Garanti Bankası A.Ş.	24.930.000	14 April 2008	28 June 2013	3,20%
Garanti Bankası A.Ş.	22.500.000	2 May 2008	30 December 2013	3,75%
Garanti Bankası A.Ş.	5.472.515	21 May 2008	25 April 2012	3,64%
Garanti Bankası A.Ş.	32.500.000	16 September 2008	18 January 2015	3,57%

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

	31 December 2008	31 December 2007
Financial instruments with fixed interest		
TL time deposits	3.210.657	19.424.879
Foreign currency time deposits	96.621.912	66.992.964
Foreign currency bank loans	124.935.771	-
Financial instruments with variable interest		
Foreign currency bank loans	169.849.278	155.504.933

As of 31 December 2008, if the variable interest rate on long term loans were higher/lower by 0,5% with all other variables remaining constant, the profit/(loss) before tax and the assets total would have been lower/higher by TL 197.708 (31 December 2007-TL 236.729) and TL 400.118 (31 December 2007-TL 1.684), respectively.

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iv. Foreign Currency Risk

The foreign currency balances arising from operating, investment and financial activities are disclosed below. Foreign currency risk is hedged through continuous analysis of foreign currency receivables and payables. The Company's net foreign currency position as of 31 December 2008 is TL (155.352.232) (31 December 2007-TL (68.547.849)).

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

	31 December 2008					31 December 2007				
	TL Equivalent (Functional currency)	USD	Euro	GBP	CHF	TL Equivalent (Functional currency)	USD	Euro	GBP	CHF
1. Trade Receivables	199.257	131.757	-	-	-	2.096	1.800	-	-	-
2a. Monetary Financial Assets	96.789.813	37.324.327	18.845.395	4	3	67.479.853	21.537.007	24.707.384	60.677	3
2b. Non-monetary Financial Assets	330.331	121.968	68.142	-	-	216.578	-	126.639	-	-
3. Current Assets (1+2a+2b)	**97.319.401**	**37.578.052**	**18.913.537**	**4**	**3**	**67.698.527**	**21.538.807**	**24.834.023**	**60.677**	**3**
4. Non-monetary Financial Assets	48.477.088	1.960.345	21.259.556	-	-	20.929.846	915.148	11.615.000	-	-
5. Non-current Assets (4)	**48.477.088**	**1.960.345**	**21.259.556**	**-**	**-**	**20.929.846**	**915.148**	**11.615.000**	**-**	**-**
6. Total Assets (3+5)	**145.796.489**	**39.538.397**	**40.173.093**	**4**	**3**	**88.628.373**	**22.453.955**	**36.449.023**	**60.677**	**3**
7. Trade Payables	6.362.490	853.593	2.369.022	-	-	1.075.829	918.540	501	-	-
8. Financial Liabilities	34.337.652	8.449.411	10.070.818	-	-	8.050.875	573.452	4.294.556	-	-
9a. Monetary Other Liabilities	576	381	-	-	-	594.994	500.000	-	4.000	475
9b. Non-monetary Other Liabilites	605	400	-	-	-	468	400	-	-	-
10. Short Term Liabilities (7+8+9a+9b)	**40.701.323**	**9.303.785**	**12.439.839**	**-**	**-**	**9.722.166**	**1.992.392**	**4.295.057**	**4.000**	**475**
11. Financial Liabilities	260.447.398	88.018.220	59.481.243	-	-	147.454.056	50.166.258	51.643.671	-	-
12. Long Term Liabilities (11)	**260.447.398**	**88.018.220**	**59.481.243**	**-**	**-**	**147.454.056**	**50.166.258**	**51.643.671**	**-**	**-**
13. Total Liabilities (10+12)	**301.148.721**	**97.322.005**	**71.921.082**	**-**	**-**	**157.176.222**	**52.158.650**	**55.938.728**	**4.000**	**475**
Net Foreign Currency Asset/(Liability) Position (6-13)	**(155.352.232)**	**(57.783.608)**	**(31.747.989)**	**4**	**3**	**(68.547.849)**	**(29.704.695)**	**(19.489.705)**	**56.677**	**(472)**
Monetary Items Net Foreign Currency Asset/(Liability) Position (1+2a-7-8-9a-11)	**(204.159.046)**	**(59.865.521)**	**(53.075.688)**	**4**	**3**	**(89.693.805)**	**(30.619.443)**	**(31.231.344)**	**56.677**	**(472)**
Imports *	**39.511.741**	**7.879.331**	**13.706.172**	**2.300**	**-**	**8.710.948**	**6.222.009**	**351.716**	**457**	**-**

* Import transactions are realized within the frame of investments in progress. Foreign exchange rates valid at the transaction date are taken as basis in translating import totals to Turkish Liras.

As of 31 December 2008, if all foreign currencies gained/lost value against TL by %10 with all other variables remaining constant, the total assets would have been lower/higher by TL 26.598.636 due to capitalized finance cost (31 December 2007-TL 12.342.464).

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

	31 December 2008			
	Profit/Loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
When USD changes by 10% against TL:				
1-Net Assets/Liabilities in USD	5.553.703	(5.553.703)	-	-
2-Portion prevented from USD risk (-)	-	-	-	-
3-USD Net Effect (1+2)	**5.553.703**	**(5.553.703)**	**-**	**-**
When EURO changes by 10% against TL:				
4-Net Assets/Liabilities in Euro	5.509.706	(5.509.706)	-	-
5-Portion prevented from Euro risk(-)	-	-	-	-
6-Euro Net Effect (4+5)	**5.509.706**	**(5.509.706)**	**-**	**-**
When other currencies change by 10% against TL:				
7-Net Assets/Liabilities in other currencies	2	(2)	-	-
8-Part prevented from other currency risks (-)	-	-	-	-
9-Other Net Effects (7+8)	**2**	**(2)**	**-**	**-**
TOTAL (3+6+9)	**11.063.411**	**(11.063.411)**	**-**	**-**

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

	31 December 2007			
	Profit/Loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
When USD changes by 10% against TL:				
1-Net Assets/Liabilities in USD	2.064.788	(2.064.788)	-	-
2-Portion prevented from USD risk (-)	-	-	-	-
3-USD Net Effect (1+2)	**2.064.788**	**(2.064.788)**	**-**	**-**
When EURO changes by 10% against TL::				
4-Net Assets/Liabilities in Euro	3.409.764	(3.409.764)	-	-
5-Portion prevented from Euro risk(-)	-	-	-	-
6-Euro Net Effect (4+5)	**3.409.764**	**(3.409.764)**	**-**	**-**
When other currencies change by 10% against TL:				
7-Net Assets/Liabilities in other currencies	13.129	(13.129)	-	-
8-Part prevented from other currency risks (-)	-	-	-	-
9-Other Net Effects (7+8)	**13.129**	**(13.129)**	**-**	**-**
TOTAL (3+6+9)	**5.487.681**	**(5.487.681)**	**-**	**-**

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27. Financial Instruments

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

28. Subsequent Events

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

b) The Parent Company's letter dated 5 January 2009 which has been forwarded to the Istanbul Stock Exchange is as follows:

"As per the Company's Board resolution made unanimously on 02.01.2009,

1) a total loan of USD 15.000.000 will be received by our Company from Akal Tekstil Sanayii A.Ş., one of our related companies included in the group, at an interest of 9% payable at the end of the period with 1 year maturity period, the conditions of which has been found reasonable and fair by the report prepared by Kapital Karden Bağımsız Denetim ve YMM A.Ş. in accordance with the Capital Markets Board Communiqué Nr. IV/41;

2) this transaction shall be announced at the Stock Market in the Stock Market Bulletin as per the Communiqué of the CMB on the Disclosure of Special Circumstances to the Public; and

3) the abovementioned transaction will be communicated to our shareholders participating in the 2008 Ordinary General Meeting.

The transaction referred to in the Board resolution will be realized between our Company and Akal Tekstil Sanayii Anonim Şirketi which is an affiliate of Akkök Sanayi Yatırım ve Geliştirme Anonim Şirketi of which our company is a subsidiary. The legal nature of the said transaction is obtaining a money loan."

c) The Parent Company's letter dated 26 January 2009 which has been forwarded to the Istanbul Stock Exchange is as follows:

"As per the Company's Board resolution made unanimously on 26.01.2009,

1) Our pre-emptive right arising from Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş. capital increase from TL 250.000.000,00 to TL 499.750.000 as our company has a 45% interest in the said company, and a capital commitment of TL112.387.500 will be made; and

2) the said capital commitment will be paid in cash as per the provisions of the articles of association of Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş. and the resolutions that will made by the board of directors."

d) The Parent Company's letter dated 27 January 2009 which has been forwarded to the Istanbul Stock Exchange is as follows:

"As per the Company's Board resolution made unanimously on 26.01.2009,

1) a total loan of USD 68.400.000 will be received by our Company from Akkök Sanayi Yatırım ve Geliştirme A.Ş., one of our related companies included in the group, at an interest of 6,125% payable at the end of the period 1 year maturity period, the conditions of which has been found reasonable and fair by the report prepared by Kapital Karden Bağımsız Denetim ve YMM A.Ş. in accordance with the Capital Markets Board Communiqué Nr. IV/41;

2) this transaction shall be announced to the Stock Market in the Stock Market Bulletin as per the Communiqué of the CMB on the Disclosure of Special Circumstances to the Public; and

3) the abovementioned transaction will be communicated to our shareholders participating in the 2008 Ordinary General Meeting.

The legal nature of the said transaction is obtaining a money loan."

e) The Parent Company's letter dated 26 February 2009 which has been forwarded to the Istanbul Stock Exchange is as follows:

"Special case to be disclosed: The following announcements are required to be made as per the ruling Nr 2442 of the Capital Markets Board of Turkey.

1) Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş. in which our Company has 45% interest is an entity established as per the provisions of the tender specifications related to the privatization of 100% shareholding of Sakarya Elektrik Dağıtım A.Ş. by block sales method. The said company has taken over 100% of the shareholding of Sakarya Elektrik Dağıtım A.Ş. as at 11.02.2009 and paid on the day of acquisition USD 300 million of the total sales price of USD 600 million, and announced that the balance of USD 300 million will be paid by installments with an interest of Libor + 2.5 where the maturity period is 2 years.

2) In the announcements made by the Chairman of our Executive Board Mehmet Ali Berkman and published in Vatan Daily dated 11.02.2009, it is stated that "the investment to be made in the energy sector is anticipated to reach a total of USD 1 billion this year and USD 3 billion until 2012, and to reach a total installed capacity of 3000 MW in 5 years. USD 1 billion of investment during the current year involves the global sum of the investment expenditures made within the scope of the present licensed projects of Akenerji and the acquisition of Sedaş. This statement actually advises that we have foreseen a total of USD 3 billion of energy investment until 2012, including the abovementioned total of USD 1 billion. Furthermore, the target capacity for the present investments and the projects to be planned and developed in operations and investment is foreseen as 3000 MW. As developments are realized in line with these estimations, related disclosures will be made to public in due course.

3) In the announcements made by the Chairman of our Executive Board Mehmet Ali Berkman and published in Cumhuriyet Daily dated 23.02.2009, it has been stated that our Company owns a wind plant license of 170 MW in Çanakkale whereas the corrected version of the statement would be that our company has been making project studies in relation to this region; however we currently do not own such a license. The necessary disclosures related to our studies to establish wind plants of 15 MW in Bandırma have already been made as at 16.09.2008. "

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

a) Insurance total on assets as of 31 December 2008 amounts to TL 817.350.034 (31 December 2007-TL 479.203.588).

b) The court resolution on the cancellation of the announcement made by the Parent Company at the Istanbul Stock Exchange on 21 March 2006 is as follows:

The resolution of the 13th State Council of Turkey dated 11.03.2008 Nr. 2008/3131 for the case commenced by the Chamber of Electrical Engineers by file 2005/9346 against the Energy Markets Regulatory Board, a case where the Company stands by the defendant, in regard to the 40 years production license for the Uluabat Power Tunnel and the Hydroelectric Power Plant (HEPP) granted by the Board to the Company with the request to cancel the Board decision dated 25.08.2005 nr. 540/2 related to the said grant and to cancel the "Regulation on Amendment in the Electricity Market License Regulation" published in the Official Gazette dated 26.01.2005 Nr. 25708 which constitutes the basis of the said decision, and to cancel 'the Communiqué on the Procedures Related to the Obligatory Selection in the event of Making More than One Application Regarding the Same Region and the Same Source for the purpose of Power Generation' is as follows:

- In relation to the plaintiff's request to cancel "Regulation on Amendment in the Electricity Market License Regulation" and "the Communiqué on the Procedures Related to the Obligatory Selection in the Event of Making More than One Application Regarding the Same Region and the Same Source for the purpose of Power Generation", a separate resolution is deemed groundless for the reason being that "the Communiqué is cancelled by the resolution of the same office by file no. 2005/6292 resolution 2008/2774 dated 26.02.2008 as per the rule of the Regulation subject to the court case;

- In relation to the plaintiff's request to cancel the resolution of the Energy Markets Regulatory Board dated 25.08.2005 Nr. 540/2 related to granting a 40 years production license to Uluabat Power Tunnel and Hyrdoelectric Power Plant located in Mustafa Kemal Paşa district of Bursa province, a separate resolution is deemed groundless for the reason being that a production license for a period of 48 years and 6 months has been granted in place of the former license to the Company for the Uluabat Power Plant and the HEPP in Mustafa Kemal Paşa district of Bursa province by the resolution of the Energy Markets Regulatory Board published in the Official Gazette dated 11.07.2007 nr. 26579 within the frame of the provision of the supplementary paragraph added by the Law 5625 Article 1 to the Provisional Article 3 of the "Law on establishment and operation of Electrical energy generation plants and Regulation of Energy Sales by Build-Operate Model" nr 4283, and that the plaintiff's request for suspension of execution of the said Board's resolution filed at the same Office by the plaintiff with file 2007/12033 has been rejected.

AKENERJİ ELEKTRİK ÜRETİM A.Ş. AND ITS SUBSIDIARIES
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c) The legal case commenced at Ankara 1st Administrative Court with file nr. 2004/1716 by Power Generators Association together with Akenerji Elektrik Üretim A.Ş. against Turkish Radio and Television Institution (TRT Institution) with the demand to cancel the administrative act of payment of the TRT share to the TRT Institution has been declined by the said Court's resolution nr. 2005/167, however the local court resolution has been reversed by the State Council by file nr 2005/5560 and ruling nr. 2005/6151. The case resolved at the 1st Administrative Court as per the reversal decision of the State Council has been subject to general challenge and this resolution has been appealed; however the 10th Council of State acting as the court of appeal has rejected the request for appeal and approved the resolution of the local court.

While the case is pending, Turkish Radio and Television Institution has commenced a second administrative act against Akenerji Elektrik Üretim A.Ş. demanding a total of TL 30.202.811,74 including the capital of TL 18.592.372,90 and the related interest of TL 11.605.438,84. With regard to this act and taking the opinion of Legal Consultants of the Company, a total of TL 21.402.007,44 including the capital of TL 13.913.832,09 and the related interests of TL 7.488.175,35 has been paid to the Institution with a note of reservation upon notification of Beşiktaş 5th Notary dated 25.04.2006 nr. 10213. The Company management has stated that the TRT share demanded as stated above has been miscalculated, that this calculation is based on issues such as wholesale, steam sales, scrap sales, equipment sales, system utilization transmission fees, and distribution fees which are not to be taken as basis, and that the statement made by the Energy Markets Regulatory Board (EMRB) expresses that accrual of the total TL share and energy fund calculated over the transmission and distribution tariffs added onto the same tariffs is not agreeable.

In addition to the above, the Company has filed for a case of suspension for execution of the TRT request in line with the resolution made to file for a separate case to cancel the administrative act. The 10th Council of State hearing the case has rejected the request for the suspension of execution by file nr 2006/3269, and the appeal made by the Company against this resolution to the Board of Administrative Acts of the State Council has not been accepted. The case is currently pending.

d) The Parent Company's letter dated 12 November 2007 which has been forwarded to the Istanbul Stock Exchange is as follows:

"At the Board of Directors meeting held at the head office of the Company, the following resolutions have been made:

With the objectives to lower our Company's production costs below the average level in the sector and to sell the gas turbines which are mostly used in the textile sector, for the purpose of creating funds for investing in the hydroelectric, coal or wind power plants; resolution is made unanimously to transfer from our natural gas operated cogeneration power plant with a total built-in capacity of ((2x10,5)+17+21,5+(5,25x2))=70,00-MW situated at Tasköprü District in Yalova, bearing the production license dated 01.04.2005 nr. EÜ/468-6/529 to our group company Aksa Akrilik Kimya Sanayi Anonim Şirketi the four units with a power of ((2x10,5)+17+21,5)=59,5 MW and to our group company Ak-Kim Kimya Sanayi ve Ticaret Anonim Şirketi the two units with a power of (5,25x2)=10,5 MW; and in order to realize the transfer operations, to receive the necessary permissions from the Energy Markets Regulatory Board as per the provisions of Electricity Market License Regulation, from the Undersecretariat of Treasury as per the Provisions of the Communiqué nr. 2006/3 in relation to the Implementation of Resolution Regarding Government Aids in Investments; to determine the transfer price and payment terms by the related parties taking as basis the value stated in the report of the valuation company determined by the Capital Markets Board; subsequent to receipt of the abovementioned permissions, to realize the transfer operations and to make all the public announcements related to the said operations."

The abovementioned transfer operations have not been realized as of the reporting date.

e) The announcement made by the Parent Company at 08.10.2008 in accordance with the Capital Markets Board Communiqué Nr. VII/39 is as follows:

"In our special case disclosure dated 01.11.2007, it was stated that negotiations have started among our Company authorities and those of the company named CEZ A.Ş. whose head office is located at Praha 4, Duhova 2/1444, PSC 14053-Czech Republic, established and operating under the Czech Republic laws, in relation to the integrating CEZ A.Ş among the shareholders of our Company. Upon discussions held between our Company shareholders, namely,; Akkök Sanayi Yatırım ve Geliştirme A.Ş., Emniyet Ticaret ve Sanayi A.Ş., Ali Raif Dinçkök, Ömer Dinçkök, Emboy Yuntaş Tekstil San. ve Tic. A.Ş. (the Sellers) and CEZ a.s. (the Buyer), we have been informed through our shareholders who have carried out the negotiations that the parties have reached an agreement on signing a "Share Sale Agreement". As per the said Agreement;

i) 2.441.194.554 shares of our Company with a nominal value of TL 24.411.945,00 at the rate of 37,36141% will be transferred by the Sellers to the Buyer at a total transfer fee of USD 302.627.424 subsequent to the receipt of necessary permissions.

ii) Our shareholders will transfer the respective number of shares listed below;

Akkök Sanayi Yatırım ve Geliştirme A.Ş.; 1.335.083.408 shares
Emniyet Ticaret ve Sanayi A.Ş.; 328.327.986 shares
Ali Raif Dinçkök; 378.049.980 shares
Ömer Dinçkök; 378.049.980 shares
Emboy Yuntaş Tekstil San. ve Tic. A.Ş.; 21.683.200 shares

iii) In the Share Sale Agreement, the permissions to be received from official institutions, i.e. the Energy Markets Regulatory Board, the Competition Board and the Capital Markets Board, as well as the declarations to be made by the Buyer to related institutions abroad and the permissions that the Buyer should receive from such institutions are deemed as the preliminary conditions in completing the share sale transaction.

iv) When the conditions are fulfilled, the Buyer is required to make a tender call exemption request within the periods determined by legislation.

v) The parties to the Agreement has not only realized transfer of Akenerji shares to the Buyer, but also meant to start a strategic partnership for the purpose of growing in the Turkish energy market and to be the leader in the field. The developments related to the subject will be disclosed to public in due course."

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