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ANNUAL REPORT



*Petkim serving
the development
of national economy
by growing
consistently for 42 years,
on its journey of progress
and change that
pursues the technology
closely and respects for the
environment,
will continue to be a
source of pride for the
Turkish Petrochemical Sector.*

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2007

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Petrochemical industry is a stimulating and leading sector and has a great importance for the world economy. In this branch of industry, effects of scientific and technological improvements on economic and social life are observed obviously. Petrochemical sector has played a very important role on the development and improvement of the world by either its technology or its continuously improving product chain after the second half of the 20th century. This industry became one of the most significant industries in 21st century due to durability and cost advantages of its products which can be substitute various natural raw materials. Petrochemical industry, supplying raw material to packaging, textile, construction, tire, automotive, electronics, agriculture, house goods by its continuously expanding product chain, provides important contributions to these sectors by its products. In various parts of the world, many small and medium size enterprises that convert petrochemical products to valuable products for other sectors become the major component of economic improvements by creating employment and added value.

Petrochemical sector is a technology and capital intensive as well as competition intensive sector. Great changes have been experienced in the world chemical industry due to global events, increasing environmental limitations, customer expectations in recent years. The major parameters directing technological improvements in chemical industry are sustainable development, climate changes, regulations on chemicals and energy costs. In developed countries, improvements on this important branch of industry are provided by taking facilitator and incentive measures for production, R&D and investments. In recent years scientific studies in the world focus on nanotechnology, biochemistry, molecular biology, organic chemistry and polymer chemistry.

PETKİM is one of the company that provides the highest value added in Turkey. She increased 20 % her production capacity with an investment of 400 million USD between 2003 and 2007. At the same period she increased 140 % her revenue to 1,870 million USD and increased 180 % her export to 360 million USD. In addition to capacity increase projects, improvement and efficiency studies have also been performed. Because of the increase in capacity and efficiency and the decrease in the number of personnel, production per capita increased 36 % to 390 tons in 2007. This value was 286 tons in 2003.

PETKİM is one of the most important companies in our country with her harbour, water dam, electricity production facility and waste incineration facility which serves to the other industrial facilities. PETKİM aims to continue her production and investment activities, to expand her product portfolio, to produce new high value added products, and she has been continuing her studies on these subjects. Turkey's attractive petrochemical market will diversify and reshape our production chain.

With the existence and development of the petrochemical industry in Turkey over 40 years, a considerable knowledge accumulation and infrastructure constituted for the petrochemical sector in our country. PETKİM has a great potential for growth with her experienced personnel, developed infrastructure and strong financial structure. PETKİM made great contributions for the development of native industry and training of human resources for every stage. Nowadays, domestic engineering and construction companies that increased their capabilities and experiences by working together with PETKİM could undertake new projects both in Turkey and abroad.

We aim to shape the future of our customers, our shareholders and our employees in a successful way, and to increase the worth of our company by continuing

the management of our production and services successfully. A better future will be provided for us and for new generations by combining the principles of economical success, environmental consciousness and social responsibility.

Teamwork is very important for the future of PETKİM who is integrated with her employees, suppliers and customers. To do this, training programs are implemented for our employees regularly. Every PETKİM employee is being aware of continuous development, learning from one another, encouraging each other to become even better.

PETKİM who is currently one of the biggest industrial establishments and the biggest petrochemical producer of our country has made great contributions to the development of Turkish manufacturing industry and national economy with her investments, production and experienced labour force since she has been constructed. More active PETKİM in domestic and foreign markets is the dream of all. By meeting the domestic demand and especially by having competitive power in the production of high value added products in the world market, this dream will be realized. We will succeed this all together.

Osman İLTER
Chairman of the Board



BOARD OF DIRECTORS



Osman İLTER
Chairman of the Board



Prof. Dr. M. Ali GÜRKAYNAK
Vice Chairman



Kenan YAVUZ
Member – General Manager



Birol AYDEMİR
Member



M. Fikret USLU
Member



Aziz GÜMÜŞ
Member



Ömer DUMAN
Member

AUDITORS



Mustafa ÖZEL
Auditor



Dr. Mustafa BULUT
Auditor



Petrochemical industry is the second largest branch of industry and it forms the 30% part of the chemical industry making human life safer and more productive. PETKİM has realized many activities for the first time in Turkey since its foundation. PETKİM is the only representative of large scale petrochemical industry and its product quality is within the world standards. In today's drastic competition conditions compared to past, PETKİM constitutes a strong and adequate infrastructure for new investments with its own harbour, dam, associated facilities and adequate area.

Sustainable development, climate changes, legal regulations about chemicals, dynamic structure of energy and petrochemicals, continuous improvement of technology are expected to be the trigger of change and competitiveness in the 21st century.



Dynamic structure of energy and petrochemicals is one of the most important trigger of change and improvement. Effective utilization of world's limited oil reserves is required. Petrochemical industry is based on oil and naphtha prices which show the same trend with oil. While in the beginning of the year 2006 oil prices were \$50/bl, within the year oil price became \$78/bl and at the end of the year it became \$50/bl again. However for the year 2007 this period was more different. Within the first months of the year 2007, oil price was at the level of \$50/bl, however, it reached up to a physiological limit of \$100/bl in the last quarter of the year. Naphtha also followed this trend and closed the year at the level of \$850/ton. The increase in feedstock and energy costs affected the sector negatively. The years 2006 and 2007 were comparatively positive for petrochemical companies. However, in the last quarter of 2007, rising in oil prices has caused profit margins to narrow in petrochemical sector. Only companies integrated within its own structure like PETKİM completed this period with a minimum loss. Developments in the oil sector show that oil prices are unlikely to fall in the near future. However, growth of petrochemical product demand more than gross national product, will be the most important factor that directs the prices and profitability.

As it is known, energy has strategic importance in today's world. The most important criteria in open market is, decreasing cost while increasing quality and realization of these means more and cheaper energy. Natural gas conversion project is one of the most important investments in our company. By the realization of this project 40% saving was provided in energy costs and environmentally harmful gas emissions were reduced in a great extend. Environmentally friendly PETKİM realized a very important step against global warming by implementing this project. In terms of environmental consciousness, PETKİM is one of the leading companies in Turkey. It owns the first solid waste incineration unit which is founded within battery limits of an industrial facility and Turkey's second solid waste incineration unit after İzaydaş. PETKİM has opened approximately two thirds capacity of its solid waste incineration unit to the service of manufacturers in Aegean region. Solid waste incineration unit investment and natural gas conversion of steam generation unit investment are the most concrete indicators of PETKİM's awareness of environment and public health. Recognizing the importance of sustainable development, PETKİM fulfils not only the legal regulations but also makes attempts for the continuous improvement of the environmental performance in accordance with its management philosophy.

Change is indispensable for macro and micro level organizations in accordance with improvements in the world. Rapid change and globalization affects all subsystems and even every single person included in a social system. New competition conditions that arise with globalization are more drastic as compared to the past. Increased competition conditions constrain each sector to increase quality continuously without decreasing their profitability.

Continuous improvement of technology is the most important trigger of change and improvement. In petrochemical branch of industry, R&D activities are very intense, technologies become rapidly out of fashion and establishing capacity of units increase continuously. In this environment, companies in this sector constrain themselves to follow technology and developments in market, to update themselves by considering these developments, to make investments continuously and to live in a continuously changing competitive atmosphere. Companies that do not act in accordance with the market conditions and does not carry the technological innovations to their investments on time are obliged to shrink or withdraw from the market.

PETKİM is obliged to change, improve and grow in order to continue its presence in sector and increase its competitive power. We initiated the process of change with the studies of restructuring and capacity expansion. However these actions are only the first steps. New investments performed in PETKİM will provide contribution to both the economy of Turkey and economy of the region. Also, the development of our country's chemical industry depends on the investments that will be made in PETKİM.

After all, there is no any other PETKİM in Turkey. **PETKİM is the name of a company that grows, makes investments, profits and shares worth added with its country.** Our workers, our suppliers and our customers, namely all the bangles of PETKİM chain are the assurance of realization of all these plans. PETKİM will rapidly go forward to realize its vision for being a world company by the effort of its employees and I believe that PETKİM will continue to be the leader of its sector by being the pursuer and implementer of the most modern developments in petrochemical sector.

Kenan YAVUZ
General Manager

GENERAL MANAGEMENT



Kenan YAVUZ
General Manager



Abdulkadir TUNCER
Assistant General Manager
Operations



Ali ÖZTÜRK
Assistant General Manager
Logistics



Ertuğrul KURT
Assistant General Manager
Planning - Project - Investments



Hatice KAYGIN
Assistant General Manager
Human Resources



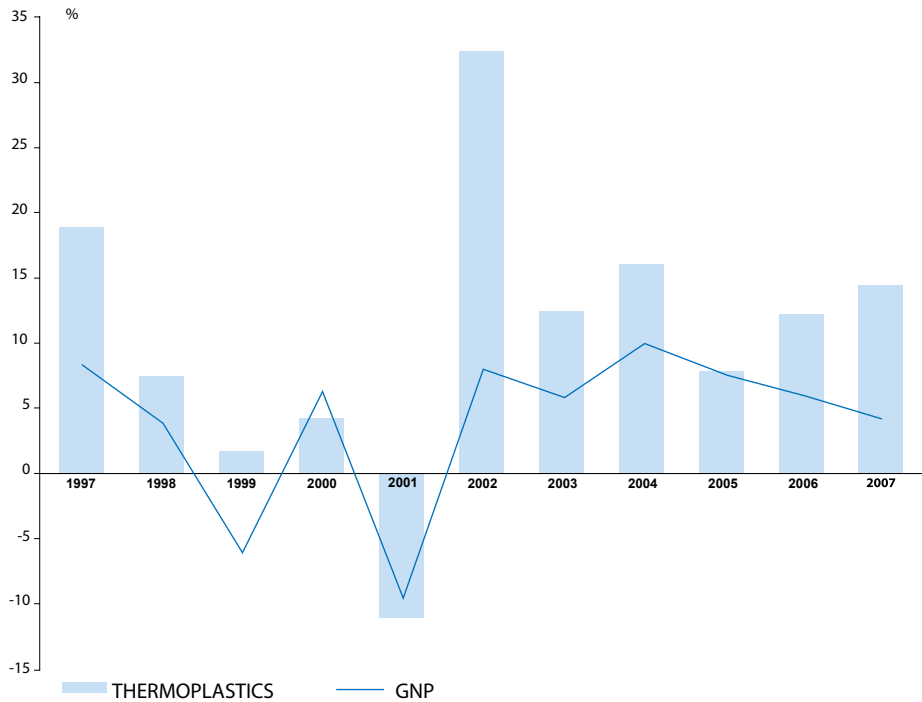
M. Hayati ÖZTÜRK
Assistant General Manager
Financial - Commercial

SUMMARY OF THE LAST FIVE YEARS					
	(000 TRY)				
	2003	2004	2005	2006	2007
NET SALES	1,240,046	1,568,689	1,344,249	2,222,333	2,178,559
EXPORTS (MILLION US \$)	127	182	217	410	358
PRODUCTION VALUE	1,323,755	1,497,066	1,232,644	1,949,944	1,985,124
INVESTMENTS	72,722	113,639	207,535	96,897	72,493
DEPRECIATION AND AMORTIZATION	236,422	254,177	69,587	91,069	97,060
PROVISION FOR TERMINATION INDEMNITY	117,691	113,886	95,405	99,086	101,136
CURRENT PROFIT/(LOSS)					
BEFORE TAXES	(244,987)	61,943	(98,547)	57,986	73,861
NET PROFIT / (LOSS)	(245,402)	61,943	(98,547)	57,986	73,861
NET PROFIT / (LOSS) (MILLION US \$)	(183)	46	(73)	41	63
CAPITAL	204,750	204,750	204,750	204,750	204,750
FINANCIAL DEBTS	14,990	10,889	92,152	17,381	28,047
TOTAL ASSETS	1,753,168	1,753,685	1,801,846	1,838,953	1,945,724
NUMBER OF EMPLOYEES	4,281	3,967	3,758	3,700	3,534
GROSS FOREIGN EXCHANGE SAVINGS (MILLION US \$)	700	1,002	953	1,514	1,658
CONTRIBUTION TO THE NATIONAL ECONOMY	194,875	497,595	205,338	380,539	453,778

All figures unless specified are in thousand TRY as of 31.12.2007, 1 US Dollar = 1,1647 TRY



GNP & THERMOPLASTICS DEMAND GROWTH RATES FOR TURKEY



DOMESTIC DEMAND PROJECTIONS OF PETROCHEMICALS (000 TONS)

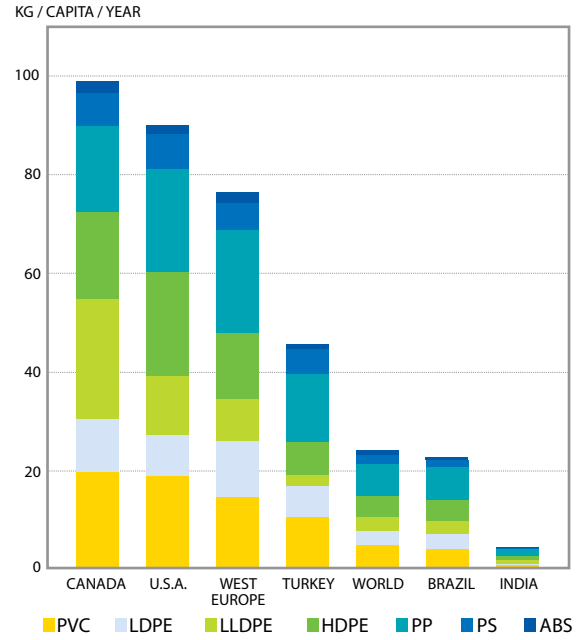
PRODUCTS	2007		FORECAST*					
	ACTUAL DEMAND	ANNUAL GROWTH %	A			B		
			2010	2015	02 - 07 G.RATE,%	2010	2015	97 - 07 G.RATE,%
THERMOPLASTICS	3,325	14	4,814	9,166	13.1	4,470	7,590	10.4
PVC	815	15	1,176	2,166	13.0	1,029	1,518	8.1
LDPE	454	11	526	673	5.0	499	583	3.2
LLDPE	182	32	336	929	22.6	331	891	21.9
HDPE	520	18	854	1,951	18.0	807	1,677	15.8
PP	991	12	1,400	2,491	12.2	1,294	2,018	9.3
PS	363	8	522	955	12.9	511	902	12.1
FIBER RAW MATERIALS	755	0.4	851	1,050	4.1	869	1,100	4.8
ACN	270	(7)	333	473	7.3	303	366	3.9
MEG	214	4	232	266	2.7	247	311	4.8
PTA	271	5	285	311	1.7	320	422	5.7
RUBBER RAW MATERIALS	293	23	397	659	10.7	363	520	7.4
SBR	104	45	141	238	10.9	134	206	9.0
CBR	33	21	47	82	11.8	41	57	6.8
CARBON BLACK	156	12	209	340	10.3	188	257	6.5
OTHERS	201	10	235	311	5.4	213	236	2.0
PA	73	20	96	152	9.7	82	101	4.3
p - X	128	6	139	160	2.8	131	135	0.6
TOTAL	4,575	12	6,297	11,187	11.2	5,915	9,446	8.9

(*): A: Projected values are found by using 2007 actual consumptions and growth rates for the period 2002 - 2007

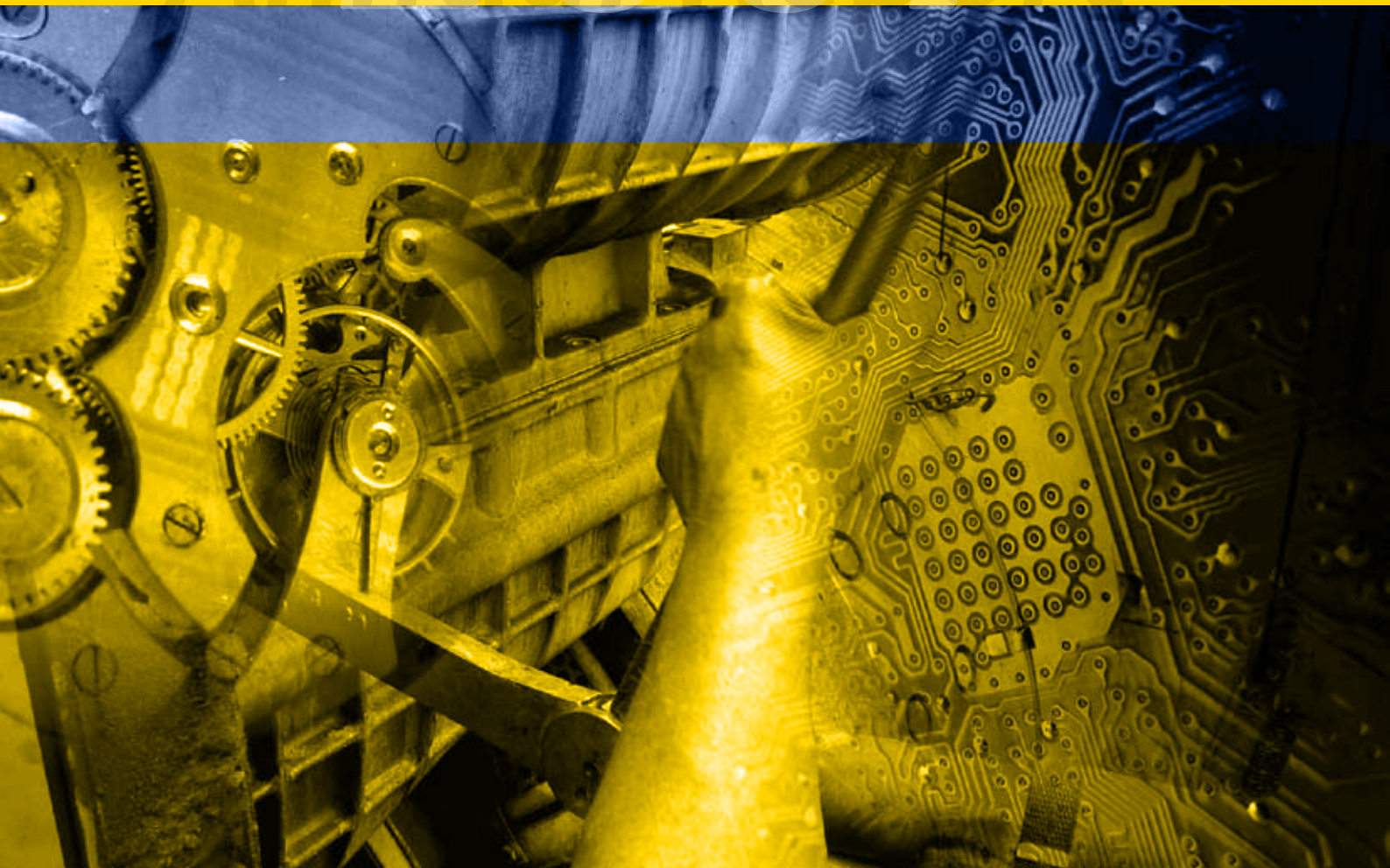
B: Projected values are found by using 2007 actual consumptions and growth rates for the period 1997 - 2007

DOMESTIC MARKET SHARE OF PETKİM					%
	2003	2004	2005	2006	2007
THERMOPLASTICS	27	24	20	24	22
PVC	29	25	21	19	18
LDPE	52	48	50	62	60
HDPE	29	29	19	20	16
PP	11	9	6	13	12
FIBER RAW MATERIALS	31	26	21	23	21
ACN	34	35	21	33	33
MEG	38	28	29	25	14
PTA	22	17	14	10	13
OTHERS	69	55	45	70	66
BENZENE	99	99	100	99	
o - X	100	100	100	100	100
p - X	63	45	41	71	70
PA	60	56	36	52	44
TOTAL	31	27	22	27	25

THERMOPLASTICS CONSUMPTION PER CAPITA



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PRODUCTION ACTIVITIES

2007



OUR TARGET IS TO PRODUCE NEW HIGH VALUE ADDED PRODUCTS

Our production facilities continue to operate at high capacity, high efficiency and high standards of total quality approach.

Although our main input, naphtha, saw record price highs in 2007, we were able to achieve high utilization rates.

Capacity utilization rate in ethylene production has been 94%. Capacity outages have been experienced at some plants depending on market conditions and general power cut. However, the capacity utilization rate of 92% has been reached for overall the complex. Operating rates for thermoplastics and fiber raw materials were 96% and 72% respectively.

The improvement activities have been continued at the some plants in the complex. The project of FFS Packaging System for solid products was completed. At the Steam Generation Unit, fuel conversion project from fuel oil to natural gas for energy saving was also completed. The gas turbine was commissioned at the Electricity Generation Unit.

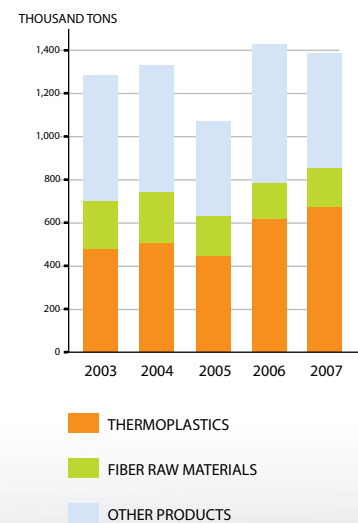
Auxiliary Units have met the utility requirements of process plants without interruption except energy bottleneck. Waste treatment, pipe-line network and jetty facilities have contributed the continuity of production activities. At the Solid-Liquid Waste Incineration Unit, the receiving and incineration activity of the wastes from the companies outside of PETKİM has been started.

PRODUCTION CAPACITIES	TONS / YEAR
THERMOPLASTICS	700,000
PVC	150,000
LDPE	190,000
LDPE - T	120,000
HDPE	96,000
PP	144,000
FIBER RAW MATERIALS	249,000
ACN	90,000
PTA	70,000
MEG	89,000
OTHER PRODUCTS	954,000
ETHYLENE	520,000
BENZENE	134,000
PA	34,000
CHLORINE	100,000
VCM	152,000
MASTERBATCH	10,000
BAG	4,000
TOTAL	1,903,000



PRODUCTION				TONS
PRODUCTS	CAPACITY	CAPACITY UTILIZATION %	TOTAL PRODUCTION	FOR MARKETING
ETHYLENE	520,000	94	486,344	(2,018)
THERMOPLASTICS	700,000	96	675,214	667,629
PVC	150,000	103	155,021	155,021
LDPE	190,000	98	186,579	180,297
LDPE -T	120,000	102	122,118	121,061
HDPE	96,000	89	85,211	84,965
PP	144,000	88	126,285	126,285
FIBER RAW MATERIALS	249,000	72	178,844	178,844
ACN	90,000	102	91,538	91,538
PTA	70,000	67	46,631	46,631
MEG	89,000	46	40,675	40,675
OTHER PRODUCTS	434,000	93	1,548,437	538,719
LOW POLYMER, HDPE			1,932	1,932
ATACTIC PP			701	701
DEG			3,773	3,773
GLYCOL MIXTURE			513	513
PA	34,000	103	35,078	35,078
BENZENE	134,000	100	134,273	134,273
o-X			36,153	5,458
p-X			118,356	87,748
C ₅ MIXTURE			49,939	49,939
PROPYLENE (CG)			77,300	2,468
PROPYLENE (PG)			163,239	175
C ₄			59,883	59,098
PY - GAS			348,207	68,570
AROMATIC OIL			68,189	11,097
CHLORINE	100,000	81	81,166	
CAUSTIC (100 %)			92,397	79,649
VCM	152,000	95	143,919	716
EDC			111,489	(3,546)
HCl (27 %)			14,022	(83)
MASTERBATCH	10,000	42	4,193	417
BAG	4,000	93	3,715	743
TOTAL	1,903,000	92	2,888,838	1,383,174

PRODUCTION FOR MARKETING
ACCORDING TO PRODUCT GROUPS

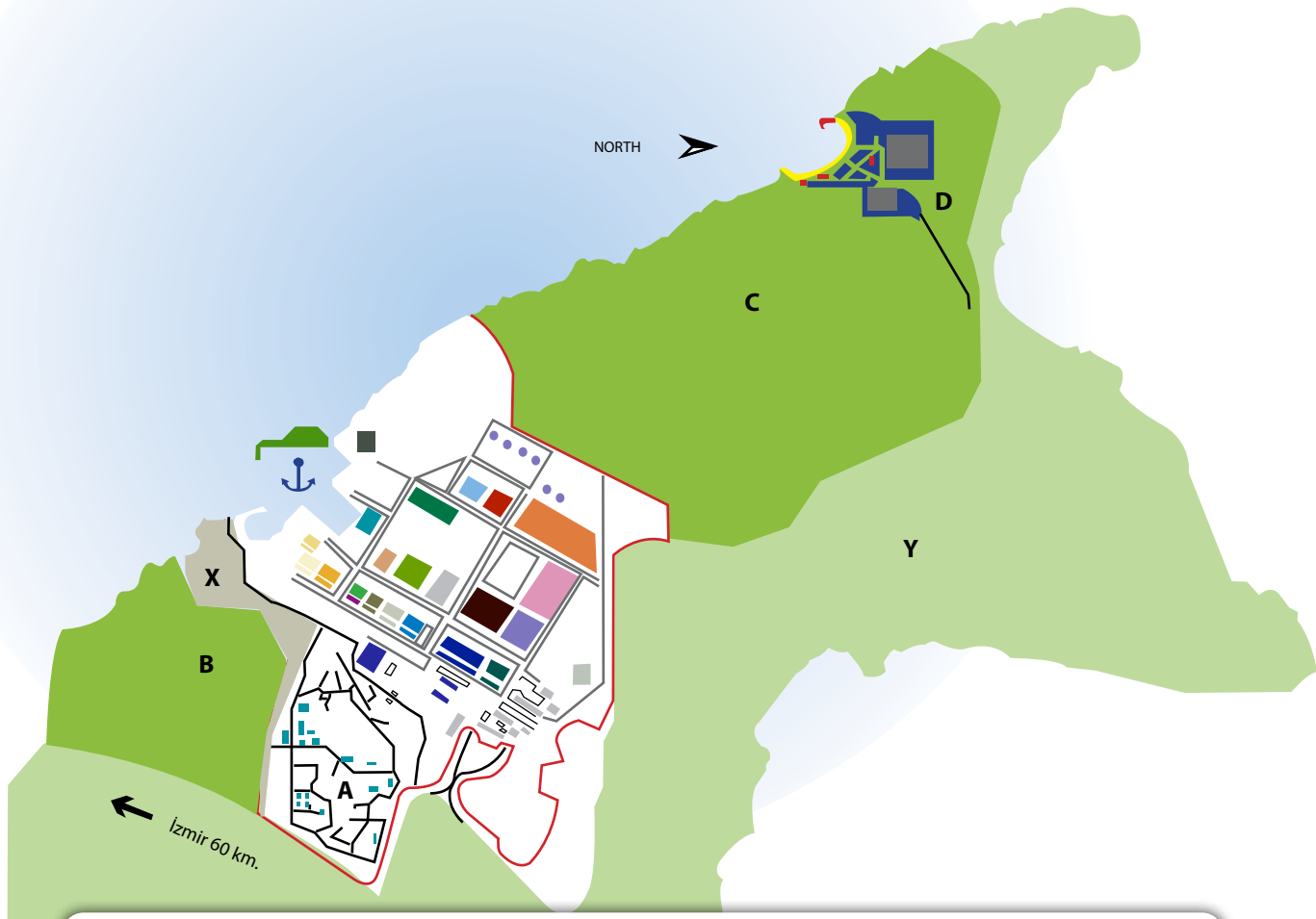


PRODUCTION FOR MARKETING BY YEARS					TONS
PRODUCTS	2003	2004	2005	2006	2007
ETHYLENE	8	11	9	(3,868)	(2,018)
THERMOPLASTICS	477,517	508,938	447,401	617,970	667,629
PVC	139,974	156,585	133,283	133,566	155,021
LDPE	184,519	185,558	151,032	173,336	180,297
LDPE - T			44,784	116,289	121,061
HDPE	82,129	89,487	67,808	82,915	84,965
PP	70,895	77,308	50,494	111,864	126,285
FIBER RAW MATERIALS	216,070	234,343	184,710	168,848	178,844
ACN	84,243	88,107	70,783	91,298	91,538
PTA	56,369	63,499	47,876	26,317	46,631
MEG	75,458	82,737	66,051	51,233	40,675
OTHER PRODUCTS	572,663	588,100	438,735	644,458	538,719
LOW POLYMER, HDPE	1,710	1,423	981	1,385	1,932
ATACTIC PP	965	927	321	736	701
DEG	7,169	7,559	5,971	4,464	3,773
GLYCOL MIXTURE	1,054	939	768	612	513
PA	33,347	34,412	22,710	37,055	35,078
BENZENE	130,358	131,394	106,680	141,393	134,273
o-X		6		5,747	5,458
p-X	53,001	52,120	25,372	104,371	87,748
C ₅ MIXTURE	71,187	77,115	58,287	64,705	49,939
PROPYLENE (CG)		4,298		(1,302)	2,468
PROPYLENE (PG)			12,823	7,938	175
C ₄	114,225	112,681	83,313	127,463	59,098
PY - GAS	8,394	6,299	28,524	59,588	68,570
AROMATIC OIL	61,054	65,637	14,412	5,496	11,097
CAUSTIC (100%)	86,871	88,886	76,873	82,990	79,649
VCM				(690)	716
EDC				2,365	(3,546)
HCl (27%)	48	1,230		(387)	(83)
MASTERBATCH	314	1,123	229	468	417
PLASTIC MATERIALS	1,011	963	790	61	743
OTHERS (*)	1,955	1,089	681		
TOTAL	1,266,258	1,331,393	1,070,855	1,427,408	1,383,174

(*) : Sulphuric Acid, Hypochloride

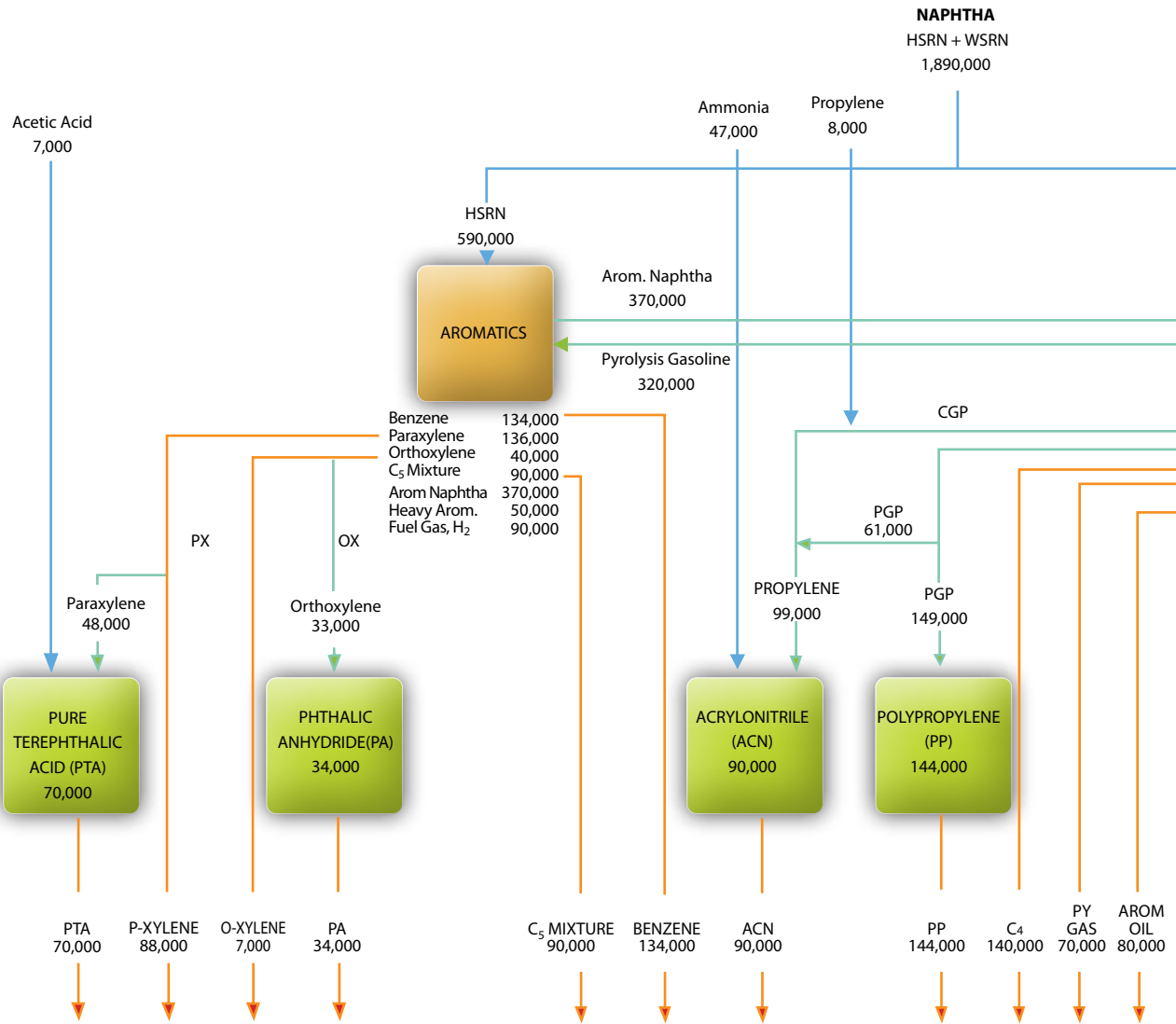


ALİAĞA COMPLEX LAYOUT

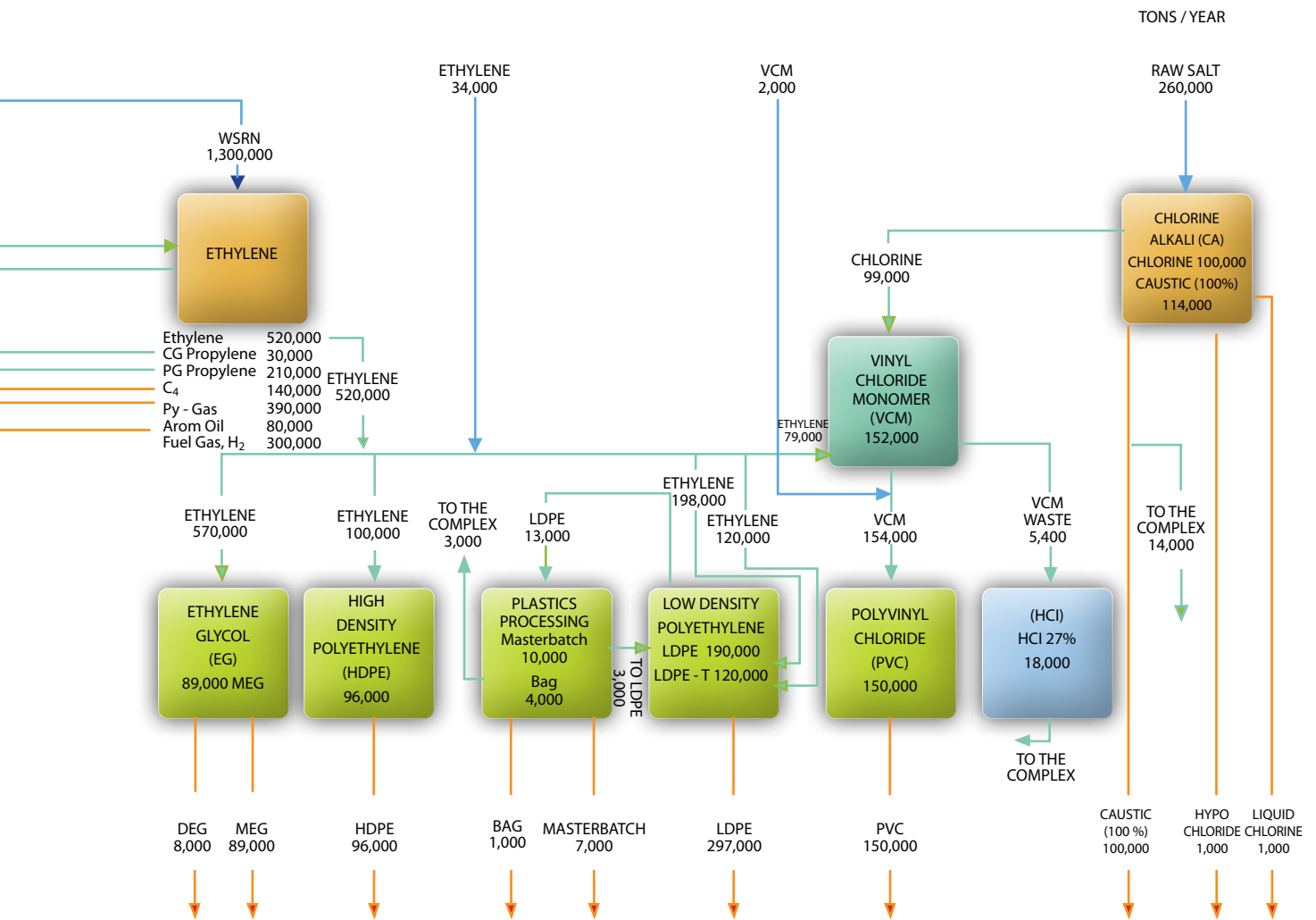


ETHYLENE	EO/EG	VENT GAS BURNING TOWER	A. LIVING QUARTERS
PVC	AROMATICS	STEAM AND POWER	B. PETKİM + FOUNDATION
LDPE	ACN	DEMINERALIZED WATER	C. FOREST AREA
HDPE	VCM	AIR, NITROGENE, OXYGENE	D. ÇAYAĞZI
PP	CHLORINE ALKALI	WASTE TREATMENT	X. PETROL OFİSİ
PA	PLASTICS PROCESSING	WATER TREATMENT	Y. TÜPRAŞ
LDPE - T	ENVIRONMENTAL UNIT	HARBOUR	
PTA	ETHYLENE TANK PARK		

FLOW DIAGRAM



Petrochemical industry where petroleum products are converted to more valuable products has a wide product range with high added values.



2007

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PLANTS

2007



ETHYLENE PLANT

Nameplate Capacity	400,000 tons / year
Licensor	Stone & Webster Eng.Ltd.- ENGLAND
Engineering & Supply Contractor	Stone & Webster Eng.Ltd.-ENGLAND
Construction Contractor	Tekfen - TURKEY
Start up Date	21/03/1985
Expansion Date	2005
Capacity after Expansion	520,000 tons / year
2007 Production	486,344 tons
Number of Personnel	192
Manpower Productivity (Direct)	1,043 kg / man - hour
Production / Raw Material	100%
Capacity Utilization Rate	94%



LOW DENSITY POLYETHYLENE (LDPE) PLANT

Nameplate Capacity	165,000 tons / year
Licensor	Imperial Chemical Ind. Ltd. ENGLAND
Engineering & Supply Contractor	SIM - Chem Ltd. ENGLAND
Construction Contractor	Kutlutaş - TURKEY
Start up Date	19/04/1985
Expansion Date	1992, 2001
Capacity after Expansion	190,000 tons / year
2007 Production	186,579 tons
Number of Personnel	145
Manpower Productivity (Direct)	553 kg / man - hour
Conversion Factor LDPE / Ethylene	95%
Capacity Utilization Rate	98%



LOW DENSITY POLYETHYLENE TUBULAR (LDPE-T) PLANT

Nameplate Capacity	120,000 tons / year
Licensor	Sabtec - HOLLAND
Engineering & Supply Contractor	Technip - FRANCE
Construction Contractor	Tokar A.Ş. - TURKEY
Start up Date	24/05/2005
2007 Production	122,118 tons
Number of Personnel	88
Manpower Productivity (Direct)	584 kg / man - hour
Conversion Factor LDPE-T / Ethylene	98%
Capacity Utilization Rate	102%



HIGH DENSITY POLYETHYLENE (HDPE) PLANT

Nameplate Capacity	44,000 tons / year
Licensor	Mitsui Petrochemical Co.- JAPAN
Engineering & Supply Contractor	Mitsui Eng.Shipbuil.Co.Ltd.&Mitsui Co.Ltd.-JAPAN
Construction Contractor	Koray - TURKEY
Start up Date	23/07/1985
Expansion Date	1993, 2001
Capacity after Expansion	96,000 tons / year
2007 Production	85,211 tons
Number of Personnel	99
Manpower Productivity (Direct)	378 kg / man - hour
Conversion Factor HDPE / Ethylene	97%
Capacity Utilization Rate	89%



**POLYPROPYLENE (PP) PLANT**

Nameplate Capacity	66,000 tons / year
Licensor	Mitsubishi Petrochemical Co. - JAPAN
Engineering & Supply Contractor	Chiyoda Eng. Ltd. & Mitsubishi Co. - JAPAN
Construction Contractor	AEA - TURKEY
Start up Date	04/08/1985
Expansion Date	1993, 2005
Capacity after Expansion	144,000 tons / year
2007 Production	126,285 tons
Number of Personnel	117
Manpower Productivity (Direct)	473 kg / man - hour
Conversion Factor PP / Propylene	93%
Capacity Utilization Rate	88%

**ACRYLONITRILE (ACN) PLANT**

Nameplate Capacity	70,000 tons / year
Licensor	Vistron Corp. - USA
Engineering & Supply Contractor	Badger Pan America - ENGLAND
Construction Contractor	Entes - TURKEY
Start up Date	15/08/1985
Expansion Date	1993
Capacity after Expansion	90,000 tons / year
2007 Production	91,538 tons
Number of Personnel	82
Manpower Productivity (Direct)	479 kg / man - hour
Conversion Factor ACN/(Propylene+Ammonia)	64%
Capacity Utilization Rate	102%

**ETHYLENE GLYCOL (EG) PLANT**

Nameplate Capacity	89,000 tons / year MEG
Licensor	Shell Research Ltd. - HOLLAND
Engineering & Supply Contractor	Mitsui Eng. Shipbuilding Co. Ltd. & Mutsui Co. Ltd. JAPAN
Construction Contractor	AEA - TURKEY
Start up Date	12/12/1985
2007 Production	40,675 tons MEG
Number of Personnel	70
Manpower Productivity (Direct)	246 kg / man - hour
Conversion Factor MEG / Ethylene	155%
Capacity Utilization Rate	46%

**AROMATICS PLANT**

Nameplate Capacity	123,000 tons / year Benzene
Licensor	Universal Oil Products (UOP) - USA
Engineering & Supply Contractor	JGC Corp. Nissho Iwai Corp. - JAPAN
Construction Contractor	Enka - TURKEY
Start up Date	22/03/1985
Modification Date	2005
Capacity after Modification	134,000 tons / year Benzene
2007 Production	134,273 tons Benzene
Number of Personnel	125
Manpower Productivity (Direct)	480 kg / man - hour
Production / Raw Material	100%
Capacity Utilization Rate	100%

PURE TEREPHTHALIC ACID (PTA) PLANT

Nameplate Capacity	70,000 tons / year
Licensor	Standart Oil Co. (Indiana) - USA
Engineering & Supply Contractor	Technipetrol S.P.A. - ITALY
Construction Contractor	Alarko - TURKEY
Start up Date	28/04/1987
2007 Production	46,631 tons
Number of Personnel	108
Manpower Productivity (Direct)	182 kg / man - hour
Conversion Factor PTA / p-x	150%
Capacity Utilization Rate	67%



PHTHALIC ANHYDRIDE (PA) PLANT

Nameplate Capacity	34,000 tons / year
Licensor	Atochem - FRANCE
Engineering & Supply Contractor	Krebs & Cie S.A.- FRANCE
Construction Contractor	Atilla Doğan - TURKEY
Start up Date	19/12/1985
2007 Production	35,078 tons
Number of Personnel	61
Manpower Productivity (Direct)	254 kg / man - hour
Conversion Factor PA / o-x	107%
Capacity Utilization Rate	103%



CHLORINE ALKALI (CA) PLANT

Nameplate Capacity	75,000 tons / year Gas Chlorine
Licensor	Oronzio De Nora - ITALY
Engineering & Supply Contractor	Catalytic.Int.Inc.U.K.Oronzio De Nora Permelec S.P.A-ITALY
Construction Contractor	Entes - TURKEY
Start up Date	04/05/1985
Expansion Date	2000
Capacity after Expansion	100,000 tons / year Gas Chlorine
2007 Production	81,166 tons Gas Chlorine
Number of Personnel	116
Manpower Productivity (Direct)	303 kg / man - hour
Conversion Factor [Gas Chlorine+Caustic (100%)] / Salt	91%
Capacity Utilization Rate	81%



VINYL CHLORIDE MONOMER (VCM) PLANT

Nameplate Capacity	108,000 tons / year
Licensor	ICI, Solvay - ENGLAND / BELGIUM
Engineering & Supply Contractor	CTIP S.P.A. - ITALY
Construction Contractor	Alarko - TURKEY
Start up Date	09/07/1986
Expansion Date	1995, 2000-2003
Capacity after Expansion	152,000 tons / year
2007 Production	143,919 tons
Number of Personnel	106
Manpower Productivity (Direct)	550 kg / man - hour
Conversion Factor	87%
VCM/(Ethylene+Chlorine+EDC)	95%
Capacity Utilization Rate	95%



**POLYVINYL CHLORIDE (PVC) PLANT**

Nameplate Capacity	105,000 tons / year
Licensor	ICI, Solvay - ENGLAND/BELGIUM
Engineering & Supply Contractor	CTIP S.P.A - ITALY
Construction Contractor	Alarko - TURKEY
Start up Date	19/03/1986
Expansion Date	1995, 2001
Capacity after Expansion	150,000 tons / year
2007 Production	155,021 tons
Number of Personnel	140
Manpower Productivity (Direct)	484 kg / man - hour
Conversion Factor PVC / VCM	98%
Capacity Utilization Rate	103%

**PLASTIC PROCESSING PLANT****BAG PRODUCTION UNIT**

Nameplate Capacity	4,000 tons / year
Engineering & Supply Contractor	Windmüller & Hölscher - GERMANY
Construction Contractor	Windmüller & PETKIM
Start up Date	24/04/1986
2007 Production	3,715 tons
Number of Personnel	49
Conversion Factor Bag / Film	96%
Capacity Utilization Rate	93%

**MASTERBATCH UNIT**

Nameplate Capacity	10,000 tons / year
Engineering & Supply Contractor	JSW - JAPAN
Construction Contractor	Atilla Doğan -TURKEY
Start up Date	14/04/1993
2007 Production	4,193 tons
Number of Personnel	13
Capacity Utilization Rate	42%

GÜZELHISAR WATER DAM

Güzelhisar Water Dam was constructed by Petkim in order to meet the water requirement of Petkim and near by industrial facilities. It is operated D.S.i. (State Water Organization)

Engineering & Supply Contractor	D.S.i
Construction Contractor	Palet - TURKEY
Rainfall Area	450 km ²
Average Rainfall	500 - 600 kg / m ²
Minimum Water Level	63 m.
Normal Water Level	104 m.
Maksimum Water Level	107 m.
Dead Volume	13 million m ³
Active Volume	137 million m ³
Total Storage Capacity	150 million m ³



WATER PRETREATMENT UNIT

Nameplate Capacity	Max Flow Rate 5,578 m ³ /h (4,800 m ³ /h Normal Flow Rate)
Engineering & Supply Contractor	Lurgi - GERMANY ; Enka - TURKEY (Line 1) OTV - FRANCE ; Akfen - TURKEY (Line 2)
Construction Contractor	Alke - TURKEY (Line 1) Akfen - TURKEY (Line 2)
Start up Date	1983
Expansion Date	2005
Capacity after Expansion	Max. Flow Rate 8,578 m ³ /h (7,800 m ³ /h Normal Flow Rate)
Total Storage Capacity of Raw Water Basins	80,000 m ³
Type of water Produced	Fire Water, Raw Water, Process Water, Cooling Water & Drinking Water
Process Water Production in 2007	15,359,000 tons
Number of Personnel	55



DEMINERALIZED WATER UNIT

Nameplate Capacity	1,200 m ³ / h
Licensor	Lurgi - GERMANY ; Permutit - ENGLAND ; OTV - FRANCE
Engineering & Supply Contractor	Lurgi - GERMANY ; Permutit - ENGLAND ; OTV - FRANCE
Construction Contractor	Alke - TURKEY ; Alke - Marsis - TURKEY
Start up Date	1984
Expansion Date	1988, 2006
Capacity after Expansion	1,700 m ³ / h
Demi Water Production in 2007	5,638,500 Tons
Number of Personnel	75



WASTE WATER TREATMENT UNIT

WASTE WATER TREATMENT

Nameplate Capacity	550 m ³ / h Oily Waste Water 120 m ³ / h Sanitary Waste Water 1,000 m ³ / h Chemical Waste Water
Licensor	O.T.V. - FRANCE
Engineering & Supply Contractor	Tekser - TURKEY
Construction Contractor	Koray - TURKEY
Start up Date	1984
Treatment Efficiency	90 % BOD ₅ , 60 % COD



SOLID-LIQUID WASTE INCINERATION

Nameplate Capacity	0.85 tons / h Solid Waste 1.07 tons / h Treatment Sludge 0.34 tons / h Oily Waste
Licensor	Vinci - FRANCE
Engineering & Supply Contractor	Sistem Yapı - TURKEY
Construction Contractor	Sistem Yapı - TURKEY
Start up Date	2003
Number of Personnel	56 (Includes Waste Water Treatment Unit's Personnel also)





STEAM GENERATION UNIT

Nameplate Capacity	1,200 tons / h XHS
Engineering & Supply Contractor	Mitsubishi Heavy Ind. Ltd. - JAPAN
Construction Contractor	Tokar - TURKEY
Start up Date	1984
Modification Date	2006 - 2007
Contractor of Modification	Ansaldo Caldaie and TOKAR Consortium
Type of Fuel Consumed	Natural Gas, Fuel Oil, Fuel Gas, Aromatic Oil, Hydrogen , Vent Gas
XHS Production in 2007	6,253,684 tons
Number of Personnel	96



ELECTRICITY GENERATION-DISTRIBUTION UNIT

Nameplate Capacity	(80 MVA+80 MVA+25 MVA+27 MVA) 4 Turbo Generators
Power Generation Capacity	170 MW
Licensor	ABB - SWITZERLAND
Engineering & Supply Contractor	ABB - SWITZERLAND
Construction Contractor	Tokar - Koray - TURKEY
Start up Date	1984 - 1985 - 2001
Natural Gas Turbine Installation Date	2006-2007
Capacity after Modification	(80 MVA+80 MVA+25 MVA+27 MVA) 4 Turbojen.+ 68.9 MVA gas turbine
Power Generation Capacity after Modification	226 MW
2007 Production	1,021,643 MWh
Number of Personnel	40
Self Generation Power/Total Consumed Power	86%



NITROGEN & AIR SUPPLY UNIT

Nameplate Capacity	26,000 Nm ³ / h Nitrogen Gas
Licensor (Unit-1,2) , (Unit-3)	Nuovo Pignone-ITALY;Mitsubishi-JAPAN
Engineering & Supply Contractor	Nuovo Pignone-ITALYA;Nippon Sanso-JAPAN
Construction Contractor (Unit-1,2) , (Unit-3)	Alarko - TURKEY;Timsan - TURKEY
Start up Date (U-2, U-1; U-3)	14.07.1984, 02.02.1985 ;17.01.1994
Expansion Date	17.01.1994 (Unit - 3)
Capacity after Expansion	43,000 Nm ³ / h Gas Nitrogen
2007 Production	207,211,361 Nm ³ Gas Nitrogen
Number of Personnel	52



HARBOUR

Purpose of Use	Seaport services to the company and third parties
Number of Jetties	3 for Tankers, 2 for Dry Loading, 1 for Salt
Dimensions of Jetties	Jetty 1 : 163 m. Length, 6.50 m. Depth Jetty 2 : 175 m. Length, 9.50 m. Depth Salt Jetty : 190 m. Length, 6.00 m. Depth Jetty 5 : 219 m. Length, 10 / 17 m. Depth General Cargo Jetty 1: 163 m. Length, 6.50 m. Depth General Cargo Jetty 2: 175 m. Length, 9.50 m. Depth
Number of Incoming Ships in 2007	479
- Distribution of Ships loaded	213
- Distribution of Ships unloaded	265
Total Revenue Obtained from Pilotage Services in 2007	1,767,281 \$

2007

Annual Report



MARKETING, INVESTMENT AND OTHER ACTIVITIES

2007



NEW STRATEGIES DEVELOPED FOR MAXIMUM CUSTOMER SATISFACTION

Petrochemical industry continued the high growth performance in 2007 as in the recent four years. Worldwide high growth rate especially in developing economies, new investments, increasing international trade and widening in application fields of petrochemical products have formed the main dynamic of the sector growth. Demand for petrochemical products throughout the world, especially in developing economies resulted higher than expectations. General price level raised as a result of strong demand, production problems, increase in feedstock costs and delays of some continuing investment projects in Asia Pacific and Middle East regions which are new production centers of petrochemical industry.

New strategies on issues like product allocation system, packaging, effective market monitoring and meeting customer requirements have been developed to increase customer satisfaction which is a top priority for our firm.

In 2007, the most significant event for the petrochemical industry was the gradually rising crude oil prices reaching a record high level of 100 USD/barrel. Increase in energy and crude oil prices caused an increase in feedstock costs and end product price levels. Inability of reflecting feedstock cost increases to end product prices resulted with lower margins. Another incident negatively affecting the sector has been the disturbance in global economy led by the USA mortgage crisis initiated during the second quarter of 2007. Signals of global economic growth slowdown, weakening of USD against other currencies caused change in direction of industrial production level and inter-regional trade.

Petrochemical sector in Turkey acted align with global developments. Continuous and high rated growth performance of Turkish economy in recent years positively

affected the petrochemical sector that is very sensitive to the economic developments. Especially high growth rate of construction and manufacturing industries strengthened demand on thermoplastics.

In 2007, we have developed new strategies aiming to maximize customer satisfaction and handle the increasing competition. In this scope, a new "Contract Sales System" has been put into practice for LDPE and LDPE-Tubular products for which capacity and domestic market share have been increased. This system enables priorities on supply to the customers that undertake to buy the quantity committed annually. This also has ensured more effective sales planning, competitive price determination and increase in sales quantity of LDPE products for our company.

One of the most important improvements in 2007 has been the developments on Customer Performance System. In this system, customers are being evaluated as per criteria such as loyalty, purchasing in times of high stocks, cash/credit purchases, purchasing performance and value added to our company. Product allocation to customers is performed according to this system. Thus, Customer Performance System has become an important instrument of better and more effective service to the customers.

Customer visits, participations to sectoral fairs, surveys and regional customer meeting organizations were performed as in the recent years. These face to face negotiations with our customers provided opportunities in order to determine customer requirements and expectations and to develop solutions.

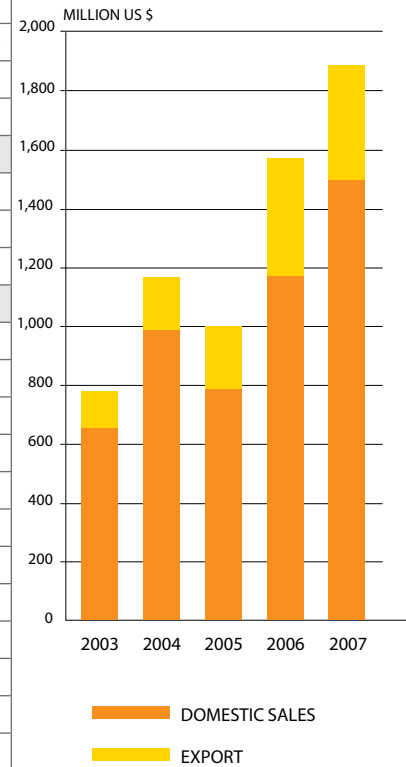
In 2007 total sales figures are as follows:

1,006 thousand tons, amounting TRY 1,716 million (tax free) domestic sales, 787 tons, amounting TRY 1,374 thousand (tax free) export oriented sales, 364 thousand tons, amounting TRY 461 million (tax free) direct export sales.



SALES FOR THE LAST FIVE YEARS					TONS
PRODUCTS	2003	2004	2005	2006	2007
ETHYLENE	8	11	9	11	11
THERMOPLASTICS	472,529	489,381	446,234	651,800	661,589
PVC	140,241	148,356	139,234	139,605	150,137
LDPE	182,154	180,201	148,587	187,236	180,100
LDPE - T			38,014	118,388	119,894
HDPE	80,508	90,045	71,396	86,940	85,286
PP	69,626	70,779	49,003	119,631	126,172
FIBER RAW MATERIALS	215,669	237,175	181,209	176,392	168,357
ACN	84,152	91,917	66,735	94,136	91,997
PTA	56,037	62,179	47,023	28,751	40,539
MEG	75,480	83,079	67,451	53,506	35,821
OTHER PRODUCTS	571,186	582,845	451,143	646,953	541,018
LOW POLYMER, HDPE	1,560	1,755	962	1,305	2,030
ATACTIC PP	963	850	372	742	749
PA TAR	661	572	368		
DEG	6,791	7,254	6,073	5,121	3,833
GLYCOL MIXTURE	1,007	984	768	612	506
PA	35,473	34,060	22,177	37,403	32,947
BENZENE	130,416	123,925	114,853	139,025	131,267
o-X		6		6,695	6,012
p-X	53,001	52,120	25,372	109,223	84,440
C ₅ MIXTURE	71,962	77,394	57,926	63,762	51,396
PROPYLENE (CG)		4,298			2,100
PROPYLENE (PG)			12,823	9,936	5
C ₄	114,225	112,681	83,313	128,036	62,365
PY - GAS	8,394	6,299	28,524	56,728	72,289
AROMATIC OIL	61,054	65,637	14,412	8,639	7,309
CAUSTIC (100 %)	82,331	90,539	81,787	79,047	82,946
HYPOCHLORIDE	48	91	201		
SULPHURIC ACID (80 %)	1,844	915	480		
HCl (27%)	48	1,230			
HYDROGENE		257			
MASTERBATCH	343	1,025	284	315	325
PLASTIC MATERIALS	1,012	955	448	363	499
OTHERS	54				
TOTAL	1,259,392	1,309,412	1,078,594	1,475,155	1,370,975

SALES REVENUE FOR THE LAST FIVE YEARS



PETKİM KEEPS ITS OWN POSITION IN THE GLOBAL COMPETITION BY EXPORT

In spite of some slowdown due to economic crisis, economic growth in the world starting after early 2000s, continued till the end of 2007. In a proportional manner, 2007 was a dynamic year in petrochemical sector, due to high volatility in crude oil, raw material and energy prices.

Despite of this volatile economic conjuncture, PETKİM was successful in raising profit and market share and became a luminous star in Developed European Market, where 72 percent of PETKİM exports was realized in 2007.

By evaluating all inquiries, we exported 365 thousand metric tones PETKİM product, which was available for export, completely to export markets from China to USA, by realizing total export revenue of 358 million USD

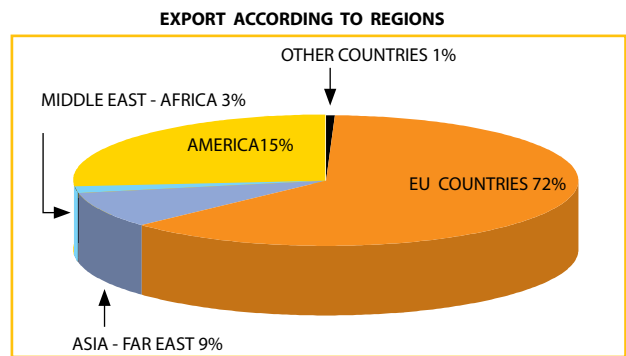
In compare with the record year 2006, total export quantity decreased by 22% percent while total export revenue only decreased by 13%. It is the performance indicator of our marketing success, in export. The reduction can be explained by the priority given to domestic market by PETKİM during shutdown periods through the year.

Products of PETKİM are well-known by European users with their high quality. In order to expand brand recognition

and to enlarge customer portfolio in target markets, PETKİM attended in lots of fairs and conferences which bring sector players together.

As a result of the market survey, PETKİM products were exported 38 different countries. Customer oriented working system contributed to reach the end-users and customer number of 169, while it was 112 in 2006.

In order to expand service quality, customer's satisfaction survey has been conducted and in accordance with the customers' demand; payment terms, delivery terms, and packaging options have been diverted.



In year 2007, PETKİM made a rapid progress in the aim of being a global player with high export figures by courtesy of customer oriented working system, competitive export pricing strategy and a close following up the direction of global market and daily price movements.

EXPORTS						
PRODUCTS	EXPORT		EXPORT ORIENTED		TOTAL	
	TONS	000 \$	TONS	000 \$	TONS	000 \$
PVC	4,971	5,584			4,971	5,584
LDPE	6,731	10,289	96	136	6,827	10,425
LDPE - T	26,183	38,589	379	599	26,562	39,188
HDPE	3,161	4,864			3,161	4,864
PP	4,357	6,401			4,357	6,401
ACN	3,062	6,161			3,062	6,161
MEG	5,748	8,447			5,748	8,447
DEG	772	1,035	46	45	818	1,080
PTA	3,962	4,032	266	268	4,229	4,299
PA	1,170	1,460			1,170	1,460
CAUSTIC 100%	5,281	1,602			5,281	1,602
PROPYLENE (CG)	2,100	2,160			2,100	2,160
PROPYLENE (PG)	5	4			5	4
PY - GAS	72,289	46,845			72,289	46,845
C ₄	62,365	45,822			62,365	45,822
BENZENE	131,267	133,214			131,267	133,214
o - X	6,012	5,430			6,012	5,430
p - X	24,739	25,837			24,739	25,837
OTHERS		9,068		0.3		9,068
TOTAL	364,175	356,845	787	1,049	364,962	357,893

GROWING CONTINUES WITH INVESTMENTS

By the end of 2005, our company has realized the revamping and modernisation activities of our plants within the framework of PETKAM Project which was initiated in 2000. In 2006 and 2007, in addition to the existing ongoing projects our company has given priority to rehabilitation investments.

In 2007, the existing conventional Bag Filling Units of our LDPE, HDPE and PP plants have been replaced and by FFS (Form-Fill-Seal) type of filling units which were put on stream. In the same manner, the FFS filling unit of PA plant has been procured and the erection of the equipments is going on. Based on the same project, Shrinking Units for HDPE and PP have been procured. Upon completion of this project the loss of products during the bagging process will be prevented and bagging cost will be minimized.

Within the framework of the Debottlenecking Project of Steam Generation Unit, boilers have started to utilize natural gas instead of fuel oil. The basic purpose of this project is to create a considerable amount of savings energy in costs and to improve environmental emissions. With the same project, by the addition of new gas turbine the electric production capacity is increased to 226MW. Early in 2008, by the completion of 154 kV switchgear system the project is planned to be completed.

In 2007, rehabilitation projects named, "Rehabilitation of Electroliser System of Chlorine Alkali Plant" and "Rehabilitation of Hardware and Software Systems of Information Technologies" have been carried out.

Within the framework of "Rehabilitation of Electroliser System of Chlorine Alkali

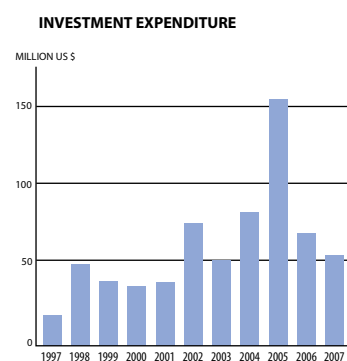
Plant" the replacement (renewal) of 42 sets of Membrane Cells, including the Anodes and the Cathodes is planned. This renewal process, started in 2006 and has continued in 2007.

"Rehabilitation of Hardware and Software Systems of Information Technologies (IT)" covers; the updating of licences for mainframe system, servers and related softwares, the improvement of IT based softwares by using outsourcing, the replacement and modernisation of infrastructure for the existing network systems. Activities concerning this project have already started in 2007 and will be continued in 2008.

Additionally, within the scope of investment activities maintenance and modernisation projects have been realized so as to extend the economical life and to increase the efficiency of our plants.

MAJOR INVESTMENT PROJECTS			
INVESTMENT PROJECTS	PROJECT COST (MILLION US \$)	CAPACITY INCREASE (TONS/YEAR)	START-COMPLETION DATE
CHLORINE-ALKALI PLANT - CONVERSION TO MEMBRANE CELL TECHNOLOGY	35.1	20,000 Chlorine (80,000 - 100,000) 22,000 Caustic (90,000 - 112,000)	1998-2002
ADDITION OF AN OXY-CHLORINATION LINE TO VCM PLANT	13.8	15,000 EDC (modernisation of the whole unit)	1997-2000
ADDITION OF A SECOND 20 MW CONDENSING TYPE TURBO GENERATOR TO THE POWER PLANT / ADDITION OF COOLING TOWER	12.1	56 MW (From 95 MW to 151 MW)	1997-2001
ADDITION OF 17th REACTOR TO THE 4th PRODUCTION LINE OF PVC PLANT	0.8	10,000 (From 140,000 to 150,000)	1998-2001
SECOND EXPANSION OF HDPE PLANT	18.5	30,000 (From 66,000 to 96,000)	1998-2001
ADDITION OF A NEW LIQUID-SOLID WASTE TREATMENT UNIT AND MODERNISATION OF THE EXISTING UNIT	20.2	Incinerate 17,500 T/yr of waste 11.5 Tons/hr steam production	1999-2002
VCM PLANT REHABILITATION AND HCl PRODUCTION	19.8	10,000 (From 142,000 to 152,000)	1999-2003
EXPANSION OF THE WATER PRE-TREATMENT UNIT	7.9	3,000 m ³ /hr (From 4,500 m ³ /hr to 7,500 m ³ /hr)	1999-2004
EXPANSION OF ETHYLENE PLANT	98.3	120,000 (From 400,000 to 520,000)	1999-2005
ADDITION OF 3rd PRODUCTION LINE TO LDPE PLANT	76.6	120,000 (From 190,000 to 310,000)	1999-2005
2nd EXPANSION OF PP PLANT	30.0	64,000 (From 80,000 to 144,000)	1999-2005
REHABILITATION OF COOLING WATER SYSTEM	11.4	Increase in capacity of existing cooling water system	2001-2005
REHABILITATION OF DEMINERALIZED WATER SYSTEM	4.8	Increase in capacity of existing demineralized water system	2001-2005
DEBOTTLENECKING OF STEAM GENERATION UNIT	88.0	Modification of existing boilers for utilization of natural gas in addition to fuel oil, addition of 50 MW gas turbine and heat recovery system	2001-2008
TOTAL	437.3		

Realizing projects, PETKİM is successfully moving on the way for a continuous and stable progress to reach the targeted 40 percent market share in 2015.





EXCELLENCE IS AIMED IN SUSTAINABLE QUALITY

PETKİM, knowing the fact that first of all you need quality product for satisfied customer, considers Quality Control and Technical Service studies important.



Quality Control and Technical Service Management (KKTSM) besides Quality Control also gives Technical Service to our customers. Because of customer oriented policy of our company, we try to meet customer demand as fast as possible. For reasons like, increase in quality consciousness and competition, sensitivity about environment, to be in harmony with international directives, customer demands was high in year 2007.

Feedstock, process and product tests for 14 main plants and 9 auxiliary units have been executed by our laboratories as a quality control services. For accreditation we carried out repeatability tests and in 2007 our laboratories attended many inter laboratory tests. Again for accreditation from 15 environmental analyses, we started some revisions in physical conditions of our laboratories, to be in harmony with related standard, TS 17025.

Besides giving quality product to our packaging material producing customers, as a responsible company, we started detailed research about, suitability of the product for food application, its effect for environment, suitability of our products to EU directives, certification according to FDA criteria and related laws of our country, REACH application. Investigations and analysis are still in progress.

KKTSM together with PP Plant management group realized the use of PP EH 241 grade in BCF lines in high performance, gave a new grade PP MH 220 to the market, according to customer demands and results of Benchmarking. In the scope of new product

development we are still working on BOPP. Together with LDPE Management group the production of the S07-21A has been realized, respond from our customers is positive.

KKTSM, works together with suppliers, customers and universities, to improve product specifications. Besides, programmed customer visits, to use our product in a best way and to choose the right product, customer education programs are arranged. In these education programs, product specifications, applied quality control tests, areas of applications, process conditions, possible problems in processing, cause and solution suggestions etc. subjects are discussed.

The required analysis of the wastes to be disposed in PETKİM Liquid Solid Waste Incineration unit (SKAY), which was started up in 2007 with the aim of environmental responsibility, is also made in KKTSM laboratories.

Within the context of technical service in year 2007, product analysis and literature research is conducted for our customers. In scope of analysis subject to payment, material characterization, additive analysis and physical/chemical tests are performed for nearly 200 firm samples of various thermoplastic and thermost materials which are not PETKİM's product and in this way KKTSM continued to support the production of the firms.



CONTINUOUS IMPROVEMENT AND COMPETITIVE ADVANTAGE ARE PROVIDED BY R&D



The main way of competing with the powerful global players in petrochemical industry passes through improving R&D facilities.

In today's global world, customer's expectations increase with each passing day and addition of new products to the product portfolio become indispensable for firms. Due to environmental regulations and high energy costs, as many other sectors, requirement for adding value to the by-products and modification of production processes is increasing in petrochemical sector. Hence, strong companies reserve 5% of their revenue for R&D activities. PETKİM is conscious of the importance of R&D activities, therefore an R&D center was established in KOCAELİ-Yarımca complex site in 1970 in order to follow the improvements in petrochemical sector and to execute R&D activities on its own structure. R&D center has been continuously improving its capability by adding new staff and by equipment and apparatus investments since its foundation.

Finding and developing alternatives to the chemicals, catalysts and raw materials, improving our products according to the requirements of customers, bottlenecking and solving production problems, following new technologies, creating new specific products to add value to PETKİM's products and by-products and solving customer problems by cooperating with universities and private sector are our main scope of R&D activities. In accordance with the demands originated from inside and outside of the company, various analysis, test and identification, technical information and consultancy services, studies on development of domestic technology and know-how are also performed. In this context, PETKİM employed researchers in order to activate and carry on its competitive power.

By taking into account the competitive elements in petrochemical sector, R&D support was provided from TÜBİTAK-TEYDEB (The Scientific and Technological Research Council of Turkey- Technology and Innovation

Funding Programs Directorate) for our projects that aim to evaluate by-products and to produce new high value added products from existing products.

Within the context of catalyst research and development activities, synthesis of "nanosize monometallic and bimetallic catalysts and supports" and "nanofiber catalyst via electro spinning technique" are planned considering the catalytic reactions in our plants.

Technical literature and information support has been given to customers and company's own units by Information Centre. Several articles have been published at national and international periodicals. Presentations and poster sessions have also been made at exhibitions and congresses.



INSTITUTIONAL STRUCTURE IS STRENGTHENED BY THE INFORMATION SYSTEMS

E-transformation studies that were started by PETKİM Information Technologies Department continued rapidly in 2007 also. We are targeting a place among the top ten companies that use information technology in the most efficient manner.

The various e-Work applications, Institutional Performance Management, IT Asset Management and e-Commerce (DSTS) projects were completed successfully.

The applications such as Personnel Shift System, Transporter and Supplier Information Systems, Library and Education Tracing Systems were developed in the .NET environment.

Performance improvement activities of approximately 40 application systems that work on the mainframe system and constitute PETKİM's institutional data have been continuing depending on the requirements of users.

Warehouse Automation, Development of Codification System, Institutional Portal, Enterprise Recourses Planning (ERP) and Workbrain projects have been going on.

The machine park is renewed continuously by buying computers, printers and servers.



Our efficient, effective and reliable information technology infrastructure will carry our company into the future



PETKİM IN THE JOURNEY OF EXCELLENCE

Company's vision, mission and organizational strategies were revised and updated in the beginning of 2007 with the participation of the stakeholders and Top Management of PETKİM.

As taking on the basis of PETKİM's Balanced Scorecard of the year of 2007, top and intermediate level managers' performance scorecards have been prepared at the frame of The Organizational Performance Management System which has been used since 2005; to measure the success of applications of the organizational strategies and to provide effective deployment of the strategies. The application of Organizational Performance Management System has been transferred to a new environment which has been developed by an outsourcing from existing application on the MS Excel. In this way, it will be possible to manage within a structure which could be managed by the owners of scorecards and taken the organizational data directly without any manual data entrance.

The activities related to PETKİM Suggestion System (PETÖS) which was constituted with the aim of attracting creative and innovative ideas of the workers of PETKİM; have been continued with the participation of PETKİM's personnel. In the year of 2007; it has been provided the realization of all phases on the electronic environment; from the delivery of suggestions to the evaluation of results of applications and taking the reports.

In 2007, self assessment activity has been executed according to the model of the comparison of award. The strong sides and open areas to be improved of our company have been presented to The Top Management of PETKİM by the team of self assessment, at the end of the self assessment which has been executed on the booklet of self assessment which was prepared by another team constituted of PETKİM's personnel taken self assessment training. In this meeting, it has been

agreed under the strong sides on the open areas to be improved of our company between the team of self assessment and The Top Management of PETKİM.

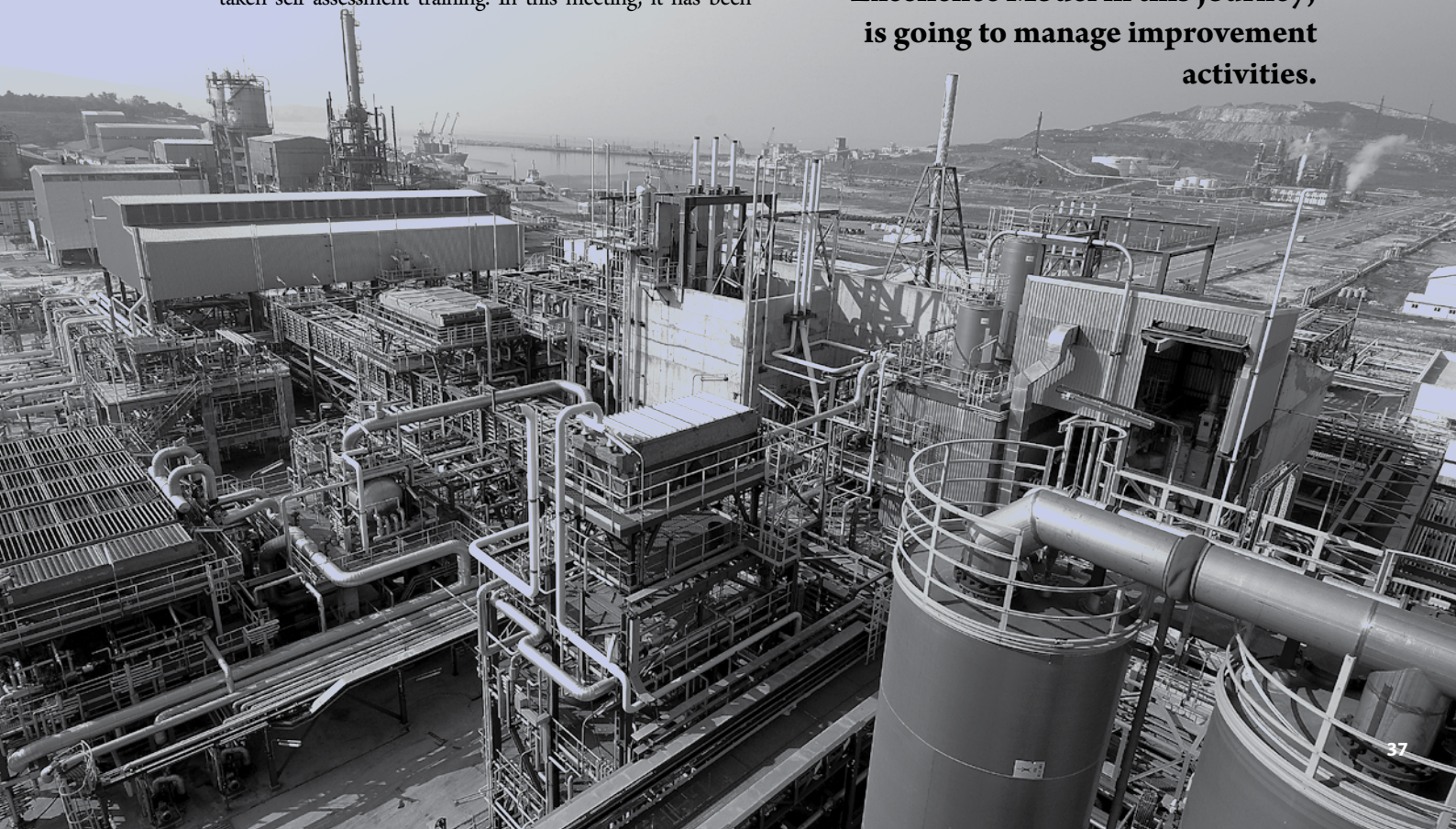
Eight improvement projects which have been started by the Top Management of PETKİM at the end of the self assessment activity in 2006; have been carried out by the improvement project teams during the year of 2007.

PETKİM has gained an opportunity of a point of view to improve the existing Business Process Model and to benefit from the best practices; participating to the Sustainable Process Management benchmarking project carrying out on the leadership of Turkish Quality Association (KalDer) which has been started in 2006 and continued during the year of 2007.

To constitute an organizational memory to eliminate the unproductiveness caused by using paper and to use information technology substructure effectively; document on the electronic environment and being archive almost have been completed and the activities have been continued to spread out the company's entire document.

Our company; as the necessity of the TS-EN ISO 9001 Quality Management System Standard and certificate which has been possessed by PETKİM, has continued activities to be provided updating the document, carrying out the internal audits and the execution of corrective and preventive activities started by the findings in the internal audits.

PETKİM interrogating itself and referring to EFQM (European Foundation for Quality Management) Excellence Model in this journey; is going to manage improvement activities.



HUMAN RESOURCE IS THE POTENTIAL POWER OF PETKİM

In 2007, it had 251 employees begun to work in our Corporation through Turkey Labour Corporation for the purpose of responding to the need of human resources for reaching the corporation purposes in the future effectively. It will be kept on training and backing up activities to prepare the Corporation to the future.

Employees were given orientation training about our Corporation's structure, processes of the production, work conditions and work security, making social merging each other to speed the adaptation to the work.

Development is maintained at Petrochemical Sector by experienced human resources.

Realizing the most important source of our Corporation is the human resource, in 2007, "Personnel and Work Assessment System" were applied to the new employees through a computer program to follow up their development, to make them adapted and plan training and development activities effectively. Information coming from "Personnel and Work Assessment System" is being made feedback after assessing.

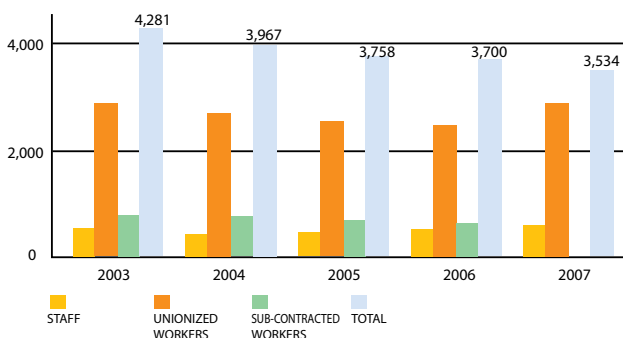
Our corporation applied the "Personnel Satisfaction Survey" to the all employees. In the second survey implemented this year, our goal is to obtain happier and more effective employees at work.

The Organization Guidebook constituted by MPM by using the terms of scientific methods is being followed up-to-date. Meanwhile the Organization Guidebook is being transferred to the Quality Document Management System (QDMS).

Employees attached to the union in our Corporation are subject to the collective bargaining agreement. The Collective Bargaining Agreement including the dates between 01.01.2007 and 31.12.2008 was signed and promulgated in 05.10.2007.

In our Corporation a personnel policy are being traced to form more effective organizational structure and process and to clarify the connection between Management and Audit functions. "The Competence Definition" Project was started in order to supply development opportunity to the personnel, to make career planning and determine the needs of trainings.

In 2007 totally 434 personnel went out of business and 251 personnel recruited. Meanwhile 623 temporary staff recruited as permanent staff.



PERSONNEL BREAKDOWN					
	2003	2004	2005	2006	2007
STAFF	571	469	492	543	612
UNIONIZED WORKERS	2,894	2,718	2,549	2,497	2,922
SUB-CONTRACTED WORKERS	816	780	717	660	
TOTAL	4,281	3,967	3,758	3,700	3,534

ENVIRONMENTAL SENSITIVITY IS OUR SOCIAL RESPONSIBILITY

Our company progress in institutionalization of environmental activities. PETKİM strengthens its environmental performance with pollution control facilities like The Wastewater Treatment Plant, The Hazardous Waste Incinerator, dispositions for emergency response and environmental accidents etc. as well as its integrated management system including environmental issues at each stage of company activities.

One of the cornerstones for good environmental performance is a well developed environmental consciousness of whole staff. The investigation report of PETKİM staff contentment done in 2006 and 2007 shows that the “PETKİM Environmental policy and impact on environment” is the most important by 93.54 % than the other issues like work guarantee, career, salaries according to our staff. Contentment of staff about environmental applications has increased 1.7 point since 2006 and reach 73.69%.

Several establishments are still seeing the expenditures for environment as wasted money and the burden of this mentality will be more and difficult problems for next generation. We are aware of that and make the necessary environmental investments in spite of high costs like the modification project of Steam and Power Generation Plant of PETKİM with 88 million \$ completed in this year. This project allows using natural gas in boiler instead of fuel oil and it is expected to decrease in CO₂ emission at 32% and SO₂ emission 99%.

Public Information & experience sharing with stakeholders and technical supports are our social responsibilities. We opened the PETKİM Waste Incineration to the third party to cope with difficulties in hazardous waste treatment in Turkey, although it was designed for treatment of PETKİM

own wastes. The other voluntarily initiative is contribution as an industrial partner to the PRTR (Pollution Release and Transfer Registration) Project carried by Ministry of Environment and Forest and UN/UNEP this project was ended in 2007.

We will go on to work to achieve continual increase in environmental quality, e.g. our strategy in the scope of sustainable development.

**PETKİM
prefers clean
production technologies
in investments.**



WE SUPPLY QUALITY BY EDUCATION

Education in our company is an activity which lasts continuously for the development of our employees. 2007 has been a year in which our employees have joined the trainings consistently, as they did in 2006. 25-hour-trainings have been supplied per person in the company.

An orientation training including adoption to the culture of foundation, working principles, the work done by units and the structure of organization has been supplied for the 251 employees who have just got the job.

The training of The Development of Team Spirit, The Journey of change which was started in 2006 and planned as outdoor, was continued in 2007 as well so that 413 personnel joined it. Human Relations and Communication, Motivation training was supplied for our technicians who started work in 2007.

79 personnel joined to MS Project training, 88 personnel joined to First Aid Training. Also, 139 personnel joined to charging the Target Cards in an Electronic Ambit.

Foreign Trade Expertness with certificate, Reach Training, Government Aids in Foreign Trade, The Regime of processing inside and outside, Cost Accounting, International Market Survey and Marketing, International Financial Reporting System (UFRS), Basic Accounting and Financial Charts Analysis trainings have been supplied for the units of Accounting, Financing, Strategic Planning, Export, Import and Sales and Marketing.

60 personnel working as electricians have taken their certificates by joining the training of certification for the permission of working in strong current facility Behaviour Focused Security Management System Training has been taken (64 people).

Bearing seminar with certificate (103 people), Crab Operator Training with certificate (52 people), General Natural Gas and Type and RMS Operation Training with certificate (28 people), Production Planning (33 people), Working Machines and Operator Training (28 people), Using the Vibration Machine

Training (26 people), Cathodic Protection (8 people) have been supplied for our employees working in the units of care and operating.

Our trainings which are inside rooted are performed by our units within yearly plan. Contest with Fire and Technical Security Trainings and Environment Trainings have been supplied by Environment and Technical Security Headship.

According to the results of survey done for learning the ideas of participants about the trainings, the pleasures of the participants have been seen. Also, training productivity measurements have been performed in order to find out the benefits of the training. The result is 84 % rate of positive behaviour changes.

An intense probation application has reached to our Company in 2007. 446 students completed summer internships. 106 High School Students completed occupational trainings within 3308 Numbered Law.

Our company had a really rich period in 2007 in terms of technical visits. 732 visitors from 24 different education foundations had the change of knowing our company.



THE BEGINNING OF EVERYTHING IS HEALTH

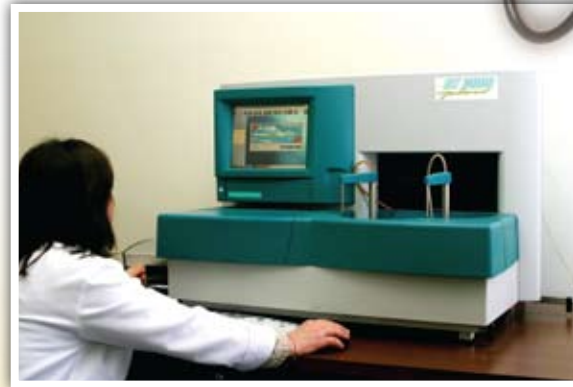
Our company which considers our employees as the most valuable resource gives much importance to work security and the protection of our employees' health.

3 full staffed, 2 contractual doctors, 1 audiologist, 3 biologists and 10 health personnel work in the health unit of Petkim. There are 3 equipped transport ambulances as well.

In 2007, our employees got the services of polyclinic, 24 hours emergency and first aid, protective health, 3, 6, 12 months periodic blood and ureic tests according to the risk groups, lung film once a year and audiometric tests for the ones who are exposed to much noise. Additionally, tetanus vaccine has been done to our employees in order to protect them

and cold vaccine has been done to the ones who wished.

Our health service which works beyond a work place infirmary with its present staff and equipment, is the biggest reassurance for our employees who work in a petrochemical sector in which there are poisonous, flammable, flashing and explosive processes.



2007 Annual Report



FINANCIAL SECTION

2007



**To the Board of Directors and Shareholders
Petkim Petrokimya Holding A.Ş.**

We have audited the accompanying financial statements of Petkim Petrokimya Holding A.Ş. (the Company) which comprise the balance sheet as at 31 December 2007, and the statements of income, changes in equity, and 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 these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An 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 financial statements give a true and fair view of the financial position of Petkim Petrokimya Holding A.Ş. as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

İstanbul,
13 February 2008

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

Denet A.Ş.

Member firm of BDO International

BDO International is a world wide network of public accounting firms, called BDO Member Firms, serving international clients. Each BDO Member Firm is an independent legal entity in its own country.

PETKİM PETROKİMYA HOLDİNG A.Ş.
BALANCE SHEETS
as of 31 December 2007 and 2006
 (TRY)

31 December 2007 31 December 2006

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	96,235,706	106,036,229
Trade receivables (net)	276,208,767	230,094,743
Inventories (net)	290,922,990	203,935,446
Other receivables (net)	5,287,245	5,207,073
Prepaid expenses and other receivables	16,054,282	12,823,989
Total Current Assets	684,708,990	558,097,480
LONG TERM ASSETS		
Financial assets	2,995	2,995
Other fixed assets	4,044	4,041
Intangible assets Less: Accumulated Amortisation	1,318,257	1,652,847
Tangible assets Less: Accumulated Depreciation	1,283,975,310	1,306,181,955
Deferred tax assets	-	-
Total Long Term Assets	1,285,300,606	1,307,841,838
TOTAL ASSETS	1,970,009,596	1,865,939,318

31 December 2007 31 December 2006

LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank Loans	28,047,167	17,381,250
Trade Payables (net)	190,378,402	177,033,961
Due to Shareholders	76,402	80,801
Advances Received	39,649,933	39,038,768
Taxes and Duties Payable	12,206,483	11,382,705
Other Payables and Accrued Expenses	9,819,063	8,322,121
Total Current Liabilities	280,177,450	253,239,606
NON CURRENT LIABILITIES		
Provision for Termination Indemnity	101,135,604	99,086,156
Other Long Term Payables and Accrued Expenses	320,225	320,224
Deferred Tax Liabilities	36,998,942	33,630,536
Total Non Current Liabilities	138,454,771	133,036,916
CONTINGENT LIABILITIES		
	-	-
SHAREHOLDERS' EQUITY		
Share Capital	204,750,000	204,750,000
Adjustment to Share Capital	2,177,630,786	2,177,630,786
Share Premium	381,713	381,713
Legal Reserves	318,360,466	318,360,466
Accumulated Loss	(1,149,745,590)	(1,221,460,169)
Total Shareholders' Equity	1,551,377,375	1,479,662,796
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,970,009,596	1,865,939,318

PETKİM PETROKİMYA HOLDİNG A.Ş.
STATEMENTS OF INCOME
for the years ended 31 December 2007 and 2006
 (TRY)

	31 December 2007	Restated 31 December 2006
Net Sales	2,178,559,421	2,222,333,063
Cost of Sales	(1,965,930,960)	(2,018,842,009)
Gross Margin	212,628,461	203,491,054
Operating Expenses	(100,250,036)	(87,361,417)
Operating Profit	112,378,425	116,129,637
Financial Expenses	(22,171,076)	(33,361,440)
Other Income / Expenses (net)	(15,124,364)	(34,066,612)
Income / (Loss) Before Income Tax and Monetary Gain / (Loss)	75,082,985	48,701,585
Taxes Payable	-	-
Deferred Tax Income	(3,368,406)	9,754,344
Income / (Loss) Before Monetary Gain	71,714,579	58,455,929
Monetary Gain / (Loss)	-	-
Net Profit	71,714,579	58,455,929
Earnings per share (TRY)	350	285

PETKİM PETROKİMYA HOLDİNG A.Ş.
STATEMENTS OF SHAREHOLDERS' EQUITY
for the years ended 31 December 2007 and 2006
 (TRY)

	Share Capital	Capital Adjustment	Share Premium	Legal Reserves	Accumulated Losses
Balance as of 1 January 2006	204,750,000	2,177,630,786	381,713	318,360,466	(1,279,916,098)
Profit for the period	-	-	-	-	58,455,929
Balance as of 31 December 2006	204,750,000	2,177,630,786	381,713	318,360,466	(1,221,460,169)
Profit for the period	-	-	-	-	71,714,579
Balance as of 31 December 2007	204,750,000	2,177,630,786	381,713	318,360,466	(1,149,745,590)

PETKİM PETROKİMYA HOLDİNG A.Ş.
STATEMENTS OF CASH FLOWS
for the years ended 31 December 2007 and 2006
 (TRY)

31 December 2007 31 December 2006

CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings / (loss) for the period	71,714,579	58,455,929
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortisation	99,747,679	93,804,216
Provision for termination indemnities	2,049,448	3,680,713
Net effect of correction in equity	-	-
Decrease / (Increase) in trade receivables	(46,114,024)	(87,399,000)
(Increase) in inventories	(86,987,544)	91,040,402
Decrease in other receivables and prepaid expenses	(3,310,466)	(3,110,038)
(Increase) / Decrease in long term receivables and other fixed assets	(3)	(3,001)
(Decrease) in short term payables	13,344,440	47,061,143
(Decrease) in advances received	611,165	8,482,251
(Decrease) in tax provisions	-	-
(Decrease) / Increase in other payables and accrued expenses	2,316,321	1,567,317
Increase / (Decrease) in other long term payables and accrued expenses	0	(1)
Increase / (Decrease) in deferred tax liabilities	3,368,406	(9,754,344)
Net Cash Provided By / (Used in) Operating Activities	56,740,003	203,825,587
Decrease / (Increase) in property, plant and equipment	(77,198,983)	(95,859,182)
Decrease / (Increase) in intangible assets	(7,460)	(1,320,401)
Net Cash Used in Investing Activities	(77,206,443)	(97,179,583)
(Decrease) in short term bank loans	10,665,917	(74,770,316)
Net Cash Used in Financing Activities	10,665,917	(74,770,316)
Net (Decrease) / Increase in Cash and Cash Equivalents	(9,800,524)	31,875,688
Cash and Cash Equivalents at the Beginning of The Period	106,036,229	74,160,541
Cash and Cash Equivalents at the End of the Period	96,235,706	106,036,229

BDODenet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.Avni Dilligil Sokak No: 6
Mecidiyeköy 34394 İstanbul / TURKEY
Tel: +90 (212) 275 96 90
Fax: +90 (212) 272 33 23 / 272 62 16
e-mail: bdo.denet@bdodenet.com.tr
web site: www.bdodenet.com.tr**INDEPENDENT AUDITOR'S REPORT****To the Board of Directors and Shareholders
Petkim Petrokimya Holding A.Ş.**

We have audited the accompanying financial statements of Petkim Petrokimya Holding A.Ş. (the Company) which comprise the balance sheet as at 31 December 2007, and the statements of income, changes in equity, and 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 these financial statements in accordance with financial reporting standards issued by the Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 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 financial statements. The selection of the independent auditing techniques including the assessment of the risks of material misstatement of the 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 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

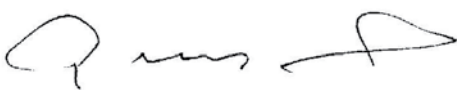
In our opinion, the accompanying financial statements give a true and fair view of the financial position of PETKİM Petrokimya Holding A.Ş. as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with financial reporting standards issued by the Capital Markets Board.

Explanatory Paragraph

The Company has disclosed that no profit distribution will be made due to the accumulated financial losses.

İstanbul,
13 February 2008

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



Ömür Günel
Partner in charge

Member firm of BDO International

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PETKİM PETROKİMYA HOLDİNG A.Ş.
BALANCE SHEETS
as of 31 December 2007 and 2006
 (TRY)

31 December 2007

31 December 2006

ASSETS		
CURRENT ASSETS	684,548,090	558,007,700
Liquid Assets	96,240,975	106,077,806
Marketable Securities (net)	-	-
Trade Receivables (net)	276,208,767	230,094,743
Receivables from Financial Leasings (net)	-	-
Due from Related Parties (net)	-	-
Other Receivables (net)	5,287,245	5,205,955
Biological Assets (net)	-	-
Inventories (net)	290,762,089	203,845,666
Receivables from Deferred Project Contracts (net)	-	-
Deferred Tax Assets	-	-
Other Current Assets	16,049,014	12,783,530
LONG TERM ASSETS	1,261,175,616	1,280,945,060
Trade Receivables (net)	4,044	4,041
Receivables from Financial Leasings (net)	-	-
Due from Related Parties (net)	-	-
Other Receivables (net)	-	-
Financial Assets (net)	2,865	2,865
Investment Properties (net)	-	-
Tangible Assets (net)	1,259,863,638	1,279,300,805
Intangible Assets (net)	1,305,069	1,637,349
Deferred Tax Assets	-	-
Other Long Term Assets	-	-
TOTAL ASSETS	1,945,723,706	1,838,952,760

PETKİM PETROKİMYA HOLDİNG A.Ş.
BALANCE SHEETS
as of 31 December 2007 and 2006
 (TRY)

31 December 2007

31 December 2006

LIABILITIES		
SHORT TERM LIABILITIES	280,177,448	253,239,604
Financial Liabilities (net)	28,047,167	17,381,250
Current Portion of Long Term Liabilities (net)	-	-
Liabilities from Financial Leasings (net)	-	-
Other Financial Liabilities (net)	-	-
Trade Payables (net)	190,378,401	177,033,961
Due to Related Parties (net)	76,402	80,801
Advances Received	39,649,933	39,038,768
Project Accrued Contract Income (net)	-	-
Provision for Liabilities and Expenses	-	-
Deferred Tax Liabilities	-	-
Other Liabilities (net)	22,025,545	19,704,824
LONG TERM LIABILITIES	133,629,798	127,657,586
Financial Liabilities (net)	-	-
Liabilities from Financial Leasings (net)	-	-
Other Financial Liabilities (net)	-	-
Trade Payables (net)	-	-
Due to Related Parties (net)	-	-
Advances Received	-	-
Provision for Liabilities and Expenses	101,137,624	99,088,176
Deferred Tax Liabilities	32,173,970	28,251,207
Other Liabilities (net)	318,204	318,203
SHAREHOLDERS' EQUITY	1,531,916,460	1,458,055,570
Share Capital	204,750,000	204,750,000
Capital Reserves	1,282,102,283	1,282,102,283
Share Premium	-	-
Share Premium of Cancelled Shares	-	-
Revaluation Fund	-	-
Revaluation Fund of Financial Assets	-	-
Differences Arising from Inflation Adjustment in Shareholders' Equity	1,282,102,283	1,282,102,283
Profit Reserves	-	-
Legal Reserves	-	-
Statutory Reserves	-	-
Extraordinary Reserves	-	-
Special Reserves	-	-
Profit on Disposal of Tangible Assets and Investments To Be Added to Share Capital	-	-
Translation Differences	-	-
Net Profit / Loss For The Period	73,860,890	57,985,829
Retained Earnings / Accumulated Losses	(28,796,713)	(86,782,542)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,945,723,706	1,838,952,760

PETKİM PETROKİMYA HOLDİNG A.Ş.
STATEMENTS OF INCOME
for the years ended 31 December 2007 and 2006
 (TRY)

	31 December 2007	31 December 2006
INCOME FROM OPERATIONS		
Income From Sales (net)	2,178,559,421	2,222,333,063
Cost of Sales (-)	(1,963,737,717)	(2,017,233,175)
Service Income (net)	-	-
Other Income From Principle Activities/interest+dividend+rent (net)	-	-
GROSS PROFIT/(LOSS) FROM OPERATIONS	214,821,704	205,099,888
Operating Expenses (-)	(100,079,361)	(87,555,569)
NET PROFIT/(LOSS) FROM OPERATIONS	114,742,343	117,544,319
Other Income and Profits	62,468,643	86,719,720
Other Expense and Losses (-)	(77,256,257)	(119,817,080)
Financial Expenses (-)	(22,171,076)	(33,361,440)
OPERATING PROFIT / (LOSS)	77,783,653	51,085,519
Net Monetary Profit/Loss	-	-
NET PROFIT / (LOSS) BEFORE TAX	77,783,653	51,085,519
Taxes	(3,922,763)	6,900,310
NET PROFIT / (LOSS) FOR THE PERIOD	73,860,890	57,985,829
EARNINGS / (LOSS) PER SHARE	0.36	0.28

PETKİM PETROKİMYA HOLDİNG A.Ş.
STATEMENTS OF SHAREHOLDERS' EQUITY
for the years ended 31 December 2007 and 2006
 (TRY)

	Share Capital	Share Premium	Difference Arising From Inflation Adjustment	Legal Reserves	Other Reserves and Retained Earnings	Net Profit/ (Loss) For The Period	Retained Earnings/ (Losses)	Total
Balance as at 1 January 2006	204,750,000	-	1,282,102,283	-	-	(98,546,779)	11,764,237	1,400,069,741
Transfer of 2005 loss	-	-	-	-	-	98,546,779	(98,546,779)	-
Profit for the period	-	-	-	-	-	57,985,829	-	57,985,829
Balance as at 31 December 2006	204,750,000	-	1,282,102,283	-	-	57,985,829	(86,782,542)	1,458,055,570
Transfer of 2006 profit	-	-	-	-	-	(57,985,829)	57,985,829	-
Profit for the period	-	-	-	-	-	73,860,890	-	73,860,890
Balance as at 31 December 2007	204,750,000	-	1,282,102,283	-	-	73,860,890	(28,796,713)	1,531,916,460

PETKİM PETROKİMYA HOLDİNG A.Ş.
STATEMENTS OF CASH FLOWS
for the years ended 31 December 2007 and 2006
 (TRY)

	31 December 2007	31 December 2006
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit / (loss) Before Tax	77,783,653	51,085,519
Adjustments:		
Amortisation (+)	97,059,737	91,068,753
Termination Indemnity	2,049,448	3,680,712
Provision for Debts	-	-
Foreign exchange gains (-)	-	-
Profit From Marketable Securities or Long Term Investments (-)	-	-
Profit on Disposal of Tangible Assets (-)	(4,792,296)	(256,500)
Interest Expense (+)	-	-
Deferred tax income	-	-
Net Income Before Working Capital Changes (+)	172,100,542	145,578,484
(Increase) / decrease in trade operations and other receivables	(46,114,027)	(87,402,000)
Decrease in balances due from related parties and shareholders (+)	-	-
Decrease / (increase) in inventories	(86,916,423)	91,391,898
Decrease / (increase) in other receivables	(3,346,774)	(3,109,250)
Increase in deferred tax assets (-)	-	-
Increase in financial liabilities (+)	-	-
Increase in trade payables (+)	13,344,440	47,061,143
Decrease in amounts due to related parties and shareholders (-)	(4,399)	(1,303)
(Decrease) / increase in advances received	611,165	8,482,251
Increase in provisions for debts and expenses (+)	-	-
Increase / (decrease) in other liabilities (+)	2,320,722	1,568,619
Cash flows in operating activities (+)	-	-
Interest payments (-)	-	-
Tax payments (-)	-	-
Net cash flows from operating activities	51,995,246	203,569,842
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Financial asset acquisition, net of acquisition cost (-)	-	-
Marketable security acquisition (-)	-	-
Tangible asset acquisition (-)	(77,290,290)	(97,179,550)
Cash inflows from sales of tangible assets (+)	4,792,296	256,500
Interests received (+)	-	-
Dividends received (+)	-	-
Net cash flows from investing activities	(72,497,994)	(96,923,050)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from share premium (+)	-	-
Cash inflows/(outflows) related to short and long term liabilities	10,665,917	(74,770,316)
Payments related to leasing liabilities (-)	-	-
Dividends paid (-)	-	-
Net cash flows from financing activities	10,665,917	(74,770,316)
Increase / (decrease) in Liquid Assets	(9,836,831)	31,876,476
Liquid Assets at the Beginning of the Period	106,077,806	74,201,330
Liquid Assets at the End of the Period	96,240,975	106,077,806

CAPITAL STRUCTURE	
AUTHORIZED CAPITAL	300,000,000,- TRY
INCREASED CAPITAL	204,750,000,- TRY

-The Company has changed capital structure from the paid-up capital system to the authorized capital system with the limit of 300,000,000 TRY by the approval of the Privatization Administration dated November 07, 1998, and of Capital Market Board, dated December 07, 1998.

-The Company has increased its capital from 117,000,000 TRY to 204,750,000 TRY as of the Board decision dated 19.04.2001, and by the approval of Capital Market Board dated 30.10.2001.

-As of 31 December 2007, the share capital of the Company is as follows (TRY) :

SHAREHOLDERS	SHAREHOLDING, %	NOMINAL VALUE
PRIME MINISTRY PRIVATIZATION ADMINISTRATION	54.32%	111,223,358
STATE PENSION FUND	7.00%	14,332,500
OTHERS	38.68%	79,194,142
TOTAL	100.00%	204,750,000

A – IN GENERAL

1. The Company's financial statements are in conformity with The Tax Procedure Law, Capital Market Law (Communique Nr XI/25), GAAP (generally accepted accounting principles) and the company's accounting regulations.
2. The Company's financial statements have been audited by the independent auditing company BDO Denet Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş.

B – BALANCE SHEET (TRY)

31 December 2007 31 December 2006

ASSETS		
Current Assets	684,548,090	558,007,700
Liquid Assets	96,240,975	106,077,806
Marketable Securities	-	-
Receivables (net)	281,496,012	235,300,698
Inventories (net)	290,762,089	203,845,666
Other Current Assets	16,049,014	12,783,530
Long Term Assets	1,261,175,616	1,280,945,060
Receivables (net)	4,044	4,041
Financial Assets	2,865	2,865
Tangible Assets (net)	1,259,863,638	1,279,300,805
Intangible Assets (net)	1,305,069	1,637,349
TOTAL ASSETS	1,945,723,706	1,838,952,760

Receivables are as follows (TRY)	
Customers	280,733,877
Deposits and Guarantees Given	21,334
Other Receivables	5,888,935
Rediscount on Receivables	(4,546,444)
Provision for Doubtful Receivables	(601,690)
Total	281,496,012

Inventories are as follows (TRY)	
Raw Material and Supplies	174,995,497
Semi Finished Goods	56,337,791
Finished Goods	57,331,875
Other Inventories	735,436
Order Advances Given	1,361,490
Total	290,762,089

Tangible assets are as follows (TRY)	
Buildings, Land and Land Improvements	247,942,548
Machinery and Equipment	5,790,540,737
Motor Vehicles	11,466,843
Furniture and Fixtures	51,716,480
Other	996,152
Accumulated Depreciation	(4,990,070,022)
Construction in Progress	63,159,466
Order Advances Given	84,111,434
Total	1,259,863,638

31 December 2007 31 December 2006

LIABILITIES & SHAREHOLDERS' EQUITY		
SHORT TERM LIABILITIES	280,177,448	253,239,604
Financial Liabilities (net)	28,047,167	17,381,250
Trade Payables (net)	190,378,401	177,033,961
Due to Related Parties	76,402	80,801
Advances Received	39,649,933	39,038,768
Other Liabilities	22,025,545	19,704,824
LONG TERM LIABILITIES	133,629,798	127,657,586
Provision for Liabilities and Expenses	101,137,624	99,088,176
Deferred Tax Liabilities	32,173,970	28,251,207
Other Liabilities (net)	318,204	318,203
SHAREHOLDERS' EQUITY	1,531,916,460	1,458,055,570
Share Capital	204,750,000	204,750,000
Capital Reserves	1,282,102,283	1,282,102,283
Net Profit /(Loss) For the Period	73,860,890	57,985,829
Retained Earnings /Accumulated Losses	(28,796,713)	(86,782,542)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	1,945,723,706	1,838,952,760

Debts are as follows (TRY)	
Debts of Forward Purchase of Naptha from Tüpraş	153,655,028
Other Suppliers	38,839,479
Deposits and Guarantees Received	533,489
Rediscount on Payables	(2,649,595)
Total	190,378,401

Provision for debts is as follows (TRY)	
Provision for Termination Indemnity	101,135,603
Provisions for Other Debts and Expenses	2,021
Total	101,137,624

C – STATEMENT OF INCOME (TRY)

01.01.2007 - 31.12.2007 01.01.2006 - 31.12.2006

NET SALES	2,178,559,421	2,222,333,063
Cost of Sales	(1,963,737,717)	(2,017,233,175)
GROSS PROFIT / (LOSS) FROM SALES	214,821,704	205,099,888
Operating Expenses	(100,079,361)	(87,555,569)
NET PROFIT / (LOSS) FROM OPERATIONS	114,742,343	117,544,319
Other Income and Profits	62,468,643	86,719,720
Other Expense and Losses	(77,256,257)	(119,817,080)
Financial Expenses	(22,171,076)	(33,361,440)
OPERATING PROFIT / (LOSS)	77,783,653	51,085,519
Net Monetary Profit / (Loss)	-	-
PROFIT / (LOSS) BEFORE TAX	77,783,653	51,085,519
Taxes	(3,922,763)	6,900,310
NET PROFIT / (LOSS) FOR THE PERIOD	73,860,890	57,985,829

The Company's current year depreciation expense of TRY 97,059,737 belonging to the accounting period of 01.01.2007-31.12.2007 as shown in the income statement;

To Sold Good Costs	80,190,099
To Marketing, Sales and Distribution Expenses	131,637
Research and Development Expenses	70,607
To General Administrative Expenses	4,844,133
To Costs Due to Idle Capacity	7,089,183

totals TRY 92,325,659. The remaining TRY 2,347,148 is recorded in "semi finished goods" inventories, and TRY 2,386,930 is recorded in "finished goods" inventories.

Operating expenses are as follows (TRY)

Research and Development Expenses	1,582,013
Marketing, Sales and Distribution Expenses	11,537,526
General Administrative Expenses	86,959,822
Total	100,079,361

The Company calculated Provision for Termination Benefits of TRY 2,049,448 and termination benefits payment to retiring employees of TRY 18,041,288 in "General Administrative Expenses" account.

Income and profits from other operations are as follows (TRY)	
Interest Income	12,041,160
Foreign Exchange Gains	33,944,198
Other Ordinary Income and Profits	6,578,478
Other Extraordinary Income and Profits	4,503,527
Prior Period Income and Profits	608,984
Fixed Assets Sales Income	4,792,296
Total	62,468,643

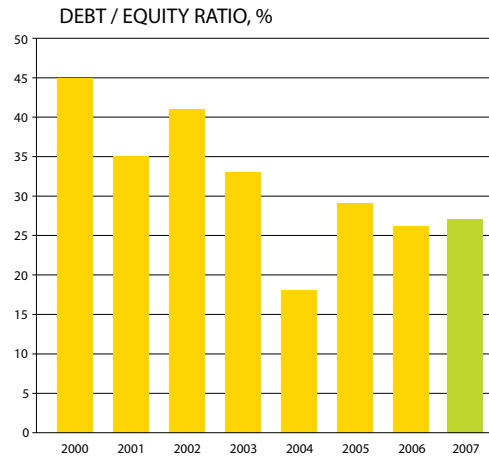
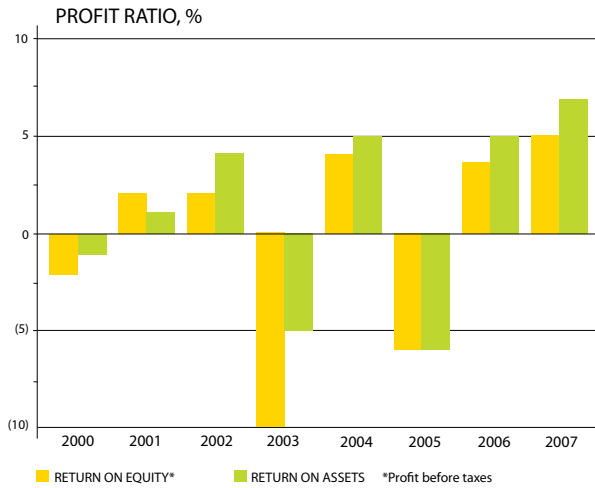
Expenses and losses from other operations are as follows (TRY)	
- Costs Due to Under Capacity Production	42,571,904
- Foreign Exchange Losses	30,023,487
- Other Ordinary Expenses and Losses	3,033,236
- Prior Period Expenses and Losses	377,431
- Other Extraordinary Expenses and Losses	1,250,199
Total	77,256,257

Financial expenses are as follows (TRY)	
Exchange Difference	6,993,115
Interest of Forward Raw Materials Purchase	11,251,211
Interest of Credit	3,926,750
Total	22,171,076

Taxes stated in the income statement are as follows (TRY)	
Provision for Corporation Tax	-
Deferred Tax Income	3,922,763
Total	3,922,763

D – DONATIONS AND AIDS

As of 2007 December, there aren't any donations or aids expenses in the accounts.



FINANCIAL RATIOS, %	2000	2001	2002	2003	2004	2005	2006	2007
CURRENT RATIO	224	277	216	244	405	195	220	244
LIQUIDITY RATIO	133	177	134	148	219	80	133	133
DEBT / EQUITY RATIO	45	35	41	33	18	29	26	27
GROSS PROFIT / (LOSS) RATIO	8	14	5	(2)	11	4	9	10
NET PROFIT / (LOSS) RATIO	(2)	-	-	(8)	4	(7)	3	3
RETURN ON EQUITY *	(2)	2	2	(10)	4	(6)	4	5
RETURN ON ASSETS	(1)	1	4	(5)	5	(6)	5	6

(*) Profit before taxes

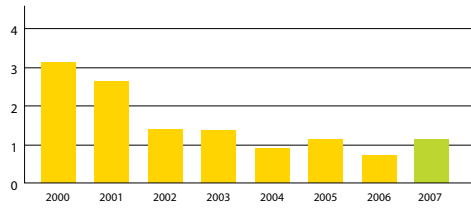
DIVIDEND AND SHARE STATISTICS	2000	2001	2002	2003	2004	2005	2006	2007
DIVIDEND (Billions TL)	-	-	-	-	-	-	-	(**)
DIVIDEND RATIO PER SHARE (%)	-	-	-	-	-	-	-	(**)
EARNINGS RATIO PER SHARE (%)	(9)	1	1	(42)	30	(48)	28	36
SHARE PRICE IN STOCK MARKET (TL) *	11,250	8,500	5,800	5,900	6,550	7.85	5.10	8.60
SHARE PRICE IN STOCK MARKET (\$) *	0.02	0.01	0.004	0.004	0.005	5.85	3.63	7.38
MARKET VALUE / BOOK VALUE	3.12	2.64	1.40	1.38	0.90	1.15	0.72	1.15
PRICE / EARNINGS RATIO	(125.63)	602.78	448.59	(14.15)	22	(16.31)	18	24
1 \$ at the end of the year (TL/\$)	671,765	1,439,567	1,634,501	1,395,835	1,342,100	1.3418	1.4056	1.1647

(*) Year end of price

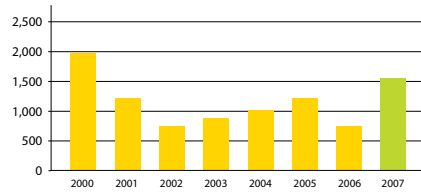
(**) To be decided in General Meeting of Shareholders

Values are TRY from 2005

MARKET VALUE / BOOK VALUE



MARKET VALUE (İSTANBUL STOCK EXCHANGE PRICES) Million US \$



2007 Annual Report



CHRONOLOGICAL DEVELOPMENT OF PETKİM

2007



CHRONOLOGICAL DEVELOPMENT OF PETKİM

PETKİM will continue to grow with its production, environmental respect and transparency.



1965-1970

- PETKİM Petrochemical Co. was established with a capital of 250 million TL.
- PETKİM's initial investment activities were started in Yarımcı, İzmit.
- PETKİM's capital was raised to 700 million TL.
- PETKİM Rubber Co. financed solely by PETKİM, was established.
- Construction of the Ethylene, PE, CA, VCM and PVC plants of the Yarımcı Complex was completed and they started trial operations.
- The decision was made to establish second petrochemical complex at Aliğa.

1971-1975



- Çanakkale Plastics Processing Plant was started up.
- The DDB plant within the Yarımcı Complex was started up.
- PETKİM's capital was raised to 1.5 Billion TL.
- Expansion of Ethylene and LDPE plants within the Yarımcı Complex were completed.
- The CB, Synthetic Rubbers (SBR-CBR), Styrene and PS plants of the Yarımcı Complex were started up.



1976-1977

- Expansions of VCM and PVC plants were completed and Caprolactam plant was started up in the Yarımcı Complex.
- As a result of the rapid growth of the automobile industry in Turkey, Petlas Tire Works Co. was established under PETKİM's leadership on 19.08.1976.
- PETKİM Rubber Co. merged with PETKİM Petrochemical Co.
- PETKİM's capital was raised to 2.5 Billion TL.

1978-1983

- PETKİM's capital was raised to 8 Billion TL, then 40 Billion TL and finally 100 Billion TL.
- Utility plants and common facilities of the Aliğa Complex were completed.

1984-1989

- Plants at Aliğa Complex were started up.
- In 1985, by government decree PETKİM was turned into a State Economic Enterprise with Aliğa and Yarımcı complexes becoming entities belonging to the enterprise.
- Aliğa and Yarımcı complexes became owned subsidiary companies named, ALPET A.Ş. and YARPET A.Ş.
- Within the law number 3291 dated 28.05.1986, PETKİM was taken into the privatization program.
- For privatization purposes, PETKİM was brought under the control of the Housing Development and Public Participation Administration.

1990-1995

- In 1990 PETKİM's capital was raised to 2 Trillion TL. and to 3 Trillion TL. in 1991.
- Alpet and Yarpet, the two subsidiaries of PETKİM were taken over by PETKİM with

all of their assets and liabilities, on the bases of their balance sheets as of 31.08.1990.

- PETKİM and Aliğa Complex organizations were merged and Yarımcı Complex Management was established.
- As a result of expansion and rehabilitation projects, capacity increases were achieved, at the Aliğa Complex in 1993 in the LDPE, HDPE, PP and ACN plants and PVC, PS, CB, SBR, CBR and BDX plants at the Yarımcı Complex in 1995.



1996-1999

- TS- EN- ISO 9002 Quality Assurance Certificate was obtained.
- The company has made a change from the paid-up capital system to authorized capital system. The company has increased its capital from 3 Trillion TL. to 117 Trillion TL covered by revaluation fund of fixed assets amounting to 114 Trillion TL.
- The re-documentation audit which was achieved by Turkish Standards Institution (TSE) resulted successfully and the right to use the TS-EN-ISO 9002 Quality Assurance Certificate for another 3 years was obtained.



2000-2005

- The installation aiming to produce chlorine in membrane-cells instead of mercury type cells and increasing the chlorine production capacity of Chlorine Alkali Plant up to 100,000 tons/year have been completed and taken into operation.
- In Electricity Generation Unit, a second 20 MW condensing type turbo-generator was started up in 2001.
- The Company has increased its capital from 117,000 billion TL to 204,750 billion TL as of the Board decision dated 19.04.2001 numbered 1022/17 and with the certificate of Capital Market Board related to the completion of capital increase, dated 30.10.2001, numbered 2461.
- According to the Privatization High Council's decree, Yarımca Complex, excluding lodgings and social buildings, was sold to Tüpraş at a price of 60 million USD. The take over was completed on November 1, 2001.
- The second expansion of the HDPE Plant aiming to increase the production capacity from 66,000 tons/year to 96,000 tons/year has been completed in 2001.
- In 2001, the project for the addition of the 17th reactor to the PVC plant to increase the production capacity by 10,000 tons/year was completed.
- Çanakkale Plastic Processing Plant was closed down on 01.11.2003 and its equipments was transferred to Aliğa Complex with the Board of Directors' decision dated 01.09.2003 and numbered 1085/11.
- Solid-Liquid Waste Incineration Unit whose construction and erection had been completed in 2002 was started up in 2003.
- PETKİM general cargo jetty was opened to usage of third parties by the Board of Directors' decision dated 31.03.2004, nr:1097/12.
- Ethylene, LDPE and PP Plant expansions started within PETKİM investments were completed in 2005. Plant capacities were increased from 400,000 tons/year to 520,000 tons/year for Ethylene; from 190,000 tons/year to 310,000 tons/year for LDPE; from 80,000 tons/year to 144,000 tons/year for PP.

2006

- After the completion of the new investments in 2005, maximum production and sale figures have been reached in PETKİM Aliğa Complex in its history.
- In 2006, according to a survey conducted by International

Credit Rating Organization Standard and Poor's and Sabancı University Corporate Governance Forum of Turkey, PETKİM was selected one of the top five transparent companies of Turkey.

- Maximum export of the past 15 years was realized in 2006.
- In the Responsible Care Awards Contest 2006 organized by European Chemical Industry Council (CEFIC), PETKİM received an award for its environmental studies relating to air quality.

2007

- 57 MW Gas Turbine and Waste Heat Recovery System was commissioned at the Steam Generation and Electricity Generation Units. A total of \$90 million was spent for this investment. With this investment; installed capacity of electricity generation raised to 226 MW, captive steam consumption of Steam Generation Unit reduced by 100 ton/hour, utilization of natural gas which is more economic and environmentally friendly started in steam boilers as fuel, control systems modernized.
- As of March 2007, it was started to receive and incinerate the wastes from the companies outside of PETKİM. Incineration process has been continuing in line with the strong demand from the companies.
- The co-extruder unit was commissioned that produces FFS roll film at the Bag Production Unit.
- A storage licence was given to our company for 15 years by Energy Market Regulatory Authority (EPDK) in May17, 2007.
- Our company applied for an auto producer licence to EPDK for a 47.5 MW of wind energy project in November 01, 2007.
- Privatization tender of 51% of the public shares of PETKİM through block sale method has been announced by March 16, 2007. Open public tender had been made on 5 July 2007. Sale to second highest bidder, Socar&Turcas-Injaz Consortium, has been approved by Privatization High Council with decision number 2007/63 on 22 November 2007.



2007 Annual Report



CORPORATE GOVERNANCE PRINCIPLES
COMPLIANCE REPORT

2007



1- Statement of compliance to corporate governance principles

PETKİM has made the required effort to comply with the Corporate Governance Principles, published by Capital Markets Board (CMB) of Turkey during 2007.

Within this scope, in 2007;

- Internal Audit Department has been reorganized,
- PETKİM web page www.petkim.com.tr has been renewed and expanded to give more information to the investors, customers and public and to improve Investor Relations.

SECTION 1 – SHAREHOLDERS

2- Shareholders Relations Unit

Investor Relations are executed by Finance Department's related unit. The communication information is given below;

Manager

Selahattin YÜZÜGÜLDÜ

Tel: 0232 616 14 52

E-Mail: syuzuguldu@petkim.com.tr

Assistant Manager

Macit KARABORAN

Tel: 0232 616 61 27

E-Mail: mkaraboran@petkim.com.tr

Officer

Şengül TUNASOY

Tel: 0232 616 61 27

0232 616 12 40 / 2256

E-Mail: stunasoy@petkim.com.tr

The main functions of this department are;

- To handle issues related with capital market activities (CMB-Capital Markets Board, ISE-Istanbul Stock Exchange, Takasbank-Settlement and Custody Bank, CRA-Central Registry Agency)
- to provide information to investors and analysts,
- to organize General Assembly meetings,
- to perform printed stock related issues,
- monitoring Corporate Governance issues,
- to disclose formal information to CMB,
- to ensure Investors Relations web page updated,

3- The Use of Shareholders' Right to Obtain Information.

Requested information was given by means of telephone calls (approx.1,500), e-mails (169), and letters (10) during 2007.

Occurrences related with company which can effect exercising rights of shareholders were announced by means of PETKİM web page and sent to CMB and Istanbul Stock Exchange (ISE) promptly to comply with Corporate Governance principles.

4- General Assembly Information

General Assembly meeting invitation was announced officially by means of Trade Registry and 2 most widely circulated Newspapers. (Hürriyet and Yeni Asır) and PETKİM Web page.

Meeting was hold on 30th. March 2007 in company headquartes. Representing shares quantity was 144,938,087 (70.78 %). 27 shareholders attended to meeting by proxy and one by personally.

Questions of shareholders have been answered by board members.

There wasn't any proposal or request.

Extraordinary General meeting was hold on 11th.May 2007 in company headquarters Aliğa/İZMİR to revise Articles of Association.

Representing shares quantity was 144,438,835 (70.54 %). 30 shareholders attended to meeting by proxy.

Official invitation was announces by means of Trade Registry and 2 most popular Newspapers (Dünya and Yeni Asır) and PETKİM Web page.

Questions of shareholders were answered by board members.

There wasn't any proposal or request.

5- Voting Rights and Minority Rights

According to article 15 of Company's Articles of Association, C Group Share has got some privileges:

Article 15: Validity of below mentioned Board of Directors decisions are subject to C Group Member's authorization;

- a) Revisions of Company's Articles of Association that may effect the privileges assigned to group C.
- b) Recording of bearer shares to share ledger.
- c) Authorization assignment stated on the Article 31 of Company's Articles of Association.
- d) Any decision on capacity increase/decrease over 10 %
- e) Decision of any acquisition, merging, joint-venture, foundation of new company, partnership, liquidation etc. related with company.

6- Profit Distribution Policies and Profit Distribution Time

Dividend distribution policy and dividend distribution time are stated in Articles of Association, article 37, 38 and 39.

Net profit is the amount remained from gross revenue less all of the legislative approved expenses. Reserve funds * and taxes are deducted from this Net Profit. A portion from the remaining which is settled by Capital Market Board (CMB) is distributed to shareholders, by the proportion of their shares, as first dividend.

From the remaining amount, some portion determined by General Assembly is distributed to board members as share of profit. This amount should not exceed 0.1 % of the total distributable profit.

Unless otherwise specified by the General Assembly, the remaining profit is distributed as second dividend to shareholders as their portion of capital shares.

It is not allowed to transfer profit to next year, to allocate reserve fund except regulatory obligated, and to distribute of profit to Board members, officers, jobholders and workers unless allocate obligatory reserve fund and the first dividend determined in Articles of Association .

General Assembly determines the time and type of profit disbursement by considering capital Market Board's announcements. General Assembly may transfer authority to Board of Directors to determine the time and type of profit payment.

* Reserve Fund : Allocation of 5 % of the annual net profit, continues until total reserve fund reaches to 20 % of firm's paid in capital (Turkish Commercial Code, provisions of Articles of 466 are reserved.). If the total reserve fund falls below the 20 % of paid capital for any reason whatsoever, reserve fund allocation continues until reaching to that amount.

7- Transfer of Shares

Article 8: In case of Privatization Administration share is less than 1 %, C Group share existence and its privileges will automatically drop and deemed an A share

Article 9: C Group shares authority can be transferred to another Turkish Public Institution, by 4046 numbered Republic of Turkey Prime Ministry Privatization Administration Law. In that case, the C Group shares board member's vote is necessary.

SECTION 2

INFORMING THE PUBLIC AND TRANSPARENCY

8- Information Policy of the Company

Four officers are responsible and have the authority to make public announcements.

In accordance with the transparency principles, applied accounting policies and operation results are announced to public.

Annual and quarterly financial statements are disclosed in PETKİM web page under Investor Relations link.

According to the Stock Exchange Regulations, "any progress which could effect PETKİM's stock values should be announced to public as soon as possible".

9- Material Events

17 material events have been disclosed in accordance with the Stock Exchange Regulations, during 2007. No additional information was requested from Capital Market Board (SPK) and Istanbul Stock Exchange (IMKB).

10- Company Internet Site and its Content

PETKİM web page has been renewed in 2007 in accordance with Corporate Governance conception. It's address is www.petkim.com.tr and information is submitted both in Turkish and English.

Information mentioned in CMB Corporate Governance Principles Section II article 1.11.5 are provided in PETKİM web site.

11- Disclosure of Company's Ultimate Controlling Individual Shareholder /Shareholders (Beneficial Ownership)

There is no beneficial ownership for the company.

12- Disclosure of Insiders

All necessary precautions are taken to prevent insider trading. Below listed officers are announced to public as insider.

Kenan YAVUZ	- General Manager
M. Hayati ÖZTÜRK	- Asst. General Manager
Ertuğrul KURT	- Asst. General Manager
Abdulkadir TUNCER	- Asst. General Manager
Ali ÖZTÜRK	- Asst. General Manager
Hatice KAYGIN	- Asst. General Manager
Selahattin YÜZÜGÜLDÜ	- Finance Manager
Şeref HEKİMOĞLU	- Accounting Manager
Macit KARABORAN	- Asst. Finance Manager

SECTION 3

STAKEHOLDERS

13- Informing the Stakeholders

Company stakeholders have been informed as soon as possible by public announcements, web page and printed media about issues interesting themselves.

14- Stakeholders Taking Part in the Management

The participation of stakeholders in management representing publicly offered 38.68% share can be realised by temporary 2 nd article, 11th and 22 nd article of Articles of Association.

15- The Policy of Human Resources

The policy of Human Resources of our company is to keep on its leadership in the Turkish industry by making human resources work effectively, increasing its capacity, meeting expectations of its shareholders, highlighting the employees, being open to change, being a leader and a global company in its region, using its resources effectively, having sensibility to environment, work health and security, being compatible with quality standards, improving its technology permanently, believing in creativity of its employees, and focusing on customers.

The goals of our Human Resources Policy are to provide human resources applications such as human resources planning, recruitment, personnel development, training needs planning, performance management, career management, job determination and analysis, competence management to achieve the activities of the company efficiently in according to scientific methods.

The main principles of our human resource policy consist of the following:

- Defining and improving the system which provides appropriate human resources by determining the qualities, search and selection and recruitment.
- Determining and applying the training programs that would provide necessary knowledge, skills, talent and behaviour to the employees and assessing the results on behalf of both the employee and the Company.
- Developing the performance management system to provide personnel promotions and increasing the productivity of the personnel and providing fair and equal chances in applications of the system.
- Forming and practicing a career management system that determines the career paths and shows essential opportunities in the organization to the personnel.
- Analyzing the jobs and combining data for the scope of the jobs, human resources requirements and working conditions to prepare job definitions.
- Developing systems that encourage success and creativity and maximizing job satisfaction by providing appropriate work conditions.
- Providing training opportunities in domestic and abroad to develop personnel's professional knowledge and skills.
- Working on and improving human resources applications by asking to employees about their opinions with using questionnaires or kind of ways.
- Forming Company Culture and Conception to encourage the personnel about their jobs and organization loyalty and providing social and cultural needs of personnel by aiming to increase the productivity of the Company.

All blue collar workers are members of labour union which has an office in company with representative members selected from workers. Relationship with employees is managed through Human Resources management and Union management.

16- Information on the Relations with Customers and Suppliers

Information on the Relations with Customers :

PETKİM continues to the developments that were introduced in recent years with new scopes aiming to maximize and maintain the sustainability of satisfaction of customers that are accepted as partners of PETKİM.

In order to evaluate all complaints and demands coming from our customers via different communication channels such as fax, telephone, e-mail, visits, surveys and industry fairs, a system called QDMS has been established. By evaluating the data gathered in this system, focus has been put on corrective and preventive activities for short, mid and long term solutions with the coordination of related units.

Customer Information System that is set to monitor the company's information, orders, allocation, delivery and financial operations via internet has been improved and

widespread use has been maintained. While the rate of use of the system among the active customers was 30 per cent in 2006, this rate increased to 40 per cent in 2007.

Studies of surveys for the purpose of evaluating customer perception have been carried out since 2000 within company. The results of the survey in 2007 show that the customer satisfaction increased compared to last year and expectations in subjects as corporate image, presentation of goods and services, after sales assistance are met significantly.

Significant improvements have been achieved on face to face negotiations that are one of the most effective way of meeting customer requirements and expectations. Customer meetings have been organized in İstanbul, Ankara, İzmir, Bursa and Gaziantep where most of our customers are located. Intensive activities have been realized in order to evaluate complaints and perceptions of PETKİM's partners by regular customer visits and fair participations.

Information on the Relations with Suppliers:

There are 8,516 foreign firms and 1,629 representative firms registered in Import Department's repertory. Within these firms 1,447 of them are dealing with chemical materials; 6,826 of them with spare parts and 243 of them are interested in both. 6,395 firms are manufacturer firms while 775 of them are trader and 1,346 of them are both manufacturer and trader.

A total of 242 new companies were registered to our Import Department's repertoire within 2007. The total purchase order numbers of these registered firms are 596 and these firms gave 2,058 offers. Moreover forms were sent to the firms for registry refreshment and the information of 375 firms has been updated.

According to the Performance Measurement that is applied to the chemical and raw material supplier firms, 242 firms have been given Performance scores at the end of 2007; and 238 firms have been raised to A Class supplier degree. Within 2007, 73 suppliers were visited and the information of the firms updated according to the communications that were done with the suppliers that visited us. Questionnaire forms for measuring the supplier satisfaction were prepared and they were sent to 240 firms within 2007. 51 of these firms replied this questionnaire and the reply ratio is 21.25%.

In order to provide satisfactory answers to the information requests coming from the suppliers within the purchasing process we are preparing a Supplier Information System in our website. The suppliers can reach and update their registry information; and they can also follow the tender information from this system. GPRS Tracking System has been requested from our nominated overland transportation company. By this system we can follow our delivered orders on the way. The application of this system will begin within 2008.

17- Social Responsibility

Our company is sensible for environment consumer and public health.

PETKİM has constructed 4 elementary school and handed over them to The Ministry of National Education.

Within the same context our company allocated buildings for a high school in order to support educational operations.

PETKİM supports a professional sport club. Wide sport activity opportunities for employees and their children are exist as a part of this club. In addition, PETKİM also provides for public to benefit from social activities.

Petkim Environmental Facilities

PETKİM has been carrying out its production facilities by environmental concerns since establishment and it achieved institutionalizing of environmental consciousness and sensitivity. Our company prefers cleaner production and best available technology in new investments under the principle, "pollution prevention at source". It fulfils its environmental legal responsibilities by its own treatment system include a wastewater treatment plant, a waste incinerator, pretreatment systems in some plants, etc. PETKİM Waste Incineration Plant which is the second plant of Turkey in waste incineration, started to operation after taking the environmental license dated December 2006 and wastes from third parties has been accepted also since March 2007; with this facility PETKİM support the Turkish industry in this issue also.

"Recycling" is our other main objects indicated in "PETKİM Environmental Policy" beside fulfilment of legal responsibilities like pollution prevention and waste treatment. In this scope, waste oils, waste solvents, waste accumulators and batteries, waste packages etc. are collected separately and recycled in accordance with regulations. The Environmental Department of PETKİM carries out the monitoring and auditing activities to control waste management. In the year 2007, several new environmental regulations have been published and PETKİM undertook new responsibilities. In the scope of the environmental law no: 5312; PETKİM, as a on shore plant, has started to have Emergency Response Plan and Risk Analysis prepared for accidental risk prevention in its harbour (eg. oil spillage from purveyor/costumer ships). Two oil skimmer and one floating tank was procured also for this response.

One of the main investments has been also completed in 2007, eg. "Modification of Existing Boilers for Utilization of Natural Gas in Addition to Fuel-Oil, 50 MW Gas Turbine Generator and Heat Recovery". This investment cost 88 million \$ will provide great environmental advantage such as expected decrease in CO₂ and SO₂ emissions amount by 32% and by 99% respectively in energy and steam production. In this year, emission measurements was also started to get done by Dokuz Eylül University to obtain air emission permit for PETKİM.

One of our voluntarily environmental initiatives called "Pollution Release and Transfer Registration Project" was continuing in 2007 also. PETKİM took part as a pilot plant in this project, which is carried by cooperation of UN/ UNEP and Ministry of Environment and Forest of Turkey and 10 chemicals used as raw/auxiliary substance in our process has been monitored monthly.

One of the main principles of Responsible Care Program, which has been implemented by PETKİM voluntarily since 2000, is "Public Communication" and we explain our environmental activities in detailed in our website. PETKİM also monitor its environmental performance according in

EFQM Model applications.

A suggestion competition on "saving the water" among our staff, was arranged in this year to take attention on Global Warming effects and to develop environmental consciousness. The best suggestion for water saving owner took their platelets in the ceremony for World Environment Day. "The competition on the most environmentalist plant of PETKİM" was repeated in this year also and the plants having environmental initiatives at their site were also awarded at the same ceremony. Attendance and interest of our staff to this competitiveness indicate the achievement of our internal environmental training courses gave regularly to all PETKİM staff for last 6 years to set the institutional environmental consciousness.

18- The Structure and Composition of Board of Directors

Following rules are applied to nominate A group board members.

- a) Over 20 % free floating of A group shares, 1 member is nominated by "A" group and 2 members are nominated by "B" group shareholders.
- b) Over 40 % free floating of "A" Group shares, 2 members are nominated by "A" Group, and 1 member is nominated by "B" group shareholders.
- c) Over 55 % free floating of "A" Group shares, 3 members are nominated by "A" group shareholders.
- d) At least 1 % of "A" group shareholders can nominate a candidate. In case of less than 1 % of "A" group shareholders represent in board meeting, 3 "A" group candidates are nominated by "B" group shareholders.
- e) In case of death, resignation and etc. of a member, election is made according to article 315 of Turkish Commercial Law. In case of "A" group member's resignation, new member is elected among candidates nominated by "A" group shareholders. In case of "B" group member's resignation, new member is elected among candidates nominated by "B" group shareholders. In case of resignation, when "A" group shares are represented by only one member, this "A" group member is elected among candidates nominated by "C" group shareholders. In case of resignation of member elected by "C" group, member is assigned by the Board among candidates nominated by "C" group shareholders.
- f) Board member who is representing a public administration is deemed resigned in case of resignation from his position held in that Public Administration.
- g) Board members are elected for 2 (two) years term. General Assembly may dismiss the members before the term expires. Members whose term expires may be re-elected.

19- The Qualification of Board Members

Have to be legally competent, to have company's share and not to expose to any dishonourable crime. Candidates' membership is valid after having Company's share. (Except Turkish Commercial Law, article 334 and 335)

The qualifications of all PETKİM Board Members comply with the principles defined in articles 3.1.1, 3.1.2 and 3.1.5 of Section 4 of the CMB's Corporate Governance Principles.

Comprehensive information about members is available on our web site.

20- The Mission, Vision and The Strategic Targets of the Company

VISION 2015

To be a World-Class company in the petrochemical sector

STRATEGIC OBJECTIVE

40% Market Share in 2015

MISSION

Our mission is to be a petrochemical producer who;

- Respectful towards people and environment
- Open to change
- Always able to keep its technology updated
- Aiming at exceeding the expectations of its stakeholders.
- Able to provide proper platforms to motivate and empower its employees for participation and creative thinking
- Believes in management approach based upon sustainable excellence

VALUES AND PRINCIPLES

Our values and principles are *

C u s t o m e r s a t i s f a c t i o n i s a b o v e e v e r y t h i n g
 Our most important driving force is the development of our people and teams
 To ensure safety and to protect the environment is our prior focus
 Our partners / suppliers are our natural team members
 Our alignment based upon our integrity
 Our task is to provide quality
 Role model in leadership
 Always accountable
 Dependability
 Transparency

** Our management understanding is an upside down, low pyramid*

CORPORATE STRATEGY

- | | | | |
|-----|---|-------|---|
| F.1 | To increase profitability | S.2 | To make growth plan |
| F.2 | To decrease costs | S.3 | To struggle unfair competition |
| M.1 | To increase customer satisfaction and loyalty | Ö/G.1 | To make stronger corporate structure |
| M.2 | To follow competitive price policy | Ö/G.2 | To improve environment and job security |
| S.1 | To improve productivity | | |

21- Risk Management and Internal Control Mechanism

Internal Audit Department acts in compliance with corporate governance principles and reports to the General Manager directly.

Main activities of this department as follows;

- To form and develop an active and efficient internal control system in the company
- To audit process
- Following, auditing, giving opinions and reporting of company's actions whether they are conform with procedures, regulations and legislations of government, company or public arrangements (CMB, Treasury, Foreign Trade, Tax Legislations etc.)
- To make investigations and giving proposals to utilize company resources effectively, efficient and economically,
- Auditing, evaluating, giving opinions and proposals for company expenses, financial operations and savings to fit company's goal, strategy and performance programs,

- To audit and give proposals for finance administration and control process.
- To audit expenses for legal conformity
- To determine commercial, financial, fiscal and legal risks which the company could subject to, to give proposals for eliminating these risks.
- To audit company actions whether they are fit with the existing organizational structure, process and procedures and give opinions and proposals,
- To investigate and take actions for the personnel whose action causes economic loss of company or derive benefit for their owns or third parties, give proposal and opinions to prevents these actions,
- To notify the General Manager and make detailed investigation if a statement occurs.

22- Authority and Responsibilities of the Members of the Board of Directors and the Administrators

As identified in the article 16 on the Company's Article of Association, Board of Directors is the representative and managerial organ of the Company and acts according to laws and rules.

According to Turkish Commercial law, article 319, Board of Director may pass its managerial and representative authorities to General Manager/Managers or constitute a working group to perform these task and duties.

23- The Activity Principles of the Board of Directors

Board of Directors should arrange a meeting at least one time in a month. Meeting point is Company Center or it may change according to Board Management decision. At least five of them should attend to the meeting. Decisions are taken by means of five members positive voting. Board member is deemed resigned, when he/she doesn't attend at least four meetings. Only written and signed Board decisions are valid. Proposals are deemed rejected which are not reaching the majority's acceptance.

Management and representation of company is in the hand of Board. Board of Directors may pass all or some part of its authority to others.

Contracts and documents are only valid if they are signed by authorized personnel on behalf of Company .

24- Prohibition of Carrying Out Transactions with The Company and Prohibition of Competing with the Company

Turkish Trade Act Article 334 and 335 does not allow to company board members to carry out transaction with company and to compete with the company.

25- Ethic Rules

The procedures of "Act of Ethical Rules for the Public Workers" has been implying in Company. In conformity with this Act, Ethical committee with 3 members, monitors the working actions and reports to the Government regularly.

Beyond this, Members of Board, Administrative person and officer should give a "declaration of property" when entering to company as a worker and leaving the company. This declaration should be updated each 5 years.

26- The Number, Structure and Independence of the Committees Constituted in the Board of Directors

A committee of three board members has been formed for auditing. Committee audits accounting, approves financial figures before publicly disclosed, and surveys the services provided by the Independent Auditing Company.

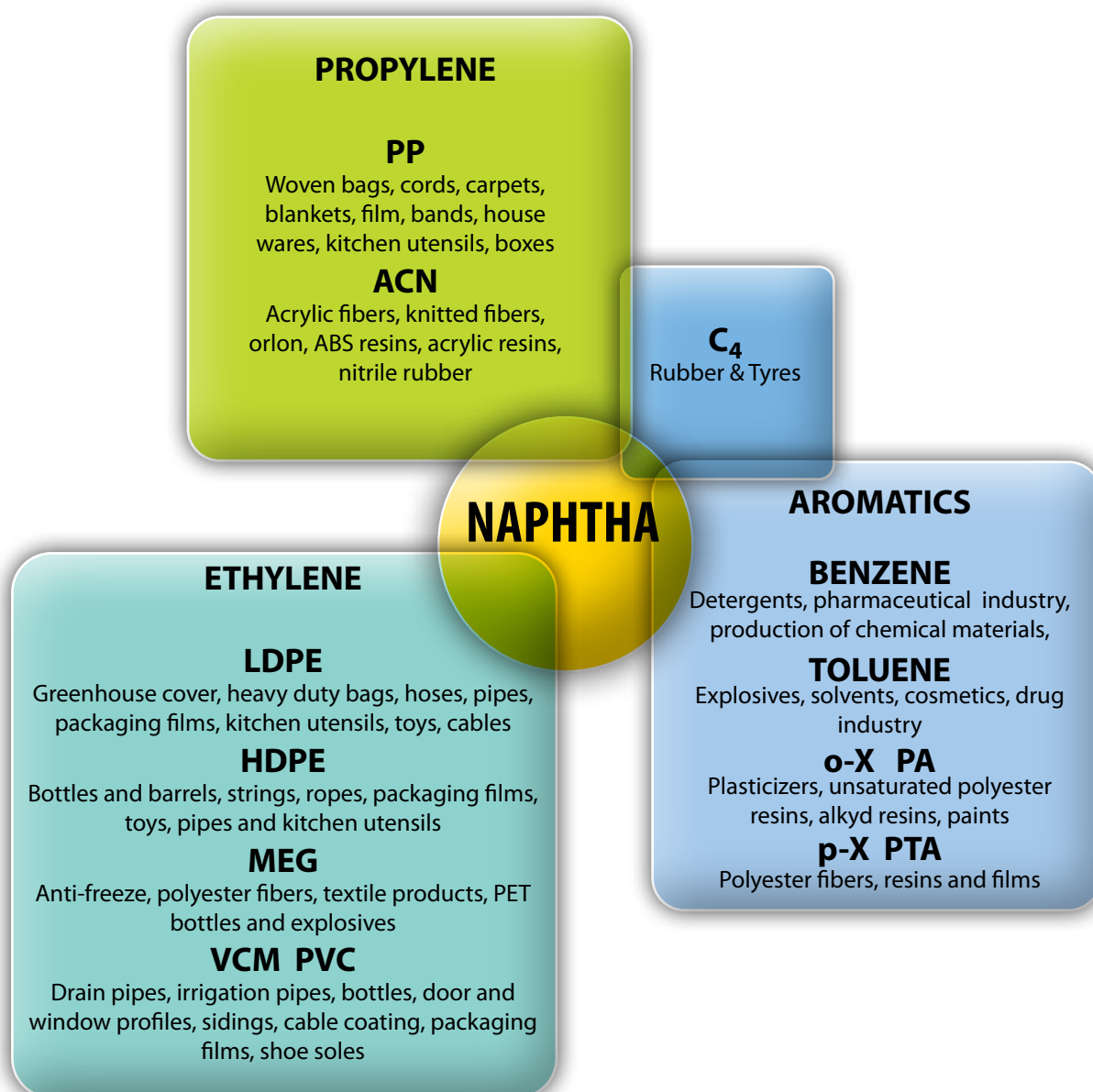
Committee observes selecting process of Independent Auditing Company and approves, follows their performance and provides a written assessment to the Board of Directors about activities they performed.

Committee is assembled at least four times annually.

27- Financial Rights Provided To the Board of Directors

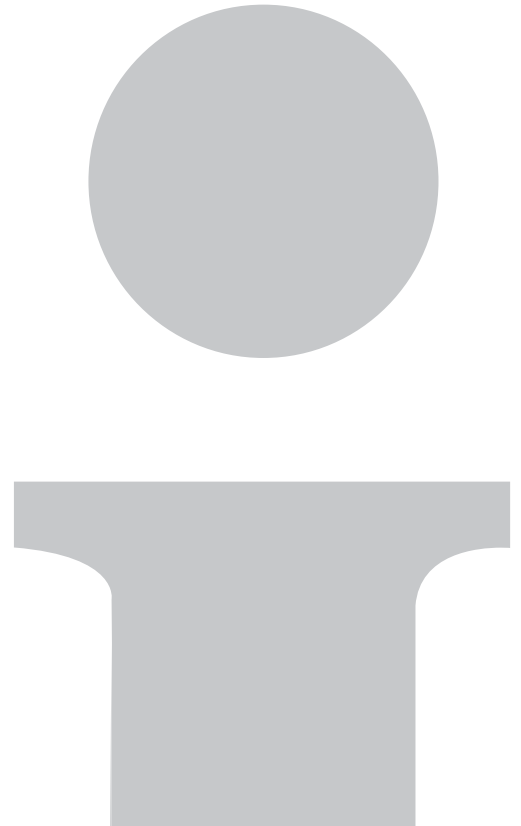
State Planning Association determines the fees and extra payments to be paid for Board Members. No compensation is paid other than ordinary fees. Travel allowances are paid according to the Governmental Organization regulations for public officers. No credit, indemnity or guarantee is given to any Board Member.

END USES OF PRODUCTS





PETKİM PETROKİMYA HOLDİNG A.Ş.





Petkim Petrokimya Holding A.Ş.

BOARD of DIRECTORATE

P.O.Box 12 35801 Aliğa – İZMİR / TURKEY
Phone: 90.232. 616 3640
Fax: 90.232. 616 2736

GENERAL MANAGEMENT

P.O.Box 12 35801 Aliğa – İZMİR / TURKEY
Phone: 90.232. 616 1240 (20 Lines)
90.232. 616 3240 (20 Lines)
Fax: 90.232. 616 1248 – 616 1439 – 616 2490

SALES & MARKETING MANAGEMENT

Phone: 90.232. 616 4095
90.232. 616 8520
90.232. 616 3856
Fax: 90.232. 616 8518

EXPORT MANAGEMENT

Phone: 90.232. 616 3656
90.232. 616 2365
Fax: 90.232. 616 2365

www.petkim.com.tr
petkim@petkim.com.tr