AKSA

Annual Report 2014

AKKÖK

CONTENTS

Stability, success and reliability…

Aksa, the world’s largest and Turkey’s only acrylic fiber producer, continues to direct the sector it leads, create value for its shareholders, and carry forward the values it creates in a sustainable manner.

ORDINARY GENERAL ASSEMBLY AGENDA

AGENDA FOR THE 2014 ORDINARY GENERAL ASSEMBLY MEETING OF AKSA AKRİLİK KİMYA SANAYİİ ANONİM ŞİRKETİ

1. Opening of the meeting and election of the Presiding Board of the General Assembly,

2. Reading and discussing the 2014 Annual Report prepared by the Board of Directors,

3. Reading the Auditors' Report for the year 2014,

4. Reading, discussing and approval of the Financial Statements for the year 2014,

5. Releasing the members of the Board of Directors individually with regard to the Company's activities in 2014,

6. Determining the usage of profit, percentages of profit distribution and profit sharing,

7. Determining the compensation for the members and independent members of the Board of Directors,

8. Submitting the selection of the Independent Auditor for approval pursuant to the Turkish Commercial Code, the 'Communiqué on Independent Auditing Standards in Capital Markets' issued by the Capital Markets Board of Turkey, and the decision of the Board of Directors on the matter.

9. Pursuant to the Capital Markets Board's Communiqué on Corporate Governance, in the event that controlling shareholders, members of the Board of Directors, executive management and their first and second degree relatives by blood or by marriage have carried out significant transactions that may result in conflict of interest either with the Company or its subsidiaries, and/or have carried out commercial transactions in the same line of business with the Company or its subsidiaries either by themselves or on behalf of others, or have become partners without limits of liability in a company that is engaged in the same line of business, informing the shareholders with regard to such transactions,

10. Pursuant to articles 395 and 396 of the Turkish Commercial Code, granting permission and authority to the members of the Board of Directors,

11. Pursuant to the Capital Markets Law, informing the shareholders about the donations and aid made by the Company in 2014,

12. Pursuant to the Capital Markets Law and the Capital Markets Board's 'Communiqué on Dividends' (No: II-19.1), submitting the Company's Policy on Donations and Aids for the approval of the General Assembly,

13. Pursuant to the regulations of the Capital Markets Law, informing the General Assembly about the Company's disclosure policy,

14. Pursuant to Article 12 of the Communiqué on Corporate Governance, informing the shareholders about the sureties, pledges, mortgages and guarantees given by the Company in favor of third parties and on the income and benefits acquired by the Company in 2014.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders,

We successfully closed another year with our reliable, experienced and innovative structure, our sustainable profitability strategy, and highly qualified human resources, in spite of the uncertainty and fluctuations in financial markets.

The Turkish economy, once again, displayed a prudent approach due to the ongoing financial crisis and low growth environment across the globe, in addition to upheavals and uncertainty in the Middle East, North Africa, Russia and Ukraine markets in the last year. The strategy of leaning towards more profitable markets becomes more significant for Turkish companies. At Aksa, we expanded both our domestic and foreign market shares compared to the previous year, and developed efficient business relations. We carried Aksa to the position of the most reliable supplier in our target markets. We maintained our presencerobustly in theNear and Middle East markets, where political and economic distress prevails, and we sustained customer intimacy. We continued the technical consultancy engagements that we commenced in 2013, within the framework of customer intimacy philosophy in the domestic market, and achieved our customer satisfaction targets. While we fuelled the Turkish economy with our determined manner, we once again demonstrated that we are durable in the face of all sorts of financial conditions.

Last year, we reached 99% capacity in production. We are proud to have broken a historical Company record. We reduced planned and unplanned halts in particular, managed customer demands more efficiently, achieved high capacity utilization for expanding market share, and held onto our leading position in the market. 2014 was a year when we kept raising Company performance by means of energy efficiency projects. Aksa generates electricity energy and process steam, and both meets its own energy need and sells the surplus. Accordingly, the internal need of Aksa's power plant fell, and the power plants were operated optimally, thanks to the new projects developed. Operational excellence was our focal point, just as in previous years, and last year we attained many achievements in this area.

Our robust financial structure continued in 2014,demonstrating that we successfully attained our target by improving our net profit by 16%. We distributed 79% of the 2013 profit, and took the upper levels in dividend payout ranking in the Istanbul Stock Exchange. As a concrete consequence of these activities, our global market share stood at 17%, and we kept dominating the Market, especially in Technical Fibers, with our innovative approach.

DowAksa was established under the joint venture between Aksa Akrilik and Dow Europe Holding B.V, subsidiary of globally renowned The Dow Chemical Company. DowAksa is known for its extensive range of products and technical service solutions for the composite industry, the raw material of which is carbon fiber.

2014 was a year when we accelerated our carbon fiber infrastructure support investments, and progressed hugely by means of our cooperation in the international arena and R&D activities.

Further to the Aksa sustainability philosophy, a new sewage plant and a project oriented to produce fresh water from seawater were developed in order to use water resources efficiently, and to achieve excellence in environment conditions. It is planned to put Reverse Osmosis facilities into operation in the first half of 2015.This will convert 3.5 million m^3 of seawater per annum into fresh water, with the Common Refining Facility in which all domestic and industrial sewage waters of Aksa, Ak-Kim and DowAksa will be refined together.

Highlighting the significance it places on Sustainability with active arrangements and innovations, Aksa's Sustainability rate climbed to B, and our Company's Corporate Governance Rate was determined at 9.22 out of 10, with the rating service obtained this year for the first time in the company's history. This places us among the top ranks of 50 companies in the index, out of more than 400 companies on the Exchange. Anothermajor achievement is the fact that our risk management standards, which we value highly, were approved by the TSE (Turkish Standards Institution).

Our engagements within the scope of our risk philosophy, which is constantly updated in line with sectoral and corporate developments, and which is an integral part of the Company practices, were certified by the Turkish Standards Institute (TSE) in 2014. Aksa successfully passed the "TS ISO 31000 Risk Management System Verification" audit, and became the second establishment in Turkey, and the first in its sector and the Istanbul Stock Exchange, to obtain this certification.

During 2014, our Company's Mission, High Targets, Core Values,and Corporate Characteristics were revised and renewed by means of widely attended executive workshops, in order to maintain and optimize the power and achievements that Aksa has inherited from its past. I sincerely hope 2015 brings more outstanding achievements and great happiness to the entire Aksa family, with the new roadmap that we have drawn up together.

Mehmet Ali Berkman

Chairman of the Board of Directors

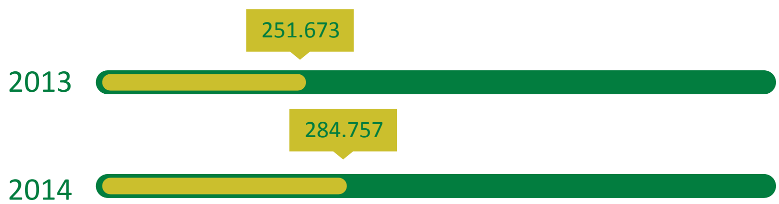
KEY INDICATORS

Net Sales

20%

Aksa’s 2014 turnover grew by 20%, reaching TL 2.104 million.

EBITDA(*)



13%

Aksa’s 2014 EBITDA(*) growth was 13%, reaching TL 284.7 million.

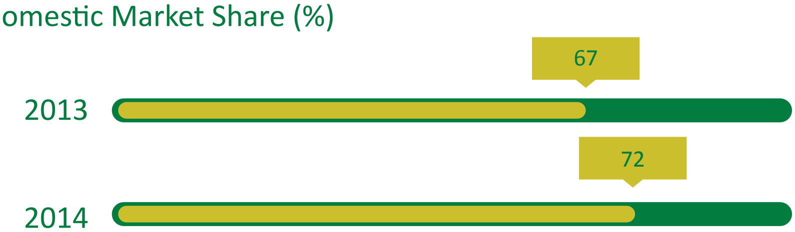
(*) Earnings Before Interest Taxes Depreciation and Amortization

Net Profit

16%

Aksa’s 2014 net profit growth recorded 16%, reaching TL 162.8 million.

Domestic Market Share (%)



5%

Aksa’s 2014 Domestic Market share expanded by 5%, reaching 72% in the Turkish Market.

AKSA IN BRIEF

Aksa produces acrylic fiber to meet the knitwear needs of 2 million people per day, with daily production capacity reaching 850,000 kilograms.

Cengiz Taş
Board Member and CEO

Aksa AkrilikKimyaSanayii A.Ş. ("Aksa" or "Company"), affiliated to Akkök Holding,commenced operations in Yalova in 1971, with an annual capacity of 5,000 tons, to meet Turkey's acrylic fiber need. It became the world's largest acrylic fabric producer,through constant growth and by developing its own technology. Aksa Akrilikwas responsible for 1/6 of the world's acrylic fiber production last year.

Aksa Akrilik, the world's largestand Turkey's only acrylic fiber producer,employs more than 1,200 personnel.It's facilities lie on 502,000 m^2, andit has an annual capacity of 308,000 tons.The Company focused on active marketing activities in the domestic market throughout the year. Thanks to its record capacity utilization rate of 99%, it enhanced its market share and sales quantity considerably. Aksa became the world leader, with a global market share of 17%, and Turkey's only acrylic fiber producer, with a domestic share of 72% as of 2014 year-end.

Aksa produces acrylic fiber to meet the knitwear needs of 2 million people per day, with daily production capacity reaching 850,000 kg. Possessing a power generation license with a capacity of 142.5 MWe, the Company is known for its ability to generate its own energy without interruption.

Aksa exports to more than 300 customers, in more than 50 countries, on 5 continents, with approximate turnover amounting to one billion dollars. 67% of sales are to the domestic market,while 33% are exported.

Aksa entered the carbon fiber market in 2009. Subsequently in 2012, the Company established DowAksa as a 50% joint venture with Dow Europe Holdings B.V., a subsidiary of the Dow Chemical Company. Today, the Company carries out carbon fiber production under the roof of DowAksa, with an annual capacity of 3,500 tons.

MAJOR DEVELOPMENTS IN 2014

Aksa Akrilik's Corporate Governance Rating is determined at 9.22

The Company's Corporate Governance Rating studies were completed on August 5, 2014 by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., which holds an operating license to issue ratings in accordance with the Capital Markets Board (CMB). As a consequence of evaluating under the key headings; Company's shareholders, public disclosure and transparency, stakeholders and board members under the CMB's Corporate Governance Principles, the Company's Corporate Governance Rating was determined at 9.22.

Following this study, the Company was included in the "Corporate Governance Index (XKURY)", which is made up of companies whose compliance with Corporate Governance Principles rating is at least 7 out of 10, and which score at least 6.5 out of 10 in each main heading. Price and performance are measured under the said index, and Aksa is the Company with the highest rating as an entrance rating to the index.

Corporate Governance Rating: 9.22

	Main parts: App. 92.18		
Sub-Categories	Weight	Rating Obtained	Rating Allocated
Shareholders	0.25	95.36	9.54
Public Disclosure and Transparency	0.25	94.29	9.43
Stakeholders	0.15	96.44	9.64
Board of Directors	0.35	86.57	8.66

The Company succeeded in becoming the second establishment in Turkey to obtain the "Risk Management System Verification Certificate", and the first establishment from the Borsa Istanbul and Industry Sector.

Displaying full alignment with the regulation that the Company is subject to in Corporate Risk Management, maintained since 2012, Aksa successfully completed the "TS ISO 31000 Risk Management System Verification Audit" executed by the "Turkish Standards Institute (TSE)", and qualified for the certification.

Aksa registered its engagements in this area with the TS ISO 31000 Risk Management System, which has a systematic approach focusing on determining, analyzing the establishments' risks, and taking appropriate actions. The Company became the second in Turkey, and first among the exchange and industry institutions, to obtain this certification.

Aksa carried its implementation level to level B in the 2013 Sustainability Report.

Aksa carried its implementation level to B for the first time, by means of the 2013 Aksa Sustainability Report, prepared in line with G3.1 reporting framework of the GRI (Global Reporting Initiative). The 2013 report is essential due to the fact that it reflects the transparency, responsibility and accountability principles underlying Aksa's commercial success and corporate reputation in particular. Since its establishment, Aksa has remained a model for the sector with its voluntary based practices, and its 9th report published to date, as a company working efficiently and in harmony with the environment.

Aksa sustains its investments within the scope of enhancing its production processes in tune with the environment. The construction of the Common Refining Facility project, in which all domestic and industrial sewage waters emerging fromthe production area in Yalova are refined together, and which will set an example in the field through its design, is still on-going. The project, slated for completion in 2015, is closely followed up by the Yalova Governorship, Environment and Urbanization Provincial Directorate.

The second phase of the common refining project aims to reuse the refining facility tail water in production facilities by applying advanced refining technologies, and therefore reducing natural resource consumption. Once the project is commissioned, it is planned to recover tail water from the refining facility by means of Ultra Filtration (UF) and Reverse Osmosis (RO) technologies,with a capacity of $250m^3$/hour. Refined water can also be used as an alternative raw water resource, since it will be raw water at the same quality as dam water.

We apply environmental awareness to our investments.

Other Developments

• Aksa web site is revamped

The Aksa Akrilik web site, now up and running following design and development works, is designed in such a way as to offer innovative solutions in line with the goal of high customer satisfaction. Possessing a high-tech infrastructure, www.aksa.com.tr is developed to be fully compatible with Android devices, iPad, iPhone and BlackBerry, in addition to browsers such as Internet Explorer, Firefox, Google Chrome and Safari.

• 'Aksa Haber' newspaper is on iPhone and iPad

The corporate newspaper covering all projects put into operation by Aksa Akrilik, the latest developments pertaining to Aksa, and news and activities about our employees, is published on a quarterly basis. The newspaper, which is distributed regularly to Aksa employees, public institutions and nongovernmental organizations in Yalova, can now be monitored on the digital environment by means of the "Aksa Haber" application, downloaded from the AppStore.

• Turquality Strategic Road Map

Aksa completed its strategic roadmap works within the scope of the state-sponsored brand development program, the Turquality Project, onto which was accepted in 2013, and which is conducted with the Ministry of Economy's vision of "Creating 10 Global Brands in 10 Years". The strategic business plan for 2014 to 2019 was approved by the Ministry of Economy in April 2014.

CAPITAL AND SHAREHOLDING STRUCTURE

Aksa permanently creates value through the focus of sustainable profitability and efficiency.

Aksa accepted the registered capital system outlined in the provisions of Law No. 2499, and on the basis of Permission No. 90 granted by the Capital Markets Board on February 20, 1992, the Company adopted this system. The Company's registered capital is TL 425,000,000 (valid for 2012-2017), and its paid in capital stands at TL 185,000,000.

The Company expanded its capital stock in 2009 by TL 75,000,000, from TL 110,000,000 to TL 185,000,000. A sum of TL 60,000,000 was paid out of the reserves for inflation adjustments, while TL 15,000,000 was paid along with the sum added to the capital from the first dividends set aside from 2008 profit. The Company issued shares corresponding to the capital increase, although no securities or financial bonds were issued.

Company shareholders and their respective shareholding are as provided in the table:

Capital and Shareholding Structure

Shareholder	Share (%)	Nominal Value (TL)
Akkök Holding A.Ş.	39.59	73,237,497
Emniyet Ticaret ve Sanayi A.Ş.	18.72	34,638,843
Other (*)	41.69	77,123,660
Total	100.00	185,000,000

(*) As of December 31, 2014, 37.11% of Aksa's shares are traded on the BIST.

Companies, the shares of which are owned directly(*)

Financial Investment	Country	Field of Operation	Participation Amount(*)	Participation (%)	Dividend Amount (TL) 2012	2013	2014
Akpa Tekstil İhracat Pazarlama A.Ş.	Turkey	Foreign Trade	2,226,133	13.47	551,394	775,705	1,100,519

Subsidiary	Country	Field of Operation	Participation Amount(*)	Participation (%)	Dividend Amount (TL) 2012	2013	2014
Fitco B.V.	The Netherlands	Foreign Investment	7,150,069	100.00	-	-	-
Aksa Egypt Acrylic Fiber Industry S.A.E.(**)	Egypt	Textile	5,126	0.50	-	-	927

"Aksa adopts the principle of sharing its profit with its shareholders with its robust financial structure, and accordingly it distributed 79 % of its 2013 profit,taking one of the top places in terms of dividend efficiency among listed companies."

Eren Ziya Dik
Director of Financial Affairs

Joint Venture	Country	Field of Operation	Participation Amount(*)	Participation (%)	Dividend Amount (TL) 2012	2013	2014
DowAksa Advanced Composites Holding B.V.	The Netherlands	Foreign Investment	308,458,145	50.00	-	-	-

(*) Composed of amounts that are included in the financial tables that are in line with the Tax Procedure Law.
(**) Direct subsidiary relationship emerged based on the transfer of shares owned by Ak-Tops Tekstil Sanayi A.Ş., a subsidiary of Aksa Akrilik, to the Company, until the registration of the merger on December 31, 2013.

Companies, the shares of which are owned indirectly

Trade Name	Country	Field of Operation
Aksa Egypt Acrylic Fiber Industry S.A.E	Egypt	Textile
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti.	Turkey	Chemical
DowAksa Switzerland Gmbh	Switzerland	Investment
DowAksa USA LLC	USA	Chemical
LLC NCC-Neftemehanika	Russia	R&D / Chemical
LLC NCC-ACM	Russia	R&D / Chemical
LLC NCC-Alabuga	Russia	R&D / Chemical
Nanotechnology Centre of Composites	Russia	R&D / Chemical
c-m-p GmbH	Germany	Chemical

Aksa Akrilik Kimya Sanayii A.Ş.	2014
Market Value	TL 1,369 million
Public Share Ratio	41.69%
BIST Trading Ratio	37.11%
Foreign Investor Shares(*)	54.05%

(*) Foreign investor stake among shares traded on the BIST.

AKSA VISION MODEL

Mission

To direct the sector that we lead, to create value for our stakeholders, and carry forward the values we create.

High Targets

In order to attain sustainable profitability:

To achieve the highest level of operational excellence by investing in technology,
To create new end-uses for acrylic fiber,
To grow by way of new products or strategic collaborations.

Core Values

- Health, Safety and Environment
- Compliance with Ethical Values
- Team Work and Cooperation
- Customer Oriented Approach

Main Qualifications

- Participative Management
- Lock on Common Goals
- Continuous Learning
- Experience and know-how
- Willing, Loyal, Result Oriented Employees

MILESTONES

Performing all of its activities with the philosophy of continuous development, Aksa integrated the "TS ISO 31000 Risk Management System Verification" certification into its systems in 2014.

1968

- Aksa was established under the same roof of Akkök Holding Companies, to meet Turkey's acrylic fiber requirements.

1969

- A license agreement was signed and executed with the Italian acrylic producer company Chatillon (now Montefiber), and the Monsanto technology was acquired by Aksa. Construction of the Aksa plant commenced in Yalova.

1971

- The plant founded in Yalova began to operate with an annual capacity of 5,000 tons to produce staple fiber and tops.

1974

- Capacity was enhanced for the first time.

1976

- Four new high capacity fiber spinning machines were added, raising the annual capacity to 35,000 tons, and two gas turbines were installed to meet the energy requirements of the plant.

1977

- In addition to staple fiber and tops, tow was also offered to the market.
- The Company opened up to foreign markets with AKSA® products, and first export was made to Italy.

1978

- Technical assistance agreement with Chatillon ended.
- Aksa started to develop its own technology, supported by independent foreign consultants.

1982

- Online Control System was established for the first time in Turkey, and the entire processing system monitored from a single centre.

1985

- Gel dyeing technology was developed, and producer dyed tow production was initiated.

1986

- Acrylic fiber production capacity reached 116,000 tons/year.

1991

- Conducted the first CCE steam generation in Turkey.

1992

- The Fiber Pilot Plant and the R&D Lab were established to promote polymer research, and to develop new products.

1997

- Microfiber production commenced. Open end type fiber, the major input for cotton type yarn production, was also offered to the market.
- Acrylic fiber production capacity reached 190,000 tons/year.

2000

- Began manufacturing outdoor fiber.
- Switched to biological treatment with the Deep Tank system, the most advanced technology in water treatment, breaking new ground in Turkey.

2002

- Accelerated new product development activities by refurbishing the Pilot Plant and the R&D Lab that were established in 1992.

2004

- A pilot plant for textiles was established, in addition to existing pilot plants, to provide more efficient customer service in the post-processing of fiber.

2006

- Began investments and initiated R&D work on carbon fiber.

2007

- Acrylic fiber production capacity reached 308,000 tons/year.
- With its performance in developing technology, Aksa reached a position from where it was able to establish a new acrylic fiber manufacturing facility in any part of the world, or alternatively to sell technological licenses.

2008

- Began manufacturing carbon fiber at a pilot level.
- Received the National Grand Prize for Quality Award.

2009

- With the launch of the 1,500 tons/year capacity carbon fiber production line, Aksa became the first Turkish company in the industry to provide raw input. With this production line, it also secured its position as the ninth largest carbon fiber manufacturer in the world.
- Certified by the Ministry of Science, Industry and Technology, became a registered R&D Centre.
- In addition to the existing power plant, a decision was made to invest in a new power plant with an electricity capacity of 100 MW, and 350 tons/hour steam production, within the Yalova plant.

2010

- In line with its 10% market share target in the carbon fiber industry, Aksa decided to establish a second carbon fiber production line.

2011

- Decision was made to establish a new company by the partial separation of the carbon fiber business line.
- A preliminary joint venture agreement was signed between Aksa and the Dow Chemical Company for the production and marketing of carbon fiber and carbon fiber based products.

2012

- On January 2, 2012, the carbon fiber business line became a separate company through partial separation, and Aksa Karbon Elyaf Sanayi A.Ş. established as a wholly owned subsidiary of Aksa.
- On June 29, 2012, DowAksa Ltd. was established as a 50:50 joint venture of Aksa and DowEurope.
- First phase of the power plant investment was completed and activated.

2013

- Aksa completed and commissioned the second phase of the power plant.
- Aksa was included in the Turquality Program, the world's first and only state-sponsored brand development initiative promoted by Turkey's Ministry of Economy, with the vision of "Creating 10 Global Brands in 10 years."
- Aksa merged with Ak-Tops TekstilSanayi A.Ş., the Company's wholly owned subsidiary since August 2013, by taking over all of its assets and liabilities. The merger was registered on December 31, 2013.
- In 2013, Aksa started pilot production of pigment-dyed acrylic filament yarn, using its proprietary technology. This new product boasts excellent color brightness, high-quality appearance,and ultra-high water resistance, as well as self-cleaning properties.

2014

- Aksa's Corporate Governance Rating, which is calculated as a result of evaluating the company as per CMB Corporate Governance Principles, was determined at 9.22, and the Company was included in the Corporate Governance Index.
- Aksa ranked second in Turkey, and FIRST among the Borsa Istanbul and Industry Sector, obtaining TS ISO 31000 "Risk Management System Verification Certification".
- Working efficiently and in tune with the environment since its establishment, Aksa carried its implementation level to Level B, with its 9th Sustainability report published to date, as a model for the sector by means of practices based on a voluntary approach.

AKKÖK HOLDING IN BRIEF

All members of Akkök Holding reflect, in all their operations, the deep know-how and reliability embedded in the "Akkök" name.

Founded in 1952 by the late Raif Dinçkök, and with deep know-how spanning 62 years, Akkök Holding ranks among the most well established industrial groups in Turkey. The Group conducts operations in the fields of chemicals, energy and real estate, with 17 commercial and industrial enterprises, one of which is overseas, and with 18 production plants. By closely following the trends in the world's markets and in its operating industries, Akkök Holding aims to catch up with the global competition, and achieve world-class standards together with all the companies under its roof.

With an annual installed production capacity of 308,000 tons, Aksa is the only domestic acrylic fiber manufacturer in Turkey. The Company holds a 17% global market share in acrylic fiber production, and supplies the textile and industrial textile industries in more than 50 countries across five continents. In 2009, after improving its technology infrastructure, Aksa commenced production of carbon fiber, which is considered one of the most vital raw materials of the 21^{st} century.

As of 2012, the Company started to carry out carbon fiber production under the roof of DowAksa İleri Kompozit Malzemeler Sanayi Limited, which was established as a 50:50 joint venture with the Dow Chemical Company. With this joint venture, collaboration was initiated for the production and worldwide marketing of carbon fiber and carbon fiber based products. DowAksa mainly focuses on areas such as providing solutions for infrastructure development, reinforcing buildings for sturdiness and durability, boosting the energy generation of wind turbines, and reducing automobile fuel consumption. With its technical expertise and advanced production capabilities, the Company aims to provide innovative solutions to some of the most challenging problems, both in Turkey and the rest of the world.

Ak-Kim stands out as a model company in the chemicals industry with its world-class manufacturing facilities and an annual production capacity of 600,000 tons.

The Company's product portfolio caters to diverse industrial groups, including textiles, metals, food, cleaning, water treatment, and the prevention of corrosion and crusting, as well as the paper, pharmaceutical and construction industries. Thanks to a rich product portfolio of more than 500 assorted chemicals, Ak-Kim continuously consolidates its competitive strength in international markets. The Company exports to about 55 countries across five continents, and aims to reach a minimum turnover of USD 1 billion in 2023. It acquired Gizem Frit, one of the world's biggest enamel and ceramic frit producers, opening upto a new market.With this acquisitionAk-Kim adds enamel and ceramic frit production, used in the coating of many products in our daily life such as white goods, kitchenware, ceramic, aluminum and glass bottles, to its product portfolio. Ak-Kim achieved another inorganic expansion in 2013 within the structure of Akferal, established along with Feralco, and acquired the water refining chemicals division of Dostel Group.

Akiş REIT, the real estate investment company operating under Akkök Holding, continues to develop projects that help improve quality of life in the regions where it operates. The projects successfully managed by the Company include Akbatı Shopping and Lifestyle Centre, as well as Akasya Acıbadem, in which Akiş holds shares at a rate of 6.56%, and which was developed by SAF REIT. Moreover, street merchandising projects are developed on Bağdat Street as a new business model.

With their steadily improving structures, and activities that add value to society as a whole, SAF REIT and Akmerkez shopping mall also help reinforce Akkök Holding's reputation in the real estate industry. Akasya Acıbadem, opened in the first quarter of 2014, bringing a breath of fresh air to the Anatolian Side, and the KidZania Children's Republic is a vital social platform to teach children, while also entertaining them.
One of the leading power generation companies in Turkey, Akenerji is a model for the sector, with 25 years of know-

how and leading investments. Akenerji, the 50/50 joint venture between one of Turkey's leading industrial groups, the Akkök Holding, and Europe's leading power company, the ČEZ Group, is one of the biggest private sector power generation companies in Turkey, with a total installed capacity of 1292 MW. Standing out with its energy-related investments,particularly in renewables, Akenerji's renewable energy capacity of 388 MW accounts for 30% of its total installed capacity.

Project design works for Kemah Hydroelectric Power Plant, with an installed capacity of 198 MW, established in Erzincan, have beenfinalized. Erzin Natural Gas Combined Cycle Power Plant, with an installed capacity of 904 MW established in Hatay Erzin, was completed and activated during Q3 2014. The largest one-off investment by Akenerji, Erzin Natural Gas Combined Cycle Power Plant doubled Akenerji's total generation capacity. Today, Akenerji efficiently manages an energy portfolio way above its generation capacity. In 2011, Akenerji headed for the global market, and commenced import and export activities. The company expands and maintains its operations in this area.

Sepaş Enerji, which develops and grows by the day as a new player in the electricity sales sector, serves under the AkCez joint venture established by Akkök Holding and ČEZ Group. Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) has been rendering its power distribution services successfully in Sakarya, Kocaeli, Bolu and Düzce, covering a total area of 19,421 square kilometers across 4 provinces, 45 districts, 66 municipalities, 1,441 villages, and a population of 3,228,580.

Akkök Holding signed the United Nations Global Compact in 2007, and thus further strengthened the principles of openness and accountability that are adopted by all Group companies. In the Group's relationships with all social stakeholders, particularly employees, customers, suppliers and shareholders, Akkök Holding adheres to these two fundamental principles. In addition to fulfilling their financial obligations, all Group companies act as good corporate citizens, and strive to add value to society, the natural environment, and the economy as a whole in all their operations.

Akkök Holding achieved a combined turnover amounting to USD 3 billion in 2014, with its sterling employees numbering more than 4,600. USD 407 million of this amount came from exports to more than 50 countries.

2014 ACTIVITIES

"Aksa ensures customer intimacy through its active marketing activities, and preserved its leadership with a share of 17% in global markets."

Sabri Arca
Marketing, Sales and New Business Development Director

MARKETING AND SALES

Thanks to the Company's robust and balanced financial structure, Aksa, the world's largest acrylic fiber producer, maintained its strong market position in 2014 without being affected by the uncertainties in the market. During the year, the Company expanded its share in the domestic market, focused on profitable export markets, and built its marketing and sales strategies on protecting unit sales and sales collateralization. To that end, the Company forged close relationships with customers through effective marketing activities, and higher sales by reaching a record high capacity utilization rate of 99%. The selling prices range in parallel with the change in prices of Acrylonitrile (ACN), the raw material of acrylic fiber.

2014 was a year when political issues in Russia, Ukraine and Iraq and on-going uncertainty and instabilities became evident. As for the economic perspective, it was a year when sustainable strategies, once again, played a key role in all sectors, mainly in textile, across many regions of both Turkey and the world, amid depreciation in the Euro, an unexpected slump in oil prices, and devaluation in Russia and Ukraine. The decline in customer demand in the domestic knitwear industry throughout the year,allied todemand contraction in the carpet sector starting from the second half of the year, posed an evident challenge for Aksa brought about by current economic and political difficulties. On the other hand, capacity growth continues and demand hikes are observed in the hand-knitting sector, where Aksa holds a dominant position.

In accordance with its customer-focused approach, Aksa sustained the technical consultancy engagements that it initiated in 2013 in the domestic market. In addition, for Aksa's strategic foreign markets, this service is expanded through consultancy and technical support works for the related region, and via regular visits. Thanks to these engagements, success is attained in continuity and greater customer satisfaction, and a considerable reductioncan be observed in customer complaints, which are among the strategic targets of the Company.

Considering sustainability within the scope of foreign markets, whose basis was laid in the previous year, the strategies oriented to boost market share in profitable export markets were initiated, and market share wasexpanded in target markets. Aksa has become the most reliable supplier in these markets. With regard to value-added products aimed at the Chinese market, Aksa entered into strategic partnerships in terms of production and quality, in order to achieve the level of quality sought after in this key market. Meanwhile, the Company continued to maintain a presence, through a customer-focused approach, in the Near and Middle East markets,which are plagued by adverse political and economic conditions.

Escalating its domestic market share, Aksa also managed to raise its share in target export markets. Aksa recorded 67% of its sales in the domestic market and 33% overseas.

Aksa renewed its mission and vision according to its current position as a result of changes in the acrylic fiber world. Accordingly, strategic collaborations were established, and works to accelerate the entry of acrylic fiber into new areas of utilization were commenced.

PRODUCTION

"In 2014, Aksa registered significant progression in line with its operational excellence strategy, in addition to reaching 99% of its capacity utilization rate."

İsmail Murat İnceoğlu
Factory Director

Acrylic Fiber

Aksa confirmed its leading position in the market with 2014 production above 304,000 tons, capacity utilization rate reaching 99%, and with production efficiency in the acrylic fiber market. Aksa achieved an enhancement in "Unplanned Disruption" based production losses up to 48% compared to 2013, owing to efficiency oriented projects and planned maintenance works, and attained + 0.8% production growth compared to 2013. Since Aksa commenced its production journey, it reached the maximum capacity utilization rate in 2014, and ensured continuity of efficiency enhancing works in line with operational excellence, which is an integral part of its main strategy.

Energy

Aksa generates electricity energy and process steam, meeting its own energy need, and also sells the surplus. While gross power generation was 575 GWh in 2013, this figure grew by 28%, reaching 736 GWh in 2014. The proportion of coal within the electricity generated was boosted by enhancing the availability of the coal plant, and running this plant more efficiently, and power generation costs were reduced compared to the previous year. Both the internal need for power plant was reduced, and power plants were operated in an optimizedmanner upon the finalization of the majority of the projects developed.

New Product Development

With the help of unique technology knowledge acquired through extensive R&D works, pigment dyed acrylic filament fiber began to be produced. Research shows that in the upcoming period, the market volume of acrylic filament fiber will step up still further. Considering the booming market demand, an investment worth USD 5.5 million was made in acrylic filament R&D works and production in the previous year. Thanks to this product, a perfect color blaze, self-cleaning feature, high quality appearance, and high level of waterproofing are achieved in the fabric. Aksa is the only producer of this product, developed with its own technology.

Additionally, works still continue on High Pile (RC) and modacrylic.

High Pile fibers are developed for use in plush fabrics, artificial furs, toys and bathroom floor mats. Modacrylicfiber is used in products that need to be non-flammable.

INVESTMENTS

"30 (Thirty) projects were implemented in 2014 under energy efficiency activities, and Aksa continuously scales up its performance."

Sinan Uğurlu
Energy Director

Aksa maintained its operational excellence strategy in 2014, as well as adopting and expanding the strategy in hall of its activities. Aiming for higher quality with lower costs in acrylic fiber, the Company focused on efficiency projects and investments to attain this goal in 2014. Within this scope, business processes were revised, and works to enhance process effectiveness and efficiency were conducted.

Distribution of the 2014 investment expenses, worth TL 132.6 million, as per contents of the projects is as follows:

Project	Number
Renewal and Modernization Projects	44
Projects Oriented to Enhance Energy Efficiency	30
Maintenance, Retention, Continuation Projects	21
Process Security	22
Infrastructure and Facilities(*)	14
Process and Product Development Investments	13
Total	**144**

(*) For a part of the infrastructure and modernization projects, exemption from VAT and Custom duties of about USD 1.2 million was provided with investment incentive certificates. No other incentive was used in supporting the investments.

- An alternative raw water resource will be obtained in the event of any prospective drought across the country, with the help of an upcoming Project, by using "Reverse Osmosis (RO)" technology. While this technology has been in use for a very long time in Arab countries, due to their limited water resources, it is possible that this implementation may enter our lives soon, including drinking-utility water for the cities. Once the common refining project of Ak-Kim, Aksa and DowAksa, the companies established in Yalova, becomes operational, this recycled water will be raw water at the same quality as dam water.

- The Common Refining Plant, in which all domestic and industrial wastes belonging to Aksa, Ak-Kim and DowAksa, among the Akkök Holding companies, will be refined, will be established on an area of 17,000 m^2. The first investment in the refining plant is budgeted at USD 16.7 million, and will have the capacity to meetwastewater discharge of 15,000 m^3/ day. Physical refining, chemical treatment, biological treatment and sludge dewatering units will be established in the plant.

SUBSIDIARIES

In 2014, Aksa Egypt managed to scale up its capacity utilisation rate from 60% to 86%, with the impact of the new order and economic reformsthat started in Egypt.

DowAksa Carbon Fiber

Established in 2012, DowAksa is an international 50:50 joint venture between The Dow Chemical Company and Aksa. DowAksa offers a wide range of products and technical service solutions for the composite industry, the raw material of which is carbon fiber. As one of the world's strongest candidates competing for leadership in production of carbon fiber and carbon fiber materials, DowAksa is the first and only company operating in the carbon fiber sector in Turkey. The biggest feature that separates DowAksa from other carbon fiber producers is the power and contribution of its mother companies, Aksa and Dow Chemical, to the operation. While Aksa, the world's leading acrylic fiber producer, provides an environment with available room for growth, Dow offers know-how and experience in resin, in addition to a global access network.

DowAksa grows with customer oriented products and solutions, takeovers, and public-private sector partnerships that it has developed since its establishment. The company entered 2014 with major contracts, and took a key step in innovation in January. DowAksa invested in the Nanotechnology Centre in Russia, and signed a triple joint investment agreement with Rusnano and Kompozit Holding (HCC) for the Composite Nanotechnology Centre (NCC) amounting USD 4.3 million.

In 2014,DowAksa signed a joint agreement with the Turkish Aerospace Industry (TAI) and Undersecretariat for Defence Industries to produce and develop, in Turkey, the thermoset resinous prepreg material, which is used in the aviation industry. Moreover, a 50% share of the German prepreg producer "c-m-p GmbH" was acquired for an amount of EUR 15 million, consisting of the first phase worth EUR 10 million, and an additional EUR 5 million on condition that the determined company performance criteria is achieved within the following two years.

Aksa Egypt

Aksa Egypt is a key subsidiary for Aksa as it expands the Company's North Africa operations, primarily in Egypt. The Egyptian market was adversely impacted by domestic political unrest in 2013, and a considerable slump was observed in demand. However, Aksa Egypt managed to raise its capacity utilization rate from 60% to 86% in 2014, on the back of the new order and economic reforms being initiated in Egypt. Aksa Egypt posted turnover of USD 35 million in 2014, with the impact of capacity utilization.

Planning to use its resources in the most optimized way, based on signals that the positive atmosphere in the country will continue, Aksa aims to achieve the same capacity utilization rate by making use of its potential export market in Africa.

Fitco

Fitco is the direct investor of Aksa Egypt at a rate of 99%, and no change was observed in its 2014 operations.

Akpa

Akpa conducted export operations of the companies Aksa and Akkök Holding, and reached the target planned for non-group related product trade.

SUSTAINABILITY

"The products manufactured through tops, dying, and chopped fiber plants have the ability to meet all customer expectations at the highest level, and the company maintained its leading position in the market in 2014."

Celalettin Özel
Textile Director

SOCIETY

Aksa revised it's mission, vision and values during its 2014 strategic planning works, and created a "Vision Model", adopting a perception to sustainably carry forward the value it creates for all stakeholders as the sector leader. With each passing day, we strive to scale up the positive value we created in the social, economic and environmental areas, as well as the achievements we have attained with this concept. Within this scope, we aspire to implement works that set a model for our sector and our country, with our pioneering practices. Every activity that we execute in corporate and social sustainability matters is supported by an efficient organizational structure, formed as a result of Akkök Holding's corporate know-how and Aksa's sector experience.

We support our transparency and accountability concept, the key components of our corporate identity, as well as the way of reflecting this notion in our processes, by means of annually published sustainability reports. Therefore, we reflect our performance in related areas as transparently as possible to different stakeholder groups. We determined our primary sustainability issues for Aksa by means of the sustainability committee that we established in 2014 with the support of senior management, and we presented our performance under these headings for evaluation by our stakeholders based on our sustainability report, prepared at the level of GRI B.

Thanks to the Open Door Policy for stakeholders, we continued to enable employees to share every type of issue with managers, customers, suppliers and official institutions, and allow stakeholders to observe Aksa's processes on-site, namely our practices. With these implementations, we particularly emphasize improvement of the geography where we operate. To this end, we conduct a variety of applications and projects throughout the year.

2014 Corporate Social Responsibility Projects

▶ **İstanbul Oyuncak Müzesi Gezici Sergisi (Istanbul Toy Museum Traveling Exhibition), met Yalova locals with Aksa Akrilik's contributions, attracting 8,000 visitors.**

The Istanbul Toy Museum Travelling Exhibition, which was brought to Yalova with the contribution of Aksa Akrilik, opened for visitors free of charge at the Raif Dinçkök Cultural Centre. The traveling museum was opened on Saturday, November 8, by the Mayor of Yalova, and exhibited the most unique samples from the history of toys, from the 1900's to today. The Istanbul Toy Museum Travelling Exhibition attracted almost 8,000 visitors in 10 days.

SUSTAINABILITY

The most unique samples from the history of toys, from the 1900's to today, were exhibited in the Istanbul Toy Museum Traveling Exhibition.

Aksa Akrilik celebrated April 23 National Sovereignty and Children's Day for children from Yalova with the film Rio 2.

On Wednesday, April 23, the children of Yalova, aged 5-13, got free entry to the film "Rio 2" in 3D at 10:45, 12:45, 14:45, 16:45 and 18:45. While almost 1,000 children joined in, they were greeted by clowns, and various treats were laid on for them.

Akkök Holding adds another activity to its engagements in Yalova, in parallel with the Company's strategy to contribute to the development of social and cultural life in the regions where it operates.

While the Group hasimplemented a great many projects in education to date, it donated TL 10 million along with the group companies to put the Yalova University Rectorate Building into operation. Akkök Holding continues to make a distinguished name for itself with its educationalengagements, under the motto "We Invest in the Future". The group donated TL 10 million along with all group companies for construction of the Yalova University Rectorate Building. The building,slated for completion in three years, will bear the name of Akkök Holding founder, Raif Dinçkök.

In line with the Company's transparency principle, Aksa continued to organize "Open Door Days" in 2014.

On Open Door Days, civil society organizations, local residents, schools, employees' families, customers, benchmarking teams, and domestic and foreign visitors all get the opportunity to see Aksa's production facility, and receive first-hand information on any aspect of the business they are curious about. The Company evaluates the results of visitor surveys as part of its improvement strategies.

Charitable Donations and Social Welfare

Aksa is keenly aware that sustainable social development can only be achieved with young generations who are well educated, well-qualified and well-cultured; who are environmentally and socially sensitive; and who are able to take the initiative. With this awareness, the Company provides educational and cultural opportunities to local residents in its operating regions. By means of new corporate social responsibility initiatives in 2014, the Company continued to create value for each and every region where the "Aksa" name is present.

The details of Aksa's"Charitable Donations and Social Welfare" expenditure in 2014, mainly in the areas of education, culture, arts and sports are as follows:

Charitable Donations and Social Welfare	Amount (TL)
Education	828,230
Associations, foundations and municipalities	266,333
Total	**1,094,563**

Blood Donations Continue

Committed to making social responsibility an integral part of its corporate culture, Aksa organizes a "Blood Donation Campaign" twice a year in collaboration with the Red Crescent branch in Yalova. Aksa employees voluntarily participated in Blood Donation Campaigns held in 2014.

ENVIRONMENT

In order to embed the pioneering position we hold in the sector into the issue of environmentally friendly, in all of our business processes we implement practices that will reduce our environmental impact. This is led by the HSE (Health, Safety, Environment) awareness included in our core values, among the keystones making up our Vision model.

With the Aktops merger in 2014, Aktopsbecame integrated into Aksa in all business processes, under the name of Textile directorate. Integration between the current HSE awareness and HSE applications became one of the primary issues for us. After we obtained the Temporary Activity Certificate in April 2014, which was the first phase of regulatory Environmental Permit renewal works following the merger, we completed the works for the Environmental permit within the period stipulated by the regulation, and made our application.

Our top priority is to work efficiently and in harmony with the environment to carry operational excellence to the highest level possible. We constantly evaluate ways of using internal and external assessments, with the participation of our stakeholders, to enhance our performance. We perform our activities with the awareness of being a model company, with works conducted on a voluntary basis, and with our practices moving beyond environmental regulatory harmony. Knowing that the sustainability of our work depends not only on the economy, but also on environmental factors, we aspire to put into operation practices that will display our environment-friendly approach in all of our business processes.

In line with our sustainable production approach, we developed the “Reverse Osmosis (RO)” project with the aim of using water resources in the most optimized way, and with high diversity. As a result of this project, which will operate under the principle of using water from the sea as a sustainable water resource, we aimed to create an alternative water resource.

In 2014, we laid the foundations of the “common refining plant” Project, developed jointly by Akkök Yalova companies; Ak-Kim, Aksa and DowAksa, based on state-of-art technologicaldevelopments to mitigate any damage that we cause to the environment. The project will be activated in thecoming year. All wastewater from the enterprises will be collected through the project, and will be refined at a single refining plant. Compliance with the regulation will be an essential matter.

Even though we had to postpone it until the end of 2016, within the scope of SEVESO “Prevention of Major Industrial Accidents and Diminishing its Impact”, works commenced in 2012 continue unrelentingly. The action plans determined through works based on process securitywere put into practice. These works were conducted by teams made up of our expert employees. The total investment amounted to USD 1.9 million.

In line with product security and responsibility, we continued with our Oeko-Tex 100 certification,first obtained in 1995.

We closely follow up local and international regulations such as CLP, REACh, Ca Prop. 65, and applied our approach of working in harmony with human health and the environment across the entire supply chain, from suppliers to customers, and maintained our information flow.

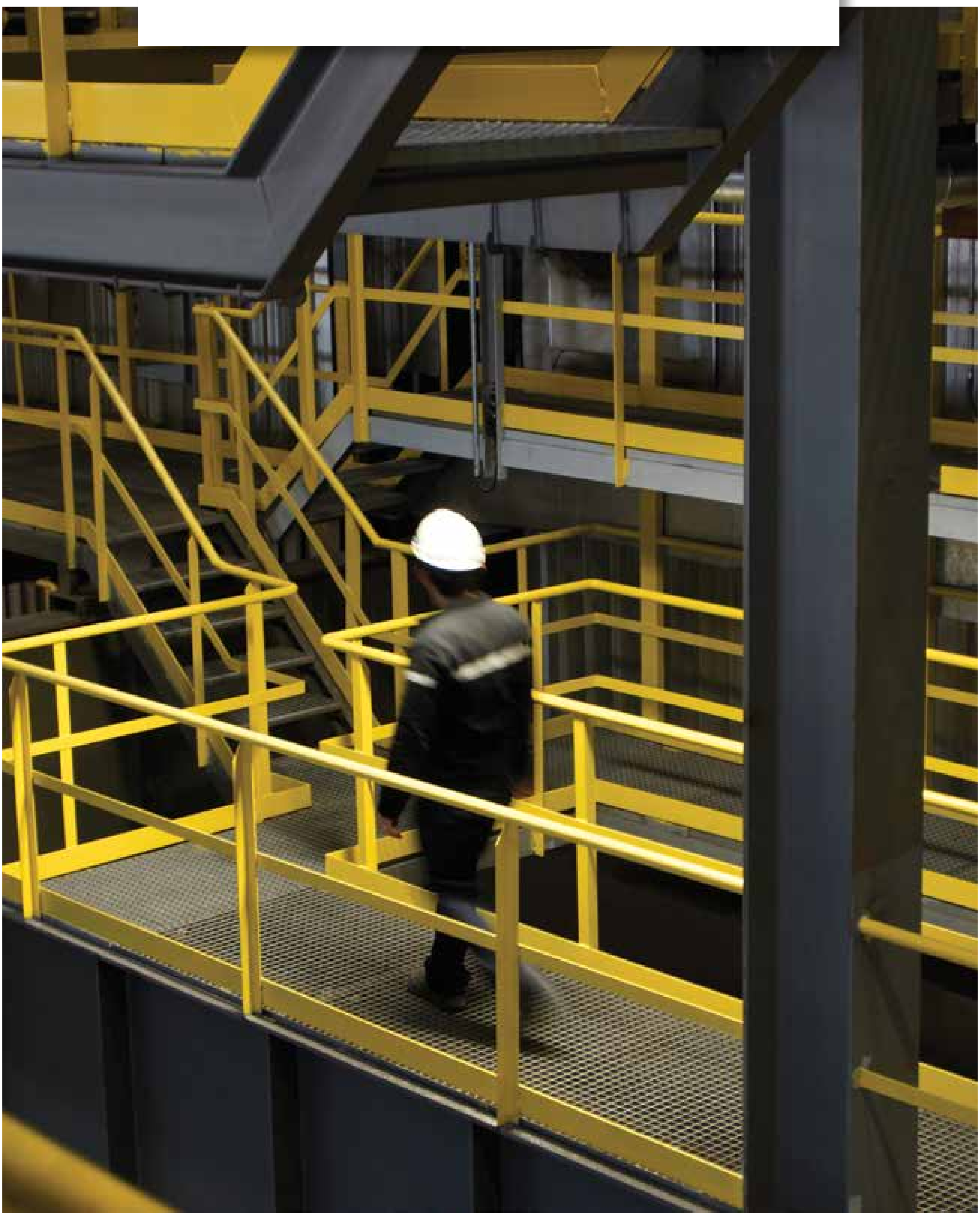
Value Chain

Steering our sustainability performance forward can only be possible with the contribution of our stakeholders. To that end, our supply chain plays a key role in finding new usage areas for acrylic fiber, and meeting our customers’ needs by means of new products and technologies. It is vital for us that our suppliers share our values, and bear the same sensitivity that we show in sustainability. Therefore, we frequently convene with our suppliers and ask them for feedback. At the same time, we share our expectations from them and our sustainability targets, aiming to expand our value chain.

Business Life

Our social performance makes up a considerable part of our sustainability performance. We are fully aware that we can bring our performance to higher levels by virtue of continuously learning and self-developing employees. Thus, we have made substantial investments in our employees and their improvement needs. One of our key responsibilities is to offer a working environment where our employees can work securely, happily and comfortably. Besides these fundamental responsibilities, we also place a high value on offering competitive opportunities for our employees, meeting their development needs, and being a workplace that is respectful of human rights. We continue contributing to local employment, and thus to the local economy, by means of the business opportunities that we provide for the geography where we operate.

SUSTAINABILITY



"Successfully completing the "TS ISO 31000 Risk Management System Verification Audit" conducted by the Turkish Standards Institute (TSI) within the year, our Company became the second in Turkey and FIRST among Borsa Istanbul (BIST) and industrial corporations to obtain this certificate."

Aydın Fethi Baytan
Human Resources, Management Systems and Purchasing Director

HUMAN RESOURCES

Aksa Human Resources Department's fundamental policy is to invest in people, and to bring together creative, team-oriented, self-confident and satisfied employees, who are willing to improve themselves and take responsibility to work toward the Company's core goals, under the roof of Aksa.

The practices developed under this policy are designed to support Aksa's core strategies, and to facilitate the achievement of desired business results. The Human Resources Department's 2014 practices and long-term objectives focus on leadership development, the career development model, completion of succession plans, and employee loyalty surveys, as well as efforts to improve operational efficiency.

Integration to all human resources processes was conducted after the merger with our group company, Aktops, in early 2014. 'Business Ethics Principles' were determined in 2014 within the structure of Akkök Holding, and these principles were implemented across all group companies.

Our Business Ethics Principles were distributed to all employees and executives under the message from the Chief Executive Officer. All Executives received training from independent institutions, and implementations to be executed in 2015 were planned in order to generalize these trainings.

The processes were analyzed with the CORASCI (duty responsibility matrix) works, which will support operational excellence and efficiency. Areas to be enhanced were identified, and updates to our employees' job descriptions were accelerated.

Fully aware that Talent Management is one of the key factors affecting employee loyalty, Aksa identifies employees' competencies and development areas by means of modern human resources methods, and supports their continuous improvement. Because of the crucial importance of this issue, Organizational Development Management was established in 2014 focusing on this area.

The results of the work conducted in 2013 using Leadership Potential Inventory and 360-degree feedback were shared one-to-one with each employee. Their individual development areas and strengths were determined, and personal development plans were initiated.

Aksa believes that leaders, who will serve as the levers of sustainable success, should be cultivated from among the ranks of the Company. Accordingly, the Company promoted 9 employees as executives in line with its organizational needs, and found 17 employees eligible for higher level Specialist roles. Furthermore, 17 operators were found eligible for upper level operator roles as a result of the Assessment Centre's practices.

Aksa and Akkök Holding initiated coaching and mentorship programs in 2014, within the scope of Leader and Executive Development programs. A Master's Degree and PhD support program was put into place in order to support our employees' development, and scientific works in parallel with our strategies, and to expand our intellectual capital.

SÜRDÜRÜLEBİLİRLİK

Mozaik, the Integrated Human Resources software offered jointly with Akkök Holding for use by specialists and upper rank employees to manage training-development and performance management system processes, began to be used actively with its new modules, especially training module runs based on the requirements of each position. This both supports the occupational development of our employees, and provides us an infrastructure while measuring the efficiency of our training programs. Because of this requirement in the Mozaik system, the Technical Competencies of the positions were determined and identified in the system in 2014.

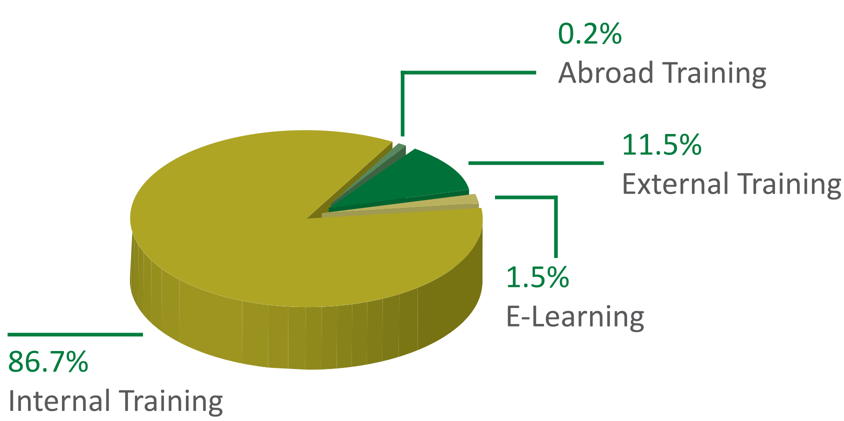
Placing great significance on personnel loyalty, Aksa drew a 2015 roadmap as a result of 2014 personnel loyalty research, and decided to apply the 'Great Place To Work' working life research. Aksa gave extra weight to perception and image works. Accordingly the Company visited universities in 2014, and commenced a Long-Term Internship program. The program was regarded as highly beneficial and very efficient by the participating University students, and the project will be applied again in 2015 and subsequent years.

In 2014, 38 new specialists and engineers, and 114 operations personnel joined the Aksa family, and our total headcount reached 1,248 at year-end.

In 2014, Aksa successfully reached its target of providing 42 manhours of training. In addition to the mandatory 16 hours of Occupational Health and Safety Training per staff member, Aksa administered several training and application programs on the main areas of the business. Training programs emphasizing the significance of Occupational Health and Safety Leadership wereorganized for our executives. Periodic training courses were held for employees to spread the Seveso Policy on Prevention of Major Accidents. Furthermore, an Executive Development Program was organized in collaboration with Sabancı University. Besides this program, which is rich in content, including Market Oriented, Leading and Coaching for High Performance Team, Finance for Executives, Business and Management Simulation; the Standard executive development training courses were also continued.

Education Level	Distribution
PhD	0.2%
Master's Degree	3.0%
Undergraduate Degree	14.5%
Associate Degree	23.9%
Technical High School	34.4%
High School – Trade High School	13.0%
Elementary School	11.0%

2014 Training



ACTIVITIES OF THE INVESTOR RELATIONS

The fundamental duty of Aksa Akrilik Investor Relations is to keep in line with legal regulations and transparency to stakeholders, and it adopts an accountable, fair and responsible management model. In order to attain this goal, Aksa uses and manages an investor relations tool for the purpose of providing comprehensive and fully accurate information to stakeholders with regard the course of Aksa shares.

The basic working principles of the Investor Relations can be listed as: availability, providing swift feedback to stakeholders, transparent, consistent and prompt information sharing, and maintaining an updated website. Strict attention is paid so that the unit is composed of competent individuals, who have good command of legal regulations, hold the licenses stipulated by the Capital Markets Board, know the company and sector dynamics intimately, and have the ability to transfer the same. Accordingly, the Investor Relations department knows well and analyzes the company, has an excellent command of company strategies, and thus aims to create differentiation by communicating these strategies throughthe most efficient methods.

MAJOR DEVELOPMENTS IN 2014

1- Corporate Governance Rating

The “Corporate Governance Rating Report” was issued for the first time by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., which holds an operating license to issue ratings in Turkey, in accordance with the Capital Market Board’s (CMB) Corporate Governance Principles.

This report, which rates the Company’s alignment with Corporate Governance principles, was prepared based on the current methodology, benefiting from the results obtained from detailed reviews made by Saha at our Company.

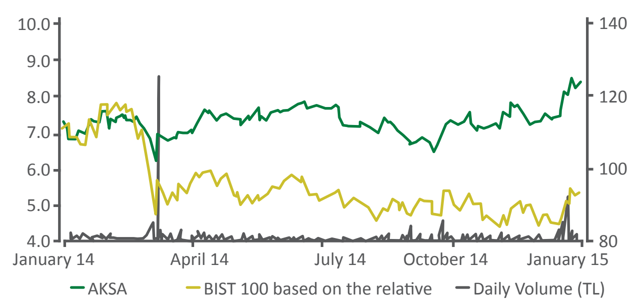
The Company’s Corporate Governance Rating was determined at 9.22 out of 10,and the ratings of the sub-headings were identified as Shareholder (95.36), Public Disclosure (94.29), Stakeholders (96.44) and Board of Directors (86.57) out of 100.

2- Share Performance

Our Company shares are listed in the following indexes of theBorsa İstanbul (BİST) stock market, and our share performance is shown below.

- Domestic Market
- BIST 100-30
- BIST Chemical, Oil, Plastic
- BIST Industrial
- BIST Dividend
- BIST Dividend 25
- BIST All
- BIST National
- BIST 100
- BIST Corporate Governance(*)

(*) Participated on August 5, 2014.



ACTIVITIES OF THE INVESTOR RELATIONS

The fundamental duty of Aksa Akrilik Investor Relations is to keep in line with legal regulations and transparency to stakeholders, and it adopts an accountable, fair and responsible management model.

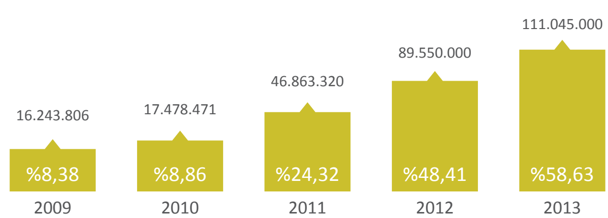
Company share certificates have been traded on İMKB (Istanbul Stock Exchange) and BIST (Borsa Istanbul) since 1986. Performance of the share certificates of the last five (5) years, and January 2015 are summarized in the table below:

Share	2010	2011	2012	2013	2014	2015/ 30 January
Lowest Price (TL)	1.90	2.80	3.40	3.40	6.00	7.38
Highest Price (TL)	2.90	4.50	4.30	8.30	8.10	10.00
End of Period Price (TL)	2.80	3.50	4.30	7.30	7.40	9.50
Issued Capital (thousand TL)	185,000	185,000	185,000	185,000	185,000	185,000
Market Value (thousand TL)	518,000	647,500	795,500	1,350,500	1,369,000	1,757,500

3- Dividend

The dividend distribution for the period 2013 was approved during the Ordinary General Assembly on March 28, 2014, and it was paid in cash to the Company shareholders on April 1, 2014.

Gross dividend amounts distributed in the last five (5) years and their ratio to capital are as follows:



4- General Assembly

The Ordinary General Assembly Meeting of the Company for the year 2014 was held on March 28, 2014 at the Grand Hyatt Hotel. Shareholders representing 78.10% of the Company's shares attended the meeting.

5- Other Activities within the Year

It was aimed to answer questions from the Capital Markets Board completely and accurately, to provide documents and information swiftly, and to establish accurate and efficient communication with the Board. Activities of the Investor Relations were conducted within this scope.

The basic working principles of the Investor Relations can be listed as: availability, providing swift feedback to stakeholders, transparent, consistent and prompt informing, and maintaining an updated website.

Moreover, the necessary replies were given to investors' questions with the same information, and retaining the principle of equal treatment for all shareholders. Disclosures made to the public via the Public Disclosure Platform were to be shared on time and in an accurate, complete, comprehensible and interpretable manner, and it was ensured that all shareholders would be informed about any developments, equally and simultaneously.

Other activities performed by the Investor Relations department during the year are summarized as follows:

- Participation in a roadshow in Warsaw (Poland),
- 1 (One) plant visit for the Bank, intermediary institutions and corporation, investors and analysts,
- 8 (Eight) teleconferences with domestic and foreign investors,
- Face-to-face negotiations with 53 (Fifty-three) domestic and foreign investors/analysts about their applications,
- Participation in the "Business Simulation" course as a guest instructor in Boğaziçi University, Faculty of Business Administration,
- Attendance on a live program in a private media channel for an interview about the Company, and sectoral evaluation
- 1 (One) essay published in a sector journal.

Investor Relations Unit Contact:

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(*) Holds a Capital Markets Activities Level 3 (License no: 205781) and Corporate Governance Rating Expertise (License no: 700753) licenses, and assumes the roles, on a full-time basis, of Head of the Investor Relations Unit, and Member of the Corporate Governance Committee.

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OTHER DEVELOPMENTS WITHIN THE PERIOD

Solvent Recovery Unit

“505 Solvent Recovery Unit” (excluding the land), the construction of which was completed as per the Utilities Agreement executed on June 29, 2012 by and among Aksa, DowAksa İleri Kompozit Malzemeler Sanayi Limited Şirketi (“DowAksa”) and DowAksa Advanced Composites Holdings B.V., was transferred to Dowaksa in accordance with the said agreement, and considering the value stated under “valuation report” dated 30.12.2014, and issued by TSKB Gayrimenkul Değerleme A.Ş., which is licensed by the Capital Markets Board, provided that it shall be paid for a period of ten (10) years in equal installments, corresponding to cost price plus 5% of profit margin, including financing items, and, upon DowAksa’s request,the unit’s token value and property rights shall be transferred to DowAksa by the end of the 10th year, in accordance with the financial leasing model. According to the Agreement, the sales value, worth USD 37,457,934, and the profit to be obtained by Aksa throughout the 10-year-period, was determined as USD 1,783,711. Transfer of the Unit will be completed by the end of the 10th year, if requested by DowAksa Company.

Nanotechnology Centre of Composites Partnership

Our Jointly Controlled Entity DowAksa Advanced Composites Holdings B.V. and Nanotechnology Centre of Composite (NCC), the joint project of Holding Company Composite (HCC) and Fund for Infrastructure and Education Program (FIEP, a member of RUSNANO Group), signed an investment agreement amounting to RUB 208 million (approximately USD 6.1 million) in total. With this Agreement,DowAksa contributed RUB 14 million (about USD 4.3 million) to NCC’s founding capital, and took over one third of the shares. NCC offers an innovation and engineering platform for start-up companies across the world, which aim to produce polymer composite materials for sectors such as construction, energy and automotive requiring robust and light product solutions. To support the growth of nanotechnology in Russia, NCC helps Russian companies to get state sponsorship for their R&D projects. It also invests in start-up companies at the seed and enterprising phase, or offers R&D, engineering, size growth and pilot production support, by leasing the area and equipment. Within this scope, apart from NCC, the companies named LLC NCC-Neftemehanika, LLC NCC-ACM, LLC NCC-Alabuga, consolidated under NCC, started reporting under the Company’s jointly controlled entities.

Aviation Materials and Autonomy Projects of the Ministry for DefenseUndersecretariat of Defense Industry

It is aimed to develop prepreg material with domestic thermoset resin, which may be certified for TAI’s foreign businesses (Boeing, Airbus), by means of military and civil TAI programs under the scope of Aviation Materials and Autonomy Projects of the Ministry for Defense Undersecretariat of Defense Industry. The project will be executed between TAI, with the role of a user experienced in testing, characterization and implementation, and DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti., a sub-contractor/ supplier candidate who may be assigned in future projects. The project also bears significance in terms of aiming to create a product by using national engineering, at optimum level, in product development works for the global market, chiefly in aviation.

Carbon Fiber is Now Under “Primary Investment Issues”

Pursuant to the Cabinet Decision published in the Official Gazette no. 2014/6588, dated August 6, 2014 – in addition to the Cabinet Decision on “State Supports in Investments”, published previously in the Official Gazette no. 2012/3305, dated June 15, 2012 – “Investments oriented to carbon fiber production or composite material production from carbon fiber, provided that it is produced with carbon fiber”, were taken under the scope of primary investment issues, and can now benefit from regional incentives applied in the 5th region. Since our jointly controlled entity, DowAksa İleri Kompozit Malzemeler San. Ltd. Şti.,performs carbon fiber production within the scope of its area of activity, the Company can benefit from these regional support.

“c-m-p GmbH” Company Share Acquisition

Our jointly controlled entity, DowAksa Advanced Composites Holdings B.V., acquired a 50% share of Germen prepreg producer “c-m-p GmbH” for an amount of EUR 15 million in total, consisting of the first phase worth EUR 10 million,and an additional EUR 5 million on condition that the determined company performance criteria is achieved within the following two years.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Mehmet Ali Berkman
Chairman of the Board of Directors
Born in Malatya in 1943, Mehmet Ali Berkman graduated from Middle East Technical University, Faculty of Administrative Sciences, Department of Industrial Management. Afterwards, he obtained an MBA in Operations Research from Syracuse University (USA). Mr Berkman joined Koç Group in 1972, and assumed the role of General Manager in MAKO, Uniroyal, DÖKTAŞ and Arçelik respectively. Subsequently he worked as Head of Strategic Planning, Human Resources and Industrial Relations, and left the Group on December 31, 2003 due to the Group's retirement policy. In September 2005, he assumed the position of Member of the Board of Directors and Chairman of the Executive Board of Akkök Holding A.Ş. He also served as Member and Chairman of the Boards of Directors of other Group companies. On January 1, 2013, Mr Berkman stepped down from his position as Chairman of the Executive Board, and he continues to serve as Advisor to the Executive Board of Akkök Holding. Mr Berkman is also Member and Chairman of the Boards of Directors of other Group companies.

Raif Ali Dinçkök
Deputy Chairman of the Board of Directors
Born in Istanbul in 1971, Raif Ali Dinçkök graduated from Boston University (USA), Department of Business Administration in 1993, and subsequently started working at Akkök Holding. He worked in the Purchasing Department of Ak-Al Tekstil San. A.Ş. between 1994 and 2000, and later served as Coordinator at Akenerji Elektrik Üretim A.Ş. from 2000 to 2003. Mr Dinçkök is currently a Member of the Board of Directors and the Executive Board of Akkök Holding A.Ş. He also serves on the Boards of Directors at various Akkök Holding companies.

Ali Raif Dinçkök
Member of the Board of Directors
Born in Istanbul in 1944, Ali Raif Dinçkök completed his high school studies at the Österreichisches Sankt Georgs-Kolleg in Istanbul and received his undergraduate degree from the Department of Textile Engineering at Aachen University (Germany) in 1969. His business career started at the Akkök Holding. The Chairman of the Board of Directors at Akkök Holding A.Ş., Dinçkök also serves on the Boards of Directors of other Group companies.

Nilüfer Dinçkök Çiftçi
Member of the Board of Directors
Born in Istanbul in 1944, Ali Raif Dinçkök completed his high school studies at the Osterreichisches Sankt Georgs-Kolleg in Istanbul, and received his undergraduate degree from the Department of Textile Engineering at Aachen University (Germany) in 1969. His business career started at the Akkök Holding. Chairman of the Board of Directors at Akkök Holding A.Ş., Dinçkök also serves on the Boards of Directors of other Group companies.

Ahmet Cemal Dördüncü
Member of the Board of Directors
Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at H.O. Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Mr Dördüncü has served as Chairman of the Executive Board of Akkök Holding since January 2013. He also serves on the Boards of Directors at various Holding companies, as well as at Anadolu Isuzu OtomotivSanayii ve Ticaret A.Ş., Coca-Cola İçecek A.Ş., Anadolu Efes Biracılık ve Malt Sanayii A.Ş., and International Paper Co.

İzer Lodrik
Member of the Board of Directors
Born in Istanbul in 1971, İzer Lodrik graduated from Northeastern University (USA), Department of Economics. Subsequently, he started working at Emboy Yuntaş Tekstil Sanayi ve Ticaret A.Ş. Mr Lodrik currently serves as Chairman of the Board of Directors of Emniyet Ticaret ve Sanayi A.Ş., Emboy Yuntaş Tekstil Sanayi ve Ticaret A.Ş., Eryapı Gayrimenkul A.Ş. Additionally, he is a Member of the Board of Directors of Akkök Holding Companies.

Bülent Bulgurlu
Member of the Board of Directors
Born in Ankara in 1947, Bülent Bulgurlu graduated from Ankara Faculty of Engineering and Architecture, and afterwards he received a PhD from Norwegian University of Science and Technology (Norway). He started his professional career at Elliot Strömme A/S, Oslo as a Civil Engineer, and in 1977 he worked as Managing Director at Garanti İnşaat, and then in Garanti-Koza A.Ş. Since 1996, he has assumed the roles of Head of Tourism and Services Group, Head of Tourism and Construction Group, and Head of Durable Consumption and Construction Group respectively at Koç Holding. Mr Bulgurlu worked as CEO of Koç Holding between May 2007 and April 2010. Since May 2007, he has served as a Member of the Board of Directors in Koç Holding and various Group companies. He is also a member of TÜSİAD (Turkish Industrialists' and Businessmen's Association) and TURMEPA/Association of Clean Sea.

Cengiz Taş
Member of the Board of Directors / General Manager
Born in Bursa in 1966, Cengiz Taş graduated from the Department of Industrial Engineering at Boğazici University. He started work at Kordsa as an Investment Planning Engineer in 1989. He joined Ak-Al TekstilSanayii A.Ş. in 1991 as a Budget Specialist, and held positions as Budget Chief, Budget Manager, Production Coordinator and Assistant General Manager for Planning, respectively. Between 2004 and 2011, Taş worked as General Manager at Ak-Al Tekstil, and since February 2011 has been working as General Manager and Member of the Board of Directors at Aksa Akrilik Kimya Sanayii A.Ş.

Dr Ant Bozkaya
Independent Member of the Board of Directors – Chairman of the Corporate Governance Committee – Member of the Audit Committee – Chairman of the Early Risk Detection Committee
Born in 1963, Dr Ant Bozkaya graduated from the Department of Industrial Management at the University of Petroleum and Minerals (Saudi Arabia), and received his MBA from the University of Libre de Bruxelles (Belgium), as well as a second Masters from the same university's Department of Management Science and Finance. Dr Bozkaya completed his doctoral studies in the field of economics at the same university, and later did post-doctoral research at Harvard University (USA). At Bilkent Holding, he assumed the positions of Head and CEO at the Technology, Healthcare, and Energy Enterprise Group between the years 1992 and 1999, and Dr Bozkaya has been working as a Member of the Board of Directors of Eczacıbaşı Holding and Organik Holding, as well as lecturing at various universities since 2003. Holding no executive position, Dr Bozkaya is qualified as an independent member in accordance with the Principles of Corporate Governance of the Capital Markets Board. He has held no association with Aksa Akrilik Kimya Sanayii A.Ş. or its related parties during the past five years.

Timur Erk
Independent Member of the Board of Directors – Chairman of the Audit Committee
Born in Istanbul in 1944, Timur Erk graduated from Deutsche Schule Istanbul, and studied Chemical Engineering in Germany. Working as an industrialist in the chemicals industry since 1971, Mr Erk is among the founders of the Association of Turkish Chemical Industrialists. He is currently Chairman of the Association of Turkish Chemical Industrialists, as well as Chairman of the Chemical Industry Assembly of the Union of Chamber and Commodity Exchanges, and Chairman of the Turkish Chemical Industry Platform. He acts in different capacities in various associations, foundations and committees. Holding no executive position, Mr Erk is qualified as an independent member in accordance with the Principles of Corporate Governance of the Capital Markets Board. He has held the abovementioned positions over the past 10 years, and has held no association with Aksa Akrilik Kimya Sanayii A.Ş. or its related parties during the past five years.

Dr Mehmet Abdullah Merih Ergin
Independent Member of the Board of Directors - Member of Early Detection of Risk
Born in 1983 in Istanbul, Dr Ergin received his BSc in Textile Process Engineering from the Department of Textile at the University of Leeds (United Kingdom), and received a PhD from the same university. He worked as Chairman of the Board of Directors at Ak-Al Tekstil Sanayii Anonim Şirketi among Akkök Holding companies until the end of 2008. He is currently Chairman of the Board of Directors at Kabataş High School Educational Foundation. Holding no executive position, Mr Ergin is qualified as an independent member in accordance with the Principles of Corporate Governance of the Capital Markets Board. He has held the abovementioned positions over the past 10 years, and has held no association with Aksa Akrilik Kimya Sanayii A.Ş. or its related parties during the past five years.

Atty. Başar Ay
Independent Member of the Board of Directors – Member of the Corporate Governance Committee – Member of the Audit Committee – Member of the Early Detection of Risk Committee
Born 1965 in Amasya, Başar Ay graduated from the Law School of Ankara University in 1989. He began working at the Turkish Textile Employers' Association in 1991 as Legal Counsel. Mr Ay was appointed Deputy General Secretary in 2005, and General Secretary in 2007 in the same organization, a position he still holds today. He is also a member of the TCEA Microneurosurgery and Reconstruction Foundation, and observer member of the International Textile Manufacturers' Federation (ITMF), International Labor Organization (ILO), and the Turkish Employers' Delegation. Holding no executive position, Başar Ay is qualified as an independent member in accordance with the Principles of Corporate Governance of the Capital Markets Board. He has held no association with Aksa Akrilik Kimya Sanayii A.Ş. or its related parties during the past five years.

DECLARATION OF INDEPENDENT MEMBERSHIP OF THE BOARD OF DIRECTORS

**To the Aksa Akrilik Kimya Sanayii A.Ş. Board of Directors,
Corporate Governance Committee,**

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) issued by the Capital Market Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi, I hereby declare that:

- There is no employment relationship between myself, my spouse, relatives by blood or by marriage up to the second degree and Aksa Akrilik Kimya Sanayii A.Ş., any partnerships of which the Company holds or significantly affects management control, or shareholders who hold or significantly affect the management of the Company, or any legal entities of which these shareholders hold the management control, at a managerial position to undertake major duties and responsibilities in the last five years, and that I do not have, together or alone, more than 5 % of the Company's capital or voting rights or privileged shares, and I do not have a business relationship of significant nature,

- I have not served as a partner (5% and above), at a managerial position to undertake major duties and responsibilities and / or as a board member in any companies, particularly those conducting the auditing (including tax audit, legal audit and internal audit), grading and counseling of the Company, to which the company has sold or purchased a significant amount of products or services in the framework of the agreements, during the periods of selling or purchasing products or services, in the last five years,

- I have the requisite professional training, knowledge and experience in order to fulfill the tasks that I will assume in the Company as an independent member of the Board of Directors,

- I will not work in public institutions and organizations, other than academic positions at universities, provided that it is appropriate to their relevant legislations, on a full-time basis, after being elected as a member,

- I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,

- I possess the requisite strong ethical standards, professional reputation and experience to contribute positively to the Company's activities, to maintain my objectivity in conflicts of interest between the company and the shareholders, and to decide freely in consideration of stakeholders' rights,

- I will spare enough time for the Company's affairs in order to follow-up the functioning of the Company's activities, and to fully meet the requirements of the duties that I will assume,

- I haven't served as a member of the Company's Board of Directors for more than six years during the last ten years,

- I haven't served as an independent member of the Board of Directors in more than three companies whose management is controlled by the same person, Company or shareholders holding the management control of the Company, and in more than a total of five companies traded on the exchange,

I will therefore act as an independent member of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi. Pursuant to the related legislation, I also declare that should a situation arise that removes my independence, I would communicate this to the Board of Directors in order for it to be announced to the public, and that I would resign on principle.

Sincerely,

Name and Surname : TİMUR ERK
Date : 03.03.2014
Signature :

DECLARATION OF INDEPENDENT MEMBERSHIP OF THE BOARD OF DIRECTORS

**To the Aksa Akrilik Kimya Sanayii A.Ş. Board of Directors,
Corporate Governance Committee,**

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) issued by the Capital Market Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi, I hereby declare that:

- There is no employment relationship between myself, my spouse, relatives by blood or by marriage up to the second degree and Aksa Akrilik Kimya Sanayii A.Ş., any partnerships of which the Company holds or significantly affects management control, or shareholders who hold or significantly affect the management of the Company, or any legal entities of which these shareholders hold the management control, at a managerial position to undertake major duties and responsibilities in the last five years, and that I do not have, together or alone, more than 5 % of the Company's capital or voting rights or privileged shares, and I do not have a business relationship of significant nature,

- I have not served as a partner (5% and above), at a managerial position to undertake major duties and responsibilities and / or as a board member in any companies, particularly those conducting the auditing (including tax audit, legal audit and internal audit), grading and counseling of the Company, to which the company has sold or purchased a significant amount of products or services in the framework of the agreements, during the periods of selling or purchasing products or services, in the last five years,

- I have the requisite professional training, knowledge and experience in order to fulfill the tasks that I will assume in the Company as an independent member of the Board of Directors,

- I will not work in public institutions and organizations, other than academic positions at universities, provided that it is appropriate to their relevant legislations, on a full-time basis, after being elected as a member,

- I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,

- I possess the requisite strong ethical standards, professional reputation and experience to contribute positively to the Company's activities, to maintain my objectivity in conflicts of interest between the company and the shareholders, and to decide freely in consideration of stakeholders' rights,

- I will spare enough time for the Company's affairs in order to follow-up the functioning of the Company's activities, and to fully meet the requirements of the duties that I will assume,

- I haven't served as a member of the Company's Board of Directors for more than six years during the last ten years,

- I haven't served as an independent member of the Board of Directors in more than three companies whose management is controlled by the same person, Company or shareholders holding the management control of the Company, and in more than a total of five companies traded on the exchange,

I will therefore act as an independent member of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi. Pursuant to the related legislation, I also declare that should a situation arise that removes my independence, I would communicate this to the Board of Directors in order for it to be announced to the public, and that I would resign on principle.

Sincerely,

Name and Surname : ANT BOZKAYA
Date : 25.02.2014
Signature :

DECLARATION OF INDEPENDENT MEMBERSHIP OF THE BOARD OF DIRECTORS

To the Aksa Akrilik Kimya Sanayii A.Ş. Board of Directors,
Corporate Governance Committee,

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) issued by the Capital Market Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi, I hereby declare that:

- There is no employment relationship between myself, my spouse, relatives by blood or by marriage up to the second degree and Aksa Akrilik Kimya Sanayii A.Ş., any partnerships of which the Company holds or significantly affects management control, or shareholders who hold or significantly affect the management of the Company, or any legal entities of which these shareholders hold the management control, at a managerial position to undertake major duties and responsibilities in the last five years, and that I do not have, together or alone, more than 5 % of the Company's capital or voting rights or privileged shares, and I do not have a business relationship of significant nature,

- I have not served as a partner (5% and above), at a managerial position to undertake major duties and responsibilities and / or as a board member in any companies, particularly those conducting the auditing (including tax audit, legal audit and internal audit), grading and counseling of the Company, to which the company has sold or purchased a significant amount of products or services in the framework of the agreements, during the periods of selling or purchasing products or services, in the last five years,

- I have the requisite professional training, knowledge and experience in order to fulfill the tasks that I will assume in the Company as an independent member of the Board of Directors,

- I will not work in public institutions and organizations, other than academic positions at universities, provided that it is appropriate to their relevant legislations, on a full-time basis, after being elected as a member,

- I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,

- I possess the requisite strong ethical standards, professional reputation and experience to contribute positively to the Company's activities, to maintain my objectivity in conflicts of interest between the company and the shareholders, and to decide freely in consideration of stakeholders' rights,

- I will spare enough time for the Company's affairs in order to follow-up the functioning of the Company's activities, and to fully meet the requirements of the duties that I will assume,

- I haven't served as a member of the Company's Board of Directors for more than six years during the last ten years,

- I haven't served as an independent member of the Board of Directors in more than three companies whose management is controlled by the same person, Company or shareholders holding the management control of the Company, and in more than a total of five companies traded on the exchange,

I will therefore act as an independent member of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi. Pursuant to the related legislation, I also declare that should a situation arise that removes my independence, I would communicate this to the Board of Directors in order for it to be announced to the public, and that I would resign on principle.

Sincerely,

Name and Surname : BAŞAR AY
Date : 11.03.2014
Signature :

DECLARATION OF INDEPENDENT MEMBERSHIP OF THE BOARD OF DIRECTORS

To the Aksa Akrilik Kimya Sanayii A.Ş. Board of Directors,
Corporate Governance Committee,

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) issued by the Capital Market Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi, I hereby declare that:

- There is no employment relationship between myself, my spouse, relatives by blood or by marriage up to the second degree and Aksa Akrilik Kimya Sanayii A.Ş., any partnerships of which the Company holds or significantly affects management control, or shareholders who hold or significantly affect the management of the Company, or any legal entities of which these shareholders hold the management control, at a managerial position to undertake major duties and responsibilities in the last five years, and that I do not have, together or alone, more than 5 % of the Company's capital or voting rights or privileged shares, and I do not have a business relationship of significant nature,

- I have not served as a partner (5% and above), at a managerial position to undertake major duties and responsibilities and / or as a board member in any companies, particularly those conducting the auditing (including tax audit, legal audit and internal audit), grading and counseling of the Company, to which the company has sold or purchased a significant amount of products or services in the framework of the agreements, during the periods of selling or purchasing products or services, in the last five years,

- I have the requisite professional training, knowledge and experience in order to fulfill the tasks that I will assume in the Company as an independent member of the Board of Directors,

- I will not work in public institutions and organizations, other than academic positions at universities, provided that it is appropriate to their relevant legislations, on a full-time basis, after being elected as a member,

- I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,

- I possess the requisite strong ethical standards, professional reputation and experience to contribute positively to the Company's activities, to maintain my objectivity in conflicts of interest between the company and the shareholders, and to decide freely in consideration of stakeholders' rights,

- I will spare enough time for the Company's affairs in order to follow-up the functioning of the Company's activities, and to fully meet the requirements of the duties that I will assume,

- I haven't served as a member of the Company's Board of Directors for more than six years during the last ten years,

- I haven't served as an independent member of the Board of Directors in more than three companies whose management is controlled by the same person, Company or shareholders holding the management control of the Company, and in more than a total of five companies traded on the exchange,

I will therefore act as an independent member of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi. Pursuant to the related legislation, I also declare that should a situation arise that removes my independence, I would communicate this to the Board of Directors in order for it to be announced to the public, and that I would resign on principle.

Sincerely,

Name and Surname : BAŞAR AY
Date : 03.03.2014
Signature :

SECTION I - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

In this era of global competition and change, the goal of Aksa Akrilik Kimya Sanayii A.Ş. (“Aksa”, or “the Company”) is to achieve change in corporate management practices alongside financial achievements, thereby remaining a company based on fair business practice. With this awareness, Aksa considers the creation of sustainable value for its stakeholders to be among its primary objectives. Aksa maintains its position as a reputable, innovative, hardworking, creative and equitable company, and its corporate and reliable stance, primarily in the eyes of its shareholders and investors, and also in those of its customers, employees and society at large by adhering to its long adopted Principles of Corporate Governance.

The reason behind determining and applying these Principles is to strengthen the trust of all Company stakeholders. In this regard, Aksa Akrilik Kimya Sanayii A.Ş. declares that it has committed itself to the application of Corporate Governance Principles, and that it will adopt the practices required by these Principles within the framework of current practices

Justifications for the unimplemented advisory Corporate Governance Principles:
The Company’s Corporate Governance Committee continues its efforts to improve corporate governance practices. Apart from the currently implemented ones, the unimplemented principles haven’t caused any conflict of interest among the stakeholders so far, and the committee conducts meticulous studies on adaptation.

• Referring to “Corporate Governance Principle” No. 1.3.11, although there are no provisions in this regard in the Articles of Association, General Assembly meetings are held open to the public, as stated in the Company’s Internal Guidelines of the General Assembly.

• Referring to “Corporate Governance Principle” No. 1.5.2, utmost care is given to the utilization of minority rights, but there is no representative of minority rights on the Board. In addition, minority rights are not recognized for persons possessing less than one-twentieth of the share capital.

• Referring to “Corporate Governance Principle” No. 4.2.5, although there are no provisions in this regard in the Articles of Association, the Company’s Chairman of the Board of Directors and Chief Executive Officer are different persons. No one in the company is entrusted with unlimited authority to decide on an individual basis.

• Referring to “Corporate Governance Principle” No. 4.2.8, any possible damages in the Company caused by members of the Board of Directors due to their negligence during the fulfillment of their duties are not insured directly by the Company. However, the liability insurance for any possible damages in the Company caused by members of the Board of Directors due to their negligence during the fulfillment of their duties was underwritten by our main partner, Akkök Holding A.Ş., covering the executives of the company for an insured sum of USD 30 million.

• Referring to “Corporate Governance Principle” No. 4.3.9, there isn’t any written policy or target for the ratio of female members in the Board of Directors, which is not less than 25 %, and the issue of raising the number of female members will be reconsidered in the coming periods.

• Referring to “Corporate Governance Principle” No. 4.4.7, Members of the Board of Directors spend sufficient time on their responsibilities in the Company. In the event that a member of the Board of Directors serves as a manager or a member of the Board of Directors in another company, the aforementioned situation doesn’t lead to a conflict of interest and hinder the responsibility of the member in the Company. Therefore, serving of the Members of the Board of Directors in some other duty or duties outside the Company is not regulated and restricted by certain rules. Duties fulfilled by Members of the Board of Directors outside the Company are recorded in the “Company General Information Form” through the PDP, and the curriculum vitae of the Board members to be elected are shared through the “General Assembly information document” on PDP and the Company website prior to the general assembly for election. The necessity of serving for duties which may not create a conflict of interest with the purpose and scope of the Company, and the rules describing the inappropriate conditions for assignment, are stated in the “Working Procedures and Principles of the Board of Directors” of the Company.

• Referring to “Corporate Governance Principle” No. 4.6.5, wages paid and all other benefits provided to the Members of the Board of Directors and the senior executives are disclosed to the public through the annual report on the basis of expenses. However, statements are not made on an individual basis, and are provided with the distinction of Members of the Board of Directors and the senior executives. This issue will be revised in the coming periods.

SECTION II – SHAREHOLDERS

2.1 Investor Relations Department

2.1.1.The "Investor Relations Unit", which was established alongside the Company's departments pursuant to legislation, operates under the Director of Financial Affairs and plays an effective role in protecting shareholder rights, primarily the right to information, and the facilitating of its usage. The questions addressed to the Unit within this scope, with the exception of confidential information and trade secrets, are answered either by phone, or else in writing after consulting the highest authority in relation to the topic.

2.1.2. Contacts for Investor Relations at the Company:

Name/Surname	Title	Phone	E-Mail
Eren Ziya DİK	Director of Financial Affairs	+90 (212) 251 45 00/46101	eren.dik@aksa.com
Erdinç KAZAK(*)	Accounting and Reporting Manager	+90 (212) 251 45 00/46091	erdinc.kazak@aksa.com
Erdem TATBUL	Investor Relations and Reporting Manager	+90 (212) 251 45 00/46121	erdem.tatbul@aksa.com

(*) He holds the Capital Market Activities Level 3 (License number: 205781) and Corporate Governance Rating Expertise (License number: 700753) licenses, and serves on a full-time basis as Investor Relations Department executive and member of the Corporate Governance Committee.

Investor Relations Department Contacts:
Phone: (212) 251 45 00
Fax: (212) 251 45 07
E-Mail: ir@aksa.com

In addition, in order to exhibit an effective approach in relations with shareholders, the Investor Relations Unit conveys the messages of the management, and the governance strategies concerning the Company to the shareholders through meetings held with mediating bodies in parallel to public and material disclosures. In this context, meetings with various mediating bodies are held at the Aksa Headquarters.

The Investor Relations Department operates to provide accurate, timely and consistent information to current and potential investors, analysts and 3rd parties on request, to enhance the Company's recognition and credibility, to reduce the Company's cost of capital through the implementation of Corporate Governance principles, and to ensure communications between the Board of Directors and the participants of the capital market.

In line with this objective, the Company attaches great importance to communication with shareholders and investors, and maintains an active investor relations program. The Investor Relations Department makes presentations to the Corporate Governance Committee about the activities they have carried out on a quarterly basis, and submits a report about their activities on a yearly basis.

The Investor Relations Department conducted the following activities during 2014:

- 8 (Eight) press releases and twenty-eight (28) material disclosures on the Public Disclosure Platform,
- Participation in an investor roadshow in Warsaw (Poland),
- 1 (One) site visit in the Yalova plants,
- 8 (Eight) teleconferences with domestic and foreign investors,
- 53 (Fifty-three) face to face meetings upon application by domestic and foreign investors / analysts,
- Participation as a guest instructor in the "Business Simulation" course at Bogazici University, Faculty of Economics and Administrative Sciences,
- Participation in a live broadcast on a private media channel for an interview on the Company and sectoral evaluation.
- 1 (One) article published in a sectoral magazine.

2.2 The Use of Right to Information by Shareholders

2.2.1. The management of the Company avoids any activity that would obstruct conducting a special audit. The right to request the appointment of a Special Auditor has not been regulated separately in the Articles of Association of the Company. There was no request for the appointment of a special auditor during the present period.

2.3 General Assembly Meetings

2.3.1. The Company's 2013 Ordinary General Assembly meeting is announced to investors on our corporate website, (www.aksa.com) and on the Public Disclosure Platform (PDP), along with the general assembly meeting announcement and the Turkish Trade Registry Gazette, at least three weeks prior to the general assembly meeting date, excluding the announcement and meeting days, as per Article 437 of the Turkish Commercial Code, along with the documents to be submitted to shareholders as well as the notifications and explanations required to be given as per the related legislation and the "General Assembly Informing Document", which is prepared in such a way as to draw attention to the issues stated under Article 1.3.1 of corporate governance principles.

2.3.2. Each offer is given clearly under a separate title on the 2013 ordinary general assembly agenda, and there is no issue that the shareholders submitted to the Company's Investor Relations Department in writing, and wished to be covered on the meeting agenda.

2.3.3. The Ordinary General Assembly meeting for 2013 was held in İstanbul on March 28 2014 in accordance with the related article in the Articles of Association, in order to increase the number of shareholders that attend the meeting in a manner which would not create any inequality among the shareholders, and which would facilitate the participation of the shareholders with minimum expense, and was realized with a 78.10% participation rate. The minutes and list of participants of the meeting have been announced to the public through the PDP and the Company's corporate website.

2.3.4. The chairman of the meeting makes preparations in advance for the execution of the general assembly in accordance with the Turkish Commercial Code, the Capital Markets Law, and other relevant legislations, and the necessary information is transmitted to the chairman by the Legal Affairs and Investor Relations departments.

2.3.5. During the General Assembly meeting held on March 28, 2014, the chairman of the assembly ensured all topics on the agenda were conveyed in an impartial, detailed, and understandable manner, while questions not considered as trade secrets from general assembly attendees were answered. Due to the fact that some of the questions posed were not related to the agenda, or were too extensive to be answered immediately, the questions by the relevant investors were replied to in written form by the Investor Relations Department on April 10, 2014. All questions posed during the General Assembly meeting, and the answers given to these questions, were announced to the public on April 24, 2014 by the Investor Relations Department on the Company's website, together with the Material Disclosure.

2.3.6. The shareholders who held management control in 2014, the members of the Board of Directors, the executive managers, and their first and second degree relatives by blood or by marriage, haven't carried out any significant transactions that may result in conflicts of interest, either with the Company or its subsidiaries. Furthermore, they haven't carried out any transactions in the same line of business as the Company or its subsidiaries, by themselves or on behalf of others, and haven't become partners without limits of liability in a company that is engaged in the same line of business.

2.3.7. No privileges were granted to any person or organization to receive information about the Company.

2.3.8. Members of the Board of Directors in charge of the agenda items, other related persons, executives who were responsible for preparing the financial statements and auditors were present at the 2013 Ordinary General Assembly meeting, in order to provide the necessary information and to answer questions.

2.3.9. The related party and significant transactions are carried out in the framework of Corporate Governance Principles, and no negative votes were raised for any transaction in this regard. There was no case included in the General Assembly agenda for this reason.

2.3.10. Donations and aids made by the Company were briefed to the shareholders as a separate agenda item during the 2013 Ordinary General Assembly meeting, and information regarding the donations and aids made during the year was included in the annual report. The Company submitted its policy on donations and aids for the approval of the shareholders during the General Assembly, and determined the upper limit of donations to be made.

2.3.11. Although there are no provisions related to this matter in the Articles of Association, General Assembly meetings are held open to the public, as stated in the Company's internal guidelines of the general assembly.

2.4 Right to Vote and Minority Rights

2.4.1. The Company avoids any activity that would obstruct using the right to vote and provides each shareholder the opportunity to vote in the easiest and the most appropriate way possible, including cross border voting.

2.4.2. There is one (1) voting right for each share in the Company, and there is no privilege in the Company's Articles of Association for voting rights. The minority rights haven't been determined to be less than one-twentieth of the share capital.

2.4.3. There are no mutual affiliate companies of the Company.

2.4.4. Maximum attention is given to making minority rights available. However, there is no representative of the minority rights on the Board.

2.4.5. The minority rights in the Company are subject to the Turkish Commercial Code, the Capital Markets Law and relevant legislations, and utmost care is devoted to this issue.

2.5 Dividend Rights

2.5.1. The dividend distribution policy adopted by the General Assembly of the Company has been announced to the public, and published on the corporate website.

2.5.2. The dividend distribution policy of the company includes minimum information that would enable investors to foresee the methods and principles of the Company in distributing profit for the coming periods.

2.5.3. During the Ordinary General Assembly meeting for 2014 which held in 2013, a dividend distribution was decided upon, with the amount of TL 111,045,000 being distributed in cash to shareholders at April.

2.5.4. A policy maintaining the balance between the benefits of shareholders and the benefit of the Company is being followed in dividend distribution, as detailed in the dividend distribution policy.

2.6 Transfer of Shares

2.6.1. There are no restrictive provisions with regard to the free transfer of shares in the Articles of Association.

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Corporate Website and Its Contents

3.1.1. The corporate website of the Company, (www.aksa.com) is actively used in the public disclosure process. The address of the website is included in the letterhead of the Company. The content of the Company website is prepared in line with Article 2.1.1 of the Communiqué Regarding the Determination and Application of Corporate Governance Principles issued by the Capital Market Board as well as the Turkish Commercial Code. In addition, stakeholders may reach the authorities for further information through the electronic mail address ir@aksa.com.

3.1.2. The partnership structure of the Company is presented on the Company website, including the names of shareholders, and the amount and percentage of their shares and is updated when necessary.

3.1.3. Except for special cases and footnotes, the material events and financial statements, which should be disclosed to the public in accordance with capital market regulations, are submitted for the information of the investors on the website in English as well as in Turkish. Explanations in English are prepared in an accurate, complete, point blank, comprehensible, and adequate manner, and are consistent with the Turkish original of the explanation, to help people who will benefit from the disclosure to make decisions.

3.1.4. The basic information on the website is also made available in English for the use of international investors.

3.2 Annual Report

3.2.1. The Board of Directors of the Company prepares the Annual Report based on the relevant regulations in such a way that the public will have access to complete and accurate information regarding the operations of the Company.

3.2.2. In addition to the topics mentioned in the legislation and other sections of the Corporate Governance Principles,

a) Information on the duties undertaken by the members and the executives of the Board of Directors outside of the Company, and statements of independence of the Board members,

b) Operating principles of the committees formed within the Board of Directors, including committee members, meeting frequency, and the activities they carry out, as well as the Board of Directors' assessment on the effectiveness of the committees,

c) The number of meetings of the Board of Directors, and the attendance performance of the members of the Board of Directors at the aforementioned meetings,

d) Amendments to legislation which might materially affect the Company's operations,

e) Material lawsuits brought against the Company, and the possible results,

f) Information on conflicts of interest between the Company and institutions which provide services concerning subjects such as investment consultancy and rating, and the measures taken by the Company to prevent such conflicts,

g) Information on reciprocal shareholdings with a direct capital participation rate exceeding 5 %,

h) Information on corporate social responsibility activities regarding the activities of the Company which have social and environmental results, such as social rights and vocational training for employees.

SECTION IV - STAKEHOLDERS

4.1 Disclosure to the Stakeholders

4.1.1. The Company's code of ethics guarantees the rights of the stakeholders regulated by legislation and mutual agreements. The stakeholders are informed within the framework of the policy created by the Company in accordance with current legislation and ethical rules. In addition, it is aimed to inform all stakeholders through press releases, annual reports, the corporate website and applications within the scope of the disclosure policy based on transparency. Intranet, which is an in-house information sharing medium, and printed documents are used actively, as the magazine "Aksa Haber" is published on a quarterly basis, and the bulletin "Akkök Haberler" is published on a monthly basis. While performing their duties, the Company's employees are expected to fulfill their responsibilities by valuing the interests of the Company above the interests of themselves, their families and relatives. Employees shall refrain from any interference that may be construed as benefiting themselves or their relatives. Foreseeable potential conflict of interest situations, and situations defined by the Company management, are shared with the employees, and the Company management takes the necessary measures.

4.1.2. When the rights of the stakeholders, which are protected by legislation and mutual agreements, are violated, an opportunity for effective and swift compensation is provided. The Company makes every effort towards the ease of use of mechanisms such as compensation provided to stakeholders in line with legislation. There is a special "compensation policy", which has been established by considering the legislation for the employees of the Company, and this policy is published on the Company's corporate website.

4.1.3. Company policy with regard to the protection of the rights of stakeholders is published on the Company's website.

4.1.4. The Company may communicate transactions conducted by stakeholders, which are contrary to the legislation or ethically inappropriate, to the Corporate Governance Committee, or to the Ethics Committee via the Ethics Line or e-mail.

4.1.5. In such cases where there are conflicts of interests among stakeholders, or when a stakeholder is involved in two interest groups, the Company pays attention to following as balanced a policy as possible to preserve rights, and aims at preserving these rights independently from one another. In this context,

- The Company place importance on customer satisfaction in the sales and marketing of goods and services, and therefore takes measures within this scope.
- The Company takes the necessary measures, and reviews and renews its processes in order to maintain relationships that are in accordance with the law and with the provisions of the establishment contract with its customers and suppliers to whom it provides products and services, and to follow international and industrial standards in providing goods and services.
- Information regarding customers and suppliers constitutes trade secrets, and strict attention is shown to the confidentiality of such information.
- The demands of customers with regard to purchased goods and services are met swiftly, with customers notified of any delays ahead of deadlines.
- The Company applies the supplier performance system on an annual basis, which enables it to determine and develop the primary areas of competence, to support mutual development and to evaluate the annual performance of suppliers. The outcomes of the performance system, as well as the fields that require improvement are shared with the suppliers together with regular updates on the system. In addition, Company policy, specifications and contracts are also among the information shared with suppliers.
- Aksa also provides customers with product specs on which the product specifications are stated. The analyses requested by customers and the outcomes of complaints made to the Company are also shared with customers following technical investigations. Furthermore, Aksa sends customers the "Product Responsibility and Product Manual Safety Guide", which informs them both in Turkish and in English that Aksa's products are environmentally friendly.

4.2 Stakeholder Participation in Management

4.2.1. Supportive mechanisms and models for the participation of stakeholders, primarily the Company's employees, in the management of the Company are developed in a manner that would not hinder the Company's operations. In this context, there has been a Representative Council ("RC") in Aksa that consists of 23 people, selected by Aksa employees by secret ballot, open counting since 1996. Meeting on a monthly basis, the RC is responsible for determining the problems that employees face, suggesting and working towards solutions, and notifying senior management about the expectations of employees.

The participation of employees is ensured through annual performance evaluation meetings, suggestion systems and annual meetings held at the Company.

Also, the presence of independent members in the Board of Directors enables the representation of all stakeholders, as well as the Company and the shareholders.

4.2.2. The Company also takes opinions and suggestions conveyed by other stakeholders into consideration if necessary.

4.3 Human Resources Policy

4.3.1. The policy of providing equal opportunity for people with equal qualifications is adhered to when creating the recruitment policies and making career plans. In cases where it is foreseen that changeovers in executive positions would cause disruptions in the Company's management, a succession planning is prepared on the determination of the managers to be appointed. The objective of Aksa's human resources policy is to recruit candidates who are suitable for the corporate culture and values, who have the knowledge, skills, experience and abilities the position requires, and who will move the Company forward, and therefore serve the strategies and goals of the Company. In adopting the "right person for the right job" principle, modern evaluation systems are being used to support the most objective decision in the recruitment and appointment processes.

4.3.2. The criteria regarding the Company's recruitment are determined in writing.

The Company intends to utilize human resources applications that use internationally-accepted models and internally integrated systems. It aims at using modern, integrated and results-oriented systems in all human resources processes, from recruitment to performance management, from development to remuneration and severance.

4.3.3. Employees are treated fairly with regard to all rights granted to them. Training programs are carried out, and educational policies are established in order to raise the employees' level of knowledge, skills and experience.

In line with the Company's continuous learning, development and results-orientation approach, while it is aimed for developmental programs to be organized for employees in relation to Company goals, knowledge, skills, fields of expertise and competencies, the Company also makes an effort to direct resources to programs that support social and cultural development. Development planning offers training and development solutions that are suitable for the current needs of both the Company and its employees.

4.3.4. Meetings are held to inform employees and exchange views about issues such as the financial conditions of the Company, wages, careers, education and health.

The Company adopts a management system that values people and encourages creativity, communication and employee participation. The Company acknowledges that creating an open, close and continuous communication environment is vital in maintaining the motivation and productivity of its employees.

4.3.5. Decisions taken about employees, or developments concerning employees, are notified to the employees or their representatives. The views of the representatives' council are obtained before taking decisions of this nature.

4.3.6. As well as the job descriptions and distribution of the Company's employees, performance and reward criteria are also announced to the staff. Attention is paid to efficiency in the determination of wages and other benefits paid to the employees.

The Company uses a job evaluation and salary model with worldwide validity and established reliability. This is a salary and vested benefits model which is objective and transparent, which reflects the core principles of both the domestic and international business environment, which is based on the principle of equality and fairness, and which ensures fair salaries for all employees.

The Performance Management System is a structure that aims at individuals' adoption of the corporate goals, and which reinforces common corporate culture. Employees are able to see their own contribution transparently, as well as the influence of this contribution at the corporate level within the system. The output of the Performance Management System is used in the development planning, talent management, career planning, remuneration and awarding processes of Human Resources, thereby introducing an integrated system where all processes support each other. The Company supports employees towards a common goal through incentives that serve to strengthen the high performance culture. The leadership and functional competencies of the Company are measured with a 360 degrees approach, and the ways that employees achieve results are evaluated. In this manner, the same system also ensures the reinforcement and implementation of those competencies that will take the Company into the future and serve its corporate reputation and sustainability.

4.3.7. Measures are taken to prevent racial, religious, language and gender discrimination among employees, and to protect them against physical, mental and emotional maltreatment.

The Company has not received any complaints about discrimination.

Employees are informed about these issues through personal development and communication training. Also, an Ethics Line has been established for employees who may encounter such cases. Managed by an independent Company, the Ethics Line has been founded for the communication of anonymous complaints and policy violations to the company.

4.3.8. The Company doesn't create any obstacles to effective use of the freedom of association and the right of collective labor agreement, and even supports these when necessary. In the current situation, the Company has no collective labor agreement.

4.3.9. The Company strives for continuous improvement and development in order to ensure a safe working environment and conditions for employees.

Relations with Customers and Suppliers

4.3.10. The Company takes all kinds of measures to ensure customer satisfaction in the sales and marketing of goods and services.

4.3.11. Customer demands for goods and services purchased are attempted to be met rapidly, and customers are informed about delays without waiting for deadlines.

4.3.12. Quality standards are complied with for goods and services, and utmost care is given to the maintenance of the standard. For this purpose, a certain guarantee of quality is also provided.

4.3.13. Utmost care is given to the confidentiality of information within the scope of trade secrets related to customers and suppliers.

4.4 Ethical Rules and Social Responsibility

4.4.1. The operations of the Company are carried out within the framework of the ethical rules that are disclosed to the public through the website.

4.4.2. The Company strives to have, develop, adopt and implement innovative and environmentally friendly technologies within the scope of both its environmental and quality policy. The Environmental Impact Assessment is taken into consideration in all kinds of innovative projects that are implemented by Aksa. Developed with an environmental and quality awareness, Company projects that decrease waste and enable the efficient use of energy and resources have been awarded various prizes.

Within the scope of sustainability activities that have been continued since 2006, the Company has raised its level to "Gray B", and the relevant reports are published on the corporate members' website.

Aksa became a signatory of the United Nations Global Compact in 2006 and was one of the 44 companies worldwide featured in the Global Compact Yearbook 2011, which includes best practices examples that illustrate how to implement the Global Compact's Ten Principles. The Global Compact Yearbook aims to set an example for, and encourage, other companies.

One of Aksa's projects aimed at raising public awareness is the Aksa Community School, on which its places great importance. Within the scope of the project, every year, a team of Aksa managers, volunteers and specialists visits a different village in close proximity to the production facilities. The team includes experts in their respective fields, who provide training to the village community in topics such as nutrition, protection against harmful pests, prevention of domestic accidents, mother and child healthcare, environmental protection, social rights, and best practices in agriculture in order to support rural development.

The Company takes measures against all kinds of corruption, including bribery and extortion. The necessary awareness raising and control activities are coordinated by the Human Resources Department.

SECTION V - THE BOARD OF DIRECTORS

5.1 The Structure and Formation of the Board of Directors

There are a total of 12 (twelve) members in the Board of Directors, consisting of 4 (four) independent, 1 (one) executive, and 7 (seven) non-executive members:

Board of Directors

Name Surname	Title	Starting Date	Period
Mehmet Ali BERKMAN	Chairman (Non-Executive)	28.03.2014	3 Years
Raif Ali DİNÇKÖK	Deputy Chairman (Non-Executive)	28.03.2014	3 Years
Ali Raif DİNÇKÖK	Member (Non-Executive)	28.03.2014	3 Years
Nilüfer DİNÇKÖK ÇİFTÇİ	Member (Non-Executive)	28.03.2014	3 Years
Ahmet Cemal DÖRDÜNCÜ	Member (Non-Executive)	28.03.2014	3 Years
İzer LODRİK	Member (Non-Executive)	28.03.2014	3 Years
Cengiz TAŞ	Member - General Manager	28.03.2014	3 Years
Bülent BULGURLU	Member (Non-Executive)	28.03.2014	3 Years
Mehmet Abdullah Merih ERGİN	Independent Member	28.03.2014	3 Years
Başar AY	Independent Member	28.03.2014	3 Years
Timur ERK	Independent Member	28.03.2014	3 Years
Ant BOZKAYA	Independent Member	28.03.2014	3 Years

Audit Committee

Name Surname	Title	Starting Date
Timur ERK	Chairman of the Committee (Independent)	08.04.2014
Başar AY	Committee Member (Independent)	08.04.2014
Ant BOZKAYA	Committee Member (Independent)	08.04.2014

Corporate Governance Committee

Name Surname	Title	Starting Date
Ant BOZKAYA	Chairman of the Committee (Independent)	08.04.2014
Başar AY	Committee Member (Independent)	08.04.2014
Erdinç KAZAK	Committee Member (Licenced Personel)	08.04.2014

Early Detection of Risk Committee

Name Surname	Title	Starting Date
Ant BOZKAYA	Chairman of the Committee (Independent)	08.04.2014
Mehmet Abdullah Merih ERGİN	Committee Member (Independent)	08.04.2014
Başar AY	Committee Member (Independent)	08.04.2014

The Board of Directors includes both executive and nonexecutive members. A non-executive member of the Board of Directors is a person who has no administrative duty in the Company apart from being a member of the Board of Directors, and who does not interfere in the daily business and regular activities of the Company. The majority of the members of the Board of Directors are non-executive. There is no restriction on the members of the Board of Directors regarding other duties in or outside the Group. Information about the duties fulfilled by members of the Board of Directors outside the Company are submitted for the information of investors in the PDP Company General Information Form, on the Company's corporate website, and in the Corporate Governance section of the annual report. The related independent members were nominated at the General Assembly, pursuant to the report of the Nominating Committee dated 25 March 2014.

Among the non-executive members of the Board of Directors are independent members qualified to accomplish their duties without prejudice.

The term of office for independent members of the Board of Directors is up to three years, although it is possible for them to be nominated and reelected.

There were no incidents that removed the impartiality of the independent members in 2014. Furthermore, declarations of independence received from each member at the beginning of the year are submitted for the information of our investors, both on the Company's website and in the annual report.

There is one female member on the Company's Board of Directors. The Company doesn't have any written policy or target for raising the number of female members.

5.2 Principles of the Activities of the Board of Directors

5.2.1. The Board of Directors carries out its activities in a transparent, accountable, just and responsible manner.

5.2.2. The roles were distributed among the members of the Board of Directors by assigning a Chairman and a Deputy Chairman.

5.2.3. The Board of Directors establishes internal control systems, including risk management and information systems, and processes that aim at minimizing the effects of risks that would affect the stakeholders of the Company, particularly the shareholders, by taking the suggestions of the related committees of the Board of Directors.

5.2.4. The Board of Directors reviews the efficiency of the risk management and internal control systems at least once a year. Information regarding the functioning and efficiency of the internal audit system is provided in the annual report.

5.2.5. Although not included in the Articles of Association, the authorities of the Chairman of the Board of Directors and the Chief Executive Officer/General Manager are clearly defined and separated. The General Manager and the Chairman of the Board of Directors are different persons, and neither of them has unlimited authority.

5.2.6. The General Manager of the Company and the Chairman of the Board of Directors are different persons.

5.2.7. The Board of Directors plays a part in preservation of effective communication between shareholders and the company, and in settling and resolving any disputes that may arise among them. In this respect, the Board of Directors is in constant contact with the Corporate Governance Committee and the Investor Relations Unit.

5.2.8. Any possible damages in the Company caused by members of the Board of Directors due to their negligence during the fulfillment of their duties are insured at an amount below the limit stated in Article No. 4.2.8 of the Corporate Governance Principles. No material disclosures have been made in this regard.

5.2.9. The Board of Directors convenes as often as they can to fulfill their duties effectively in accordance with the working principles of the Board of Directors. The Board of Directors convened 4 (four) times in 2014, with an average attendance rate of 88 %. The Chairman of the Board of Directors determines the agenda of the meetings in consultation with the other members of the Board of Directors and the CEO / General Manager, and communicates this to the members prior to the meeting. A total of 44 resolutions were taken by the Board of Directors in 2014. The matters discussed at the meetings of the Board of Directors are subsequently resolved in accordance with the provisions of Article 390/4 of the Turkish Commercial Code. The members pay attention to attend each meeting by examining and preparing information and documents pertaining to the matters listed on the agenda, and to express their opinions. The Board meetings can be held through remote access opportunities such as video conferencing, teleconferencing and internet.

The members of the Board of Directors are not entitled to preferential voting and / or veto rights.

5.2.10. In order to provide equal information flow, all information and documentation regarding the items on the agenda of the Board of Directors meeting are submitted to the review of the members of the Board of Directors sufficiently prior to the meeting.

5.2.11. Before the meeting, Board of Directors members may request for a change in the agenda from the chairman of the Board of Directors. Opinions of members who could not attend the meeting but submitted to the Board of Directors in writing are shared with other members.

5.2.12. Each member of the Board of Directors is entitled to one vote.

5.2.13. There are some special intercompany arrangements regulating how to organize the meetings of the Board of Directors.

5.2.14. The items on the agenda of the Board of Directors are discussed openly in all their aspects. The Chairman of the Board of Directors makes his best effort to ensure the effective participation of non-executive members in the meetings of the Board of Directors. None of the members of the Board of Directors cast a counter vote regarding any decision during the meetings held in 2014.

5.2.15. The members of the Board of Directors allocate sufficient time for the execution of Company affairs. In the event that a member of the Board of Directors serves as a manager or a member of the Board of Directors in another company, this situation doesn’t lead to a conflict of interest and hinder the responsibility of the member in the Company. Therefore, serving of the Members of the Board of Directors on some other duty or duties outside the Company is not regulated or restricted by certain rules. Duties fulfilled by the Members of the Board of Directors outside the Company are recorded in the “Company General Information Form” through the PDP, and the curriculum vitae of the Board members to be elected are shared through the “General Assembly information document” on PDP and the Company website, prior to the general assembly for election.

5.3 The Number, Structure and the Independence of the Committees Formed within the Board of Directors

5.3.1. The Company’s Board of Directors has reviewed the structures and activities of the existing committees in the framework of the provisions of the Corporate Governance Communiqué of the Capital Markets Board, and has established the Audit Committee, Early Detection of Risk Committee and Corporate Governance Committee.

The duties and responsibilities of the Nomination Committee and Remuneration Committee are carried out by the Corporate Governance Committee. Information on members of the committees is detailed in section No. 5.1.

5.3.2. The scope of duties, working principles and members of committees have been determined by the Board of Directors, and this information has been disclosed to the public through the Public Disclosure Platform and the Company website.

5.3.3. All of the board members of the committees within the Board of Directors have been elected from among the independent board members. Only Erdinç Kazak, the Investor Relations department manager, has been included in the Corporate Governance Committee since he holds the licenses required by legislation.

5.3.4. The General Manager does not hold any duties in any of the committees.

5.3.5. Care is taken not to assign a board member to more than one committee. However, some of the committee members may be involved in other committees according to the knowledge and experience of the independent members.

5.3.6. The Board of Directors provides all kinds of resources and support in order for the committees to perform their duties. The committees may invite executives to their meetings when they consider it necessary, and seek their opinions.

5.3.7. When required, the Committees also make use of the opinions of independent experts in relation to their operations. The cost of consulting services the committees may require is paid by the Company.

5.3.8. The committees record all their work in writing. The committees meet at intervals that are required for the efficiency of their work, which are explained in the principles of working. They present reports that include information on the work they carry out and the outcomes of their meetings to the Board of Directors.

5.3.9. Among the members of the Audit Committee within the Company, there are members who have experience in the fields of accounting / auditing and finance. The committee oversees the company's accounting system, public disclosure of financial information, and independent audit, as well as the functioning and effectiveness of the internal control and internal audit systems of the company. The selection of an independent auditing firm, preparation of independent audit contracts, and initiation of the independent audit process, and the works of the independent auditing firm at every stage, are all carried out under the supervision of the audit committee.

The independent auditing firm that will provide service to the Company, and the services to be obtained from this firm, are determined by the audit committee, and then submitted to the Board of Directors for approval.

The methods and criteria to be applied in the issues of investigation and resolution of complaints received by the Company about the accounting and internal control system and independent auditing of the Company, and evaluation of the notifications of employees on accounting and independent auditing of the Company within the context of the confidentiality principle, are also determined by the audit committee.

The audit committee reports its evaluations concerning the truthfulness and accuracy of the annual and interim financial statements to be disclosed to the public, according to the accounting principles followed by the Company, together with the evaluations of the Company's respective executives and independent auditors, to the Board of Directors in written form.

The audit committee convened 5 (five) times in 2014, and the decisions taken were submitted to the Board of Directors as the results of the meetings were written in the minutes. The audit committee immediately notifies its findings regarding the field of its duties and responsibilities, as well as its evaluations and recommendations on the issue, in writing to the Board of Directors.

5.3.10. The Company's Corporate Governance Committee observes whether or not corporate governance principles are applied in the company and, if not, identifies the reasons and the conflicts of interests arising due to not fully complying with these principles. The committee offers recommendations on optimizing corporate governance practices, and monitors the works of the investor relations unit.

5.3.11. Apart from its duties set forth in legislation, the Corporate Governance Committee also carries out the duties and responsibilities of the Nomination Committee, Early Risk Identification Committee and Compensation Committee.

5.4 Risk Management and Internal Control Mechanism

5.4.1. The Early Detection of Risk Committee, which is responsible for early detection of risks that jeopardize the existence, development and continuity of the Company, applying the necessary measures and remedies in this regard, and managing the related risks, has three members, each of whom are non-executive independent board members. The Committee reviews the risk management systems once a year.

A Risk Management Committee was established pursuant to Article 378 of Turkish Commercial Code No. 6102 to ensure the effective functioning of the committees within the Board of Directors for the purposes of early detection of risks that jeopardize the existence, development and continuity of the company, applying the necessary measures and remedies in this regard, and managing the related risks. The members of the Early Detection of Risk Committee were determined by decision of the Board of Directors dated April 2013, after the distribution of duties among the Board of Directors.

The Committee holds meetings every 2 (two) months and offers advice and recommendations to the Board of Directors on early detection of any kind of strategic, financial, operational, etc. risks that may affect the Company, assessment of these risks, evaluation of their impact and probability, management and reporting of these risks in accordance with the Company's corporate risk-taking profile, implementation of necessary measures in relation to the risks identified, consideration of these risks in decision-making mechanisms, and establishment and integration of effective internal control systems in this regard.

The Company's risk inventory is one of the most important follow-up tools used in Aksa's risk management activities. The risk inventory includes the company's operational, financial, reputational and strategic risks. Risks with high or very high level risk scores are monitored at the level of the Board of Directors. Detailed action plans are created for such risks, and a risk owner is assigned for each of these risks. The risk owner is responsible for managing the related risk within the framework of the agreed action plan. Thus, the risk management philosophy has become a permanent item on the agenda of routine business of Aksa executives. Updated in line with sectoral and institutional developments, this philosophy has become an integral part of the Company's applications.

The current internal control system, particularly increasing the efficiency and productivity of Company operations, maintaining reliability in financial reporting and compliance with applicable law and legislation, is being audited by the Audit Group established within the main partnership of the Company, Akkök Holding A.Ş., in accordance with the annual internal audit plan; and the outcome of the audit is reported to the Audit Committee. Those risks that prove to be critical within the framework of corporate risk management in the aforementioned annual internal audit plan are prioritized. The efficiency of internal audit operations has been reviewed by the Audit Committee at one (1) meetings held throughout the year. Opinions of the internal auditor, external auditor, or other Company executives have also been received as required at these meetings.

The Internal Audit team gets in touch with the independent auditors when necessary within the scope of audit activities, and occasionally performs common process controls with independent auditors.

5.5 The Strategic Goals of the Company

5.5.1. The Board of Directors keeps the balance between risk, growth and return at an ideal level through the strategic decisions it makes, and manages and represents the Company by primarily looking after its long term interests through rational and cautious risk management.

5.5.2. The Board of Directors defines the strategic goals of the Company, determines the human and financial resources it shall need, and inspects management performance.

The Company's short and long-term performances and strategic objectives are evaluated, and the necessary action plans are carried out according to the results obtained in the Finance Board meetings held on a monthly basis, and the Industrial Evaluation meetings held on a quarterly basis, and headed by the executive board member/ general manager.

5.6 Financial Rights

5.6.1. The Board of Directors is responsible for achieving the Company's set targets. Evaluation on whether the Company has achieved its publicly disclosed operational and financial performance targets and justifications in the event of failure is described in the annual report. The Board of Directors conducts a performance evaluation and auto-critique on the basis of the Board, members and managers with administrative responsibility. The Board of Directors rewards or dismisses the Board members and managers with administrative responsibility considering these evaluations.

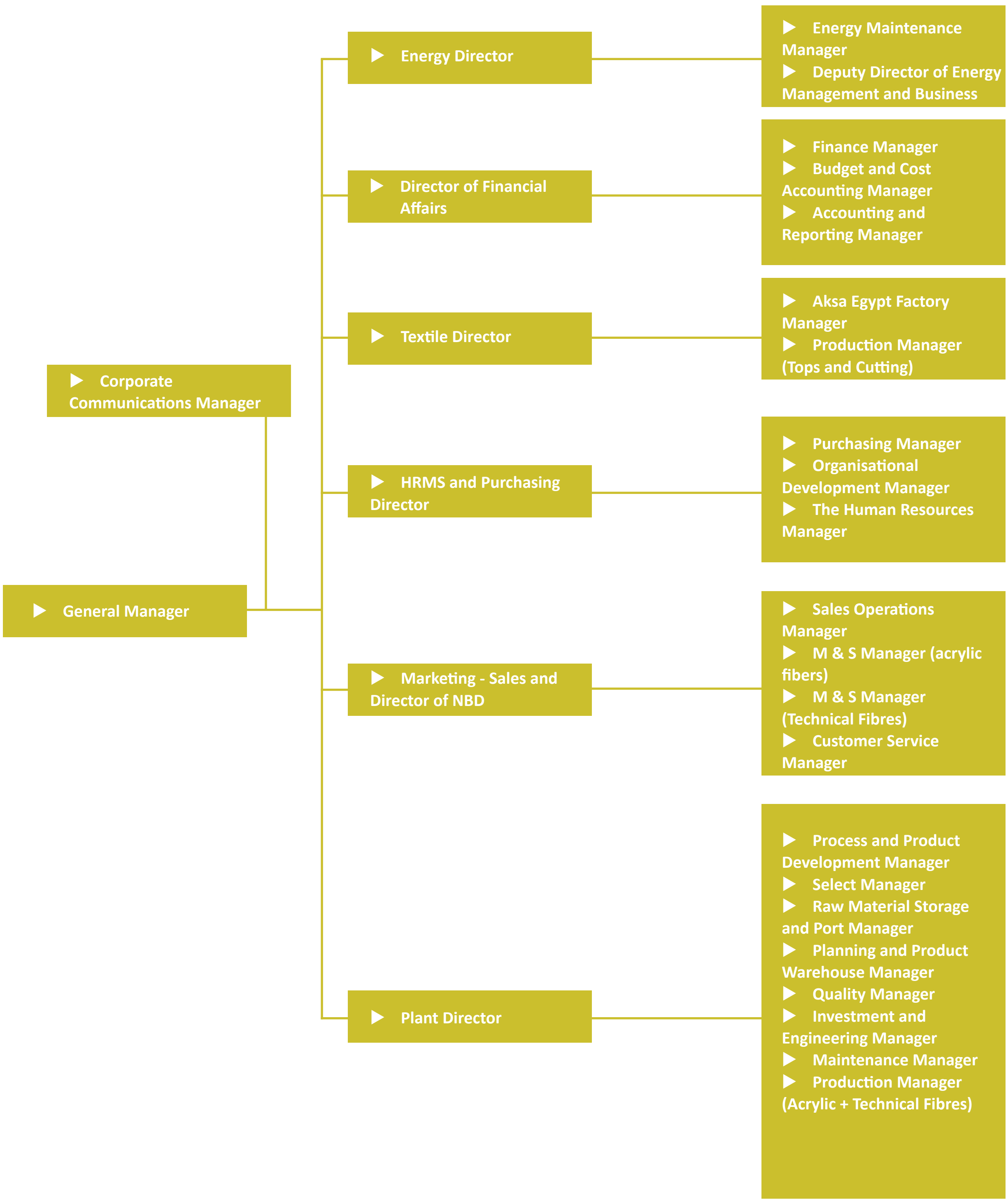
5.6.2. Principles for financial compensation for the Board of Directors have been put in writing, and were presented to the shareholders as a separate item in the 2011 agenda, allowing them to input their opinions. In this respect, the compensation policy is also published on the Company's website.

5.6.3. Stock options or payment schedules based on Company performance are not utilized in the financial compensation of independent members of the Board of Directors. Efforts are made to set the compensation for independent members of the Board of Directors at such a level as to ensure that they remain independent; compensation is determined during the General Assembly meeting.

5.6.4. The Company does not provide loans, credits or warranties such as sureties for the benefit of any of the members of the Board of Directors, or its executives.

5.6.5. The fees and all other benefits provided to the members of the Board of Directors are collectively disclosed to the public through the annual report and thefootnotes in the financial statements. Our statements are not made on an individual basis, and cover the Board of Directors and the senior executives.

ORGANIZATION CHART



EXECUTIVE MANAGEMENT

Aydın Fethi Baytan
Director of Human Resources Management Systems and Purchasing
Born in 1965, Aydın Fethi Baytan graduated from Boğaziçi University, Department of Computer Engineering in 1988. Afterwards, he began working at Bios Bilgisayar as a Software Development Specialist, and continued his career there as Project Manager. Between 1994 and 2000, he served as Information Technology Manager at Continent and subsequently, post-merger, at Carrefour. Joining Ak-Al Tekstil A.Ş. in 2000 as Information Technology Manager, Mr Baytan assumed the position of Assistant General Manager of Purchasing, Logistics and Systems Development in 2007. In December 2011, he joined Aksa as Purchasing Director. Currently, he serves as Director of Human Resources Management Systems and Purchasing.

Celalettin Özel
Textile Director
Born in Ankara 1957, Celalettin Özel graduated from the Faculty of Chemical Engineering at Yıldız Technical University in 1980. He obtained a Masters in Business Administration from Wimbledon College London, and completed his education in 1983. He started his business career at Akal Tekstil San. A.Ş. in 1984 as operating engineer, and subsequently worked as Operations Chief at Aktops Tekstil San.A.Ş. After holding the position of Plant Manager at Aktops Tekstil San. A.Ş. from 1990, he assumed the role of General Manager in 2002. He held this position until early 2014 when, following the merger of Aktops Tekstil San. A.Ş. and Aksa, Mr Celalettin Özel took the position of Textile Director.

Eren Ziya Dik
Director of Financial Affairs
Born in Adana in 1980, Eren Ziya Dik graduated from the Faculty of Business Administration at İstanbul University. He started his business career at PricewaterhouseCoopers Turkey in 2002. He held positions related to financial controlling, independent auditing, International Financial Reporting Standards (IFRS) and financial statements analysis at PricewaterhouseCoopers, as well as being part of the PwC London Audit team. Most recently, in 2010, he was appointed Senior Manager. Joining Aksa Akrilik Kimya Sanayii A.Ş. as Budget and Accounting Manager the same year, Dik has been working as Director of Financial Affairs since July 2012.

İsmail Murat İnceoğlu
Plant Director
Born in Istanbul in 1951, İsmail Murat İnceoğlu received his BSc in Textile Process Engineering from the Department of Textile at the University of Leeds (United Kingdom), where he also completed his master's studies. Mr İnceoğlu began his professional career at the Royal Mail UK and Braims Steel UK-Textile Testing Laboratory. In 1981, he started working at Ak-Al Tekstil as Production Operations Engineer, and later assumed the position of Production Manager at the Semi Worsted Hand-Knitting Plant. Mr İnceoğlu was involved in various high-level projects, primarily the merger of Ak-Al and Aksu, and he recently worked as Assistant General Manager for Technical and Quality. In March 2011, Mr İnceoğlu started working as Director of Technical and Administrative Services at Aksa, and he was appointed Plant Director in July 2011.

Sabri Arca
Marketing, Sales and New Business Development Director
Born in 1960, Sabri Arca graduated from the Department of Business Administration at the University of Southern California (USA). He worked at Dinarsu T.A.Ş. between 1985 and 1989, and at Ak-Al between 1990 and 1994. Mr Arca was promoted to Assistant General Manager at Aksa in 1994, and since then he has held the positions of Administrative Assistant General Manager, Assistant General Manager of Purchasing, Assistant General Manager of New Business Development and Purchasing, and Director of New Business Development and Purchasing, respectively. In December 2011, Mr Arca was appointed Director of Marketing, Sales and New Business Development.

Sinan Uğurlu
Energy Director
Born in Ankara in 1972, Sinan Uğurlu graduated from the Department of Electrical Engineering at Istanbul Technical University in 1995. He started his business career at Ereğli Demir ve Çelik Fabrikaları T.A.Ş. in 1998 as Test Engineer, and later assumed the position of Maintenance Engineer at the same Company. He worked as Maintenance and Investments Manager at Mitaş Enerji ve Madeni İnşaat İşleri T.A.Ş. between 2005 and 2006, and as Operations Manager at Bilkent Holding Bilkent Enerji Üretim San. Tic. A.Ş. between 2006 and 2009. Mr Uğurlu has been working as Energy Director at Aksa Akrilik Kimya Sanayii A.Ş. since 2012, where he started his career as Energy Manager in 2009.

AFTER 2014…

1. The Company's Acrylic Fiber (Tow) production capacity, which was calculated as 308,083 tons/year for 2014 and before, is now calculated as 315,240 tons/year on the back of the latest modernization and efficiency projects and investments. The total capacity will be regarded as 315,000 tons/year for the capacity utilization rates to be calculated for 2015 and after.

2. It was announced to the US Ministry of Energy Institute for Advanced Composites Manufacturing Innovation "IACMI" regarding our jointly controlled entity, DowAksa Advanced Composites BV that support will be providedin order to lower composite production costs, and enhance industrial usage composite materials. DowAksais a member of the 122-member Consortium, and details can be found in the Company's Material Disclosure dated January 12, 2015.

3. Aksa Planning and Product Warehouse Manager Haydar İnan was appointed Textile Director as of February 5, 2015, and Celalettin Özel, who has worked as Textile Director since January 1, 2014, was appointed Public Relations Director as of the same date.

4. The Company is currently negotiating with the European Bank for Reconstruction and Development (EBRD) for the usage of an investment loan amounting to 50 (fifty) million Euros, within the scope of financing investment and modernization projects to be executed in the upcoming periods.

5. The Company commenced negotiations in selling to Akkök Holding A.Ş. all of the shares it owns, corresponding to 36,503,700.00 in number, and total nominal value of TL 365,037.00 (worth TL 0.01 per share), belonging to the Company's subsidiary Ak-Pa Tekstil İhracat Pazarlama A.Ş., in which the company holds 13.47% of the shares.

İş Yatırım Menkul Değerler A.Ş. was assigned to determine the fair value of the said shares.

OTHER INFORMATIONS

The Company's other statements within the scope of the Capital Markets Board and the Turkish Commercial Code regulations are as follows:

The Company hasn't acquired any of its own shares.

No private or public audits were conducted in the Company during 2014.

There are no administrative or judicial sanctions imposed on the Company or the Board of Directors for any reason.

There were no legislative changes in 2014 which significantly changed the Company's activities.

There were no conflicts of interest between the Company and the institutions that provide services in areas such as investment consultancy and rating in 2014.

The Company has no unredeemed capital and the Company is not in a debt-choked status.

None of the Company's partnerships has a cross shareholding relationship.

Information regarding the benefits provided in accordance with the legislation to the related party transactions and balances, as well as the Board of Directors and the senior executives, is provided in footnote No. 26, titled Related Party Disclosures, in the Financial Statements section.

Information regarding the Company's financial resources is provided in footnote No. 7, titled "Financial Borrowings", in the Financial Statements section. There are no capital market instruments issued during the year or still active.

Litigations:

The following lawsuits were filed against the Company, which might not have material impact on the Company's financial status and activities, by Ömer Dinçkök who holds shares with a nominal value of TL 6,401.84 (representing 0.00346 % (of the Company's capital), in 2014:

1. Ömer Dinçkök, one of the shareholders of the Company, filed a lawsuit in the presence of File No. 2014/721 E. of the Istanbul 11th Commercial Court (former Court and File No.: Istanbul 31st Commercial Court, 2014/225 E.) for the cancellation of decisions numbered 2, 5, 6, 7, 9, 12, 13 and 15, taken at the 2013 ordinary General Assembly meeting of the Company. Our rebuttal petition to the aforesaid lawsuit and our evidence list have been submitted to the Court file. The litigation process continues. It was decided to carry out an expert examination in the hearing held on December 30, 2014. The date of the next hearing is on April 14, 2015. When the current state of the evidence and material facts are taken into consideration, the case is expected to result in favor of the Company.

2. Ömer Dinçkök, one of the shareholders of the Company, filed a lawsuit in the presence of File No. 2014/663 E. of the Istanbul 10th Commercial Court (former Court and File No.: Istanbul 33rd Commercial Court, 2014/118 E.) with the claim that his right to obtain information was denied unfairly at the ordinary General Assembly meeting dated March 28, 2014, to become authorized to obtain and analyze information on all trade books and records of the Company. The date of preliminary investigation hearing is on March 25, 2015. The information requested was provided both at the General Assembly meeting and in the response letters (except for information in the nature of confidential information or company secrets for the Company or third parties) sent subsequently to the relevant shareholder. All information and documents pertaining to the aforesaid lawsuit have been submitted to the Court file. The case is expected to result in favor of the Company.

3. Ömer Dinçkök, one of the shareholders of the Company, filed a liability lawsuit in the presence of File No. 2014/1200 E. of the Istanbul 14th Commercial Court against some of the Members of the Board of Directors of the Company, with the claim of illegal actions, decisions and actions resulting in loss to the Company. The litigation process is continuing. The date of preliminary investigation hearing is on April 9, 2015.

There are a number of various debt claims, business or administrative proceedings, other than the above-mentioned lawsuits, filed against the Company. The relevant lawsuits will not have a material impact on the Company's financial status and activities.

DIVIDEND DISTRIBUTION POLICY

Pursuant to the provisions of the Turkish Commercial Code, the Capital Markets Board's (CMB) Corporate Governance Communiqué, and the Communiqué on Dividend Distribution Numbered II- 19.1 and other CMB Legislations, Tax Legislation and other relevant legislations, and the provision of Article 25 of our Articles of Association pertaining to dividend distribution, the Company's "Dividend Distribution Policy" was determined as follows at the 2013 ordinary General Assembly.

1) In order to ensure that our partners achieve dividends regularly, in addition to return on shares, concerning the profits related to 2014 and the following years, at least 20 % of the distributable profit is distributed annually within the framework of Article 25 of the Company's Articles of Association, provided that it doesn't conflict with existing regulations of the Capital Markets Board, and there aren't any negative economic conditions, and taking into consideration the Company's anticipated investment expenditures and other funds needed.

Within the framework of the provision of sub-paragraph (c) of Article 25 of the Articles of Association and the Company's "Remuneration Policy for the Members of the Board of Directors and Senior Executives", it will be possible to pay dividends to the Members of the Board of Directors depending on the General Assembly decision.

The entire amount of the dividend planned to be distributed, may be distributed only if it can be met from net distributable profits and other resources existing in statutory records.

2) There are no privileged shares in the Company. The dividends to be distributed to the shareholders are distributed equally to all of the existing shares in proportion to their share, as of the distribution date, regardless of their dates of issue and acquisition.

3) Dividend can be distributed in cash or by bonus shares or partially in cash and partially by bonus shares.

4) The dividend distribution date is determined by the General Assembly in accordance with the proposal of the Board of Directors provided that it is not contrary to the Capital Markets Board legislation, and starting no later than the end of the fiscal year of the General Assembly in which the distribution decision was taken.

5) Distributable dividend can be paid in equal or varying installments. The number of installments shall be determined by the General Assembly or by the Board of Directors, provided that it is expressly authorized by the General Assembly. In the event that the installment payment dates are determined by the Board of Directors, the payment dates shall be disclosed to the public, in the framework of the Capital Markets Board's regulations on material disclosures, within fifteen days following the date of the General Assembly.

6) Dividend advance payments may be distributed to the shareholders provided that such payments are in compliance with the relevant Capital Markets Board Legislation.

7) This "Dividend Distribution Policy" may be revised annually, taking into account the Company's financial performance, anticipated investment projects, and sectoral and economic conditions.

RISK MANAGEMENT

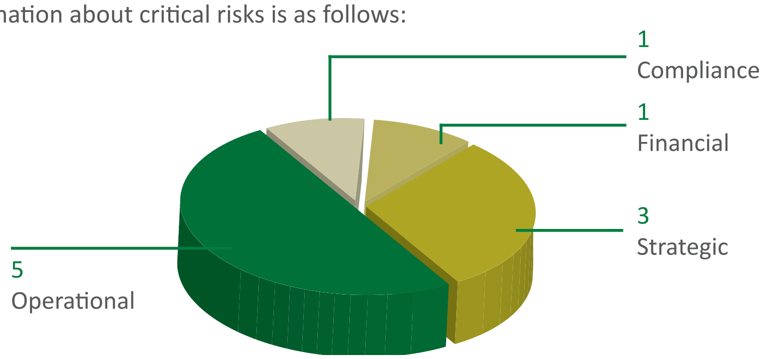
The Board of Directors of Aksa carries out its activities in a transparent, accountable, fair and responsible manner. The Board of Directors establishes internal control systems, including risk management and information systems and processes that aim at minimizing the effects of risks that would affect the stakeholders of the Company, particularly the shareholders, by obtaining the suggestions of the related committees of the Board of Directors.

A Risk Management Committee was established pursuant to Article 378 of the Turkish Commercial Code No. 6102 to ensure the effective functioning of the committees within the Board of Directors, for the purposes of early detection of risks that jeopardize the existence, development and continuity of the company, applying the necessary measures and remedies in this regard, and managing the related risks. The members of the Early Detection of Risk Committee were determined by decision of the Board of Directors dated April 2013 after the distribution of duties in the Board of Directors.

The Committee holds meetings every two (2) months and offers advice and recommendations to the Board of Directors upon early detection of any kind of strategic, financial, operational, etc. risks that may affect the Company, assessment of these risks, evaluation of their impact and probability, management and reporting of these risks in accordance with the Company's corporate risk-taking profile, implementation of the necessary measures in relation to the risks identified, consideration of these risks in decision-making mechanisms, and establishment and integration of effective internal control systems in this regard.

The Company's risk inventory is one of the most important follow-up tools used in Aksa's risk management activities. The risk inventory, created by considering sales, productivity, income generation capacity, profitability, indebtedness, and all future expectations depending on the corporate risk management policies of the Company, includes the company's operational, financial, reputational and strategic risks. Risks with high or very high level risk scores are monitored at the level of the Board of Directors. Detailed action plans are created for such risks, and a risk owner is assigned for each of these risks. The risk owner is responsible for managing the related risk within the framework of the agreed action plan. Thus, the risk management philosophy has become a permanent item on the agenda of routine business of Aksa executives. Updated in line with sectoral and institutional developments, this philosophy has become an integral part of the Company's applications.

The ten (10) main risks with the highest scores in the Company's Risk Inventory were identified as critical in 2014. Summary information about critical risks is as follows:



Specific processes have been developed according to the type of risks that may affect the Company's financial performance, regardless of whether they are critical or not. These risks are categorized mainly as Credit risk, Exchange Rate risk, Liquidity risk and Interest Rate risk, and they are included in footnote No. 27, titled "Nature and Extent of Risks Arising from Financial Instruments", in the Financial Statements section.

Having certified its Corporate Risk Management activities by the Turkish Standards Institution (TSE), Aksa successfully completed the "TS ISO 31000 Risk Management System Verification" audit, and has become the second enterprise in Turkey to hold this certificate, and the FIRST enterprise among the industrial organizations and Borsa Istanbul (BIST).

INTERNAL CONTROL MECHANISM

The current internal control system, particularly enhancing the efficiency and productivity of Company operations, ensuring reliability in financial reporting, and compliance with applicable law and legislation, is being audited by the Audit Group established within our parent company, Akkök Holding A.Ş., in accordance with the annual internal audit plan. The outcome of the audit is reported to the Audit Committee. The efficiency of internal audit operations has been reviewed by the Audit Committee at 5 (five) meetings held throughout the year. Opinions of the internal auditor, external auditor, or other Company executives have also been obtained when required at these meetings.

The Internal Audit team comes into contact with the independent auditors when necessary within the scope of audit activities, and occasionally performs common process controls with independent auditors.

ASSESSMENT OF THE BOARD OF DIRECTORS REGARDING COMMITTEES

The Committees come together to discuss the agenda items pertaining to themselves among the agenda of the Board of Directors and submit their opinions to the Board of Directors. Unless there is a specific reason to preclude their gathering, it is essential for them to come together to discuss the issue before the meeting.

Audit Committee

The Audit Committee is composed of independent members and is responsible for taking the necessary measures for the effective and transparent performance of all kinds of internal and external audit processes of the Company. The Committee also monitors the effective implementation of the internal control system managed within the Holding. In 2014, the Committee reported 5 (five) times to the Board of Directors within the scope of all these responsibilities. The actions taken by the Board of Directors about the following matters were taken on the basis of these reports.

The Main Duties of the Audit Committee include:

- Making regulations on the independent external audit activities,
- Selection of the independent audit firm,
- Determination of the scope of the audit and consulting services to be received,
- Examination of the financial reports before submission to the Board of Directors,
- Follow-up of the findings of Legal Audits,
- Supervision of the operation and effectiveness of the Company’s internal control system.

Corporate Governance Committee

The Corporate Governance Committee observed whether or not the corporate governance principles are applied in the Company. If not, the committee identified the reasons and the conflicts of interests arising due to not fully complying with these principles. The committee offered recommendations on optimizing corporate governance practices, and monitored the works of the Investor Relations unit. The duties of the Nomination Committee and Remuneration Committee are also carried out by the Corporate Governance Committee. Within the scope of these responsibilities, the Corporate Governance Committee managed to;

- Undertake efforts to create a transparent system to identify, evaluate and train qualified candidates for the Board of Directors and executive management positions, and formulate the relevant policies and strategies,

- Make regular evaluations on the structure and efficiency of the Board of Directors, and to advise the Board on changes that can be made on these issues,

- Express their views in the determination of the recommendations regarding the principles of remuneration of the Board members and senior executives by taking into account the long-term goals of the Company,

- Make determinations regarding the criteria that can be used in the remuneration, depending on the performance of the Company and the member.

Early Detection of Risk Committee

The Early Detection of Risk Committee is responsible for early detection of risks that jeopardize the existence, development and continuity of the Company, applying the necessary measures and remedies in this regard, managing the related risks, and undertaking efforts to fulfill the TS ISO 31000 Risk Management System Verification requirements. The Committee reviews the risk management systems at least once a year. In 2014, the Committee reported 6 (six) times to the Board of Directors.

SUMMARY OF THE 2014 SUBSIDIARY COMPANY REPORT PREPARED BY THE BOARD OF DIRECTORS OF AKSA AKRİLİK KİMYA SANAYİİ A.Ş. PURSUANT TO ARTICLE 199 OF THE TURKISH COMMERCIAL CODE

Pursuant to Article 199 of the Turkish Commercial Code No. 6102, which came into force on July 1, 2012, the Board of Directors of Aksa is obliged to prepare a report within the first three months of the fiscal year about the relations of the Company with its controlling shareholder and the subsidiaries of the controlling shareholder, and to include the conclusion part of this report in the annual report. The necessary explanations on related party transactions made by Aksa are provided in footnote No. 26 of the financial report. It is stated in the Commitment report prepared by the Board of Directors of Aksa that, “An appropriate counter action was taken in all transactions made in 2014 by Aksa with its controlling shareholders or subsidiaries, according to the circumstances known by us at the time the transaction was made or the measure was taken or avoided, and any measure that was taken or avoided didn’t cause any damage to the Company, and in this context, it is concluded that no damage that would require compensation was encountered”.

TARGETS AND ACTUALS

The Company’s expectations for the end of the year, which were provided in the interim reports of the Board of Directors at the beginning of 2014, and in the investor information presentations, and our evaluations on the accruals at the end of 2014, are as follows. While there were no significant changes in the expectations as of the interim periods during the year, the minor revisions according to the target at the beginning of the year were submitted as updates in the relevant reports.

	Target (USD million)	Actual (USD million)
Fibers(*)	850-890	903
Energy	50-60	57
Export	320-340	320
Investment(**)	70-80	57

(*) The accrual was high to a degree due to the rise in the capacity utilization rate and the pricing planning.
(**) Expenses pertaining to certain investment projects have been shifted to 2015 in accordance with project planning.

	Target (%)	Actual (%)
EBITDA Margin(***)	12-13	14
Capacity Utilization Rate(****)	98	99

(***) A slightly more positive margin was achieved due to operational efficiency, USD / TL exchange rate trend, and pricing planning.
(****) The capacity utilization rate rose slightly due to customer demand, and fewer scheduled/unscheduled interruptions in the factory.

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUE SERIAL: II- 14.1 ON PRINCIPLES REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS

UPON THE APPROVAL OF THE ANNUAL REPORT, THE BOARD OF DIRECTORS';
DECISION DATE: 04/03/2015
DECISION NUMBER: 2015/10

We hereby declare that,

The 2014 annual report, which was prepared pursuant to the provisions of the Capital Markets Board's (CMB) Communiqué Serial: II-14.1 on "Principles Regarding Financial Reporting in Capital Markets" ("Communiqué"), and in compliance with the format and content specified by the CMB and the relevant legislations;

• Was examined by our side;

• Did not include any explanation contrary to the facts with respect to important matters or any gaps that could be misleading as of the date when the explanation was made, to the extent of the information we have, as per our duty and responsibility within the Company;

• To the extent of the information we have, as per our duty and responsibility within the Company, the annual report, which was prepared in accordance with the relevant Communiqué, solely reflects the truth regarding the development and performance of the business; and along with those under the scope of consolidation, reflects the truth regarding the Company's financial status, together with the significant risks and uncertainties it faces, and that we are liable for the statement made.

Yours Faithfully,

Timur Erk
Chairman of the Audit Committee

Ant Bozkaya
Member of the Audit Committee

Eren Ziya DİK
Director of Financial Affairs

DIVIDEND DISTRIBUTION PROPOSAL

Dear Shareholders,

We have presented you information regarding the Company's activities in the financial year 2014, along with our balance sheet and income statement for the same period. We hope you find the results of our operations satisfactory.

In accordance with the terms of the dividend distribution policy that we have previously shared with our shareholders, the Company has drawn up its proposal for the distribution of dividends concerning the profits of 2014 as follows, subject to ratification by the General Assembly.

The net period profit appearing on the consolidated financial statements drawn up within the framework of the provisions of Communiqué No. 14.1, Series II, of the Capital Markets Board is TL 162,848,734.90. The net profit for the period, based on the financial statements prepared in accordance with the provisions of Tax Procedure Law, stands at TL 164,767,808.07.

Out of the TL 162,848,734.90 net profit for the period included in the consolidated financial statements established within the framework of the provisions of the Capital Market Board's Communiqué Serial: II, No: 14.1;

- No amounts shall be set aside since the General Legal Reserves in our records didn't reach the upper limit defined in the provisions of both Article 519, Paragraph 1 of the Turkish Commercial Code, as well as sub-paragraph (a) of Article 25 of the Company's Articles of Association,

- The first dividend of TL 9,250,000.00 (the gross dividend amount corresponding to a nominal share of TL 1.00 is TL 0.05 and the gross rate of dividend is 5%), which corresponds to 5% of the Company's total paid capital of TL 185,000,000.00, be distributed to our shareholders in cash within the framework of Article 25 of the Company's Articles of Association,

- Gross dividend of TL 153,598,734.90, TL 3,093,865.97 that is left over after the distribution of first dividends to shareholders, be issued to the members of the Board of Directors within the framework of Wage Policy for the Company's Board of Directors members and Executive Managers as per Article 25 of the Company's Articles of Association,

- Of the remaining TL 150,504,869.94, TL 112,850,000.00 (the gross dividend amount corresponding to a nominal share of TL 1.00 is TL 0.610000 and the gross rate of dividend is 61.0000%) be distributed to shareholders as second dividend in accordance with Article 25 of the Company's Articles of Association,

- Setting the total of first and second dividends to be distributed to shareholders as TL 122,100,000.00 (the gross dividend amount corresponding to a nominal share of TL 1.00 is TL 0.660000 and the gross rate of dividend is 66.000%),

- TL 11,594,386.60 shall be added to the General Legal Reserves.

- The remaining amount shall be set aside as Contingent Reserve,

- Distribution of dividend amounts in cash shall take place on April 2, 2015.

- TL 66.00 gross=net cash dividend per nominal share of TL 1 with a rate of 66.00% shall be paid to legally obligated corporations and corporate partners which acquire dividends by the mediation of a business domicile in Turkey or its resident representative,

- TL 0.5610 gross and TL 0,66 net cash dividend per nominal share of TL 1 with a rate of 56.10% shall be paid to the rest of the shareholders.

We submit the aforesaid to the approval of our General Assembly.

Dear Partners, we pay our respects to you and wish that the coming years may bring happy and successful days for our country, Company and us all.

The Board of Directors

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of Aksa Akrilik Kimya Sanayii A.Ş.

Auditor's Report on the Board of Directors' Annual Report

1. We have audited the annual report of Aksa Akrilik Kimya Sanayii A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group") for the period ended 31 December 2015.

Board of Directors' responsibility for the Annual Report

2. The Group's management is responsible for the fair preparation of the annual report and its consistency with the consolidated financial statements in accordance with Article 514 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and for such internal control as management determines is necessary to enable the preparation of the annual report.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's annual report based on the independent audit conducted pursuant to Article 397 of TCC (and the Communiqué), about whether or not the financial information included in this annual report is consistent with the Group's consolidated financial statements that are subject to independent auditor's report dated 20 February 2015 and presented fairly.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance about whether the financial information in the annual report is fairly presented and consistent with the consolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

We believe that the independent audit evidences we have obtained during our independent audit, are sufficient and appropriate to provide a basis for our opinion.

Opinion

4. Based on our opinion, the financial information in the annual report of Board of Directors of Aksa Akrilik Kimya Sanayii A.Ş. is consistent with the audited consolidated financial statements and presented fairly, in all material respects.

Other Responsibilities Arising From Regulatory Requirements

5. Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 "Going Concern", we have not encountered any significant issue which we are required to report with regards to the ability of Group to continue its operations for the foreseeable future.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Çağlar Sürücü, SMMM
Partner

Istanbul, 4 March 2015

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Aksa Akrilik Kimya Sanayii A.Ş.;

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Aksa Akrilik Kimya Sanayii A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014 and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards which is part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 independent audit includes also 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 consolidated financial statements.

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

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aksa Akrilik Kimya Sanayii A.Ş. (and its Subsidiaries) as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with Turkish Accounting Standards.

Emphasis of Matter

5. As explained in Note 2.5 to the consolidated financial statements, US Dollar ("USD") amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira "TL", as a matter of arithmetic computation only, at the official USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 for consolidated statement of financial position; and the official USD average CBRT bid rates of the year 2014 for the consolidated statement of consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and they do not form part of these consolidated financial statements.

Other Responsibilities Arising From Regulatory Requirements

6. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 20 February 2015.

7. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2014 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

8. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and submitted required documents within the context of audit.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Çağlar Sürücü, SMMM
Partner

Istanbul, 20 February 2015

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	31 December 2014 USD (*)	Audited 31 December 2014 TL	Audited 31 December 2013 TL
ASSETS				
Current assets		421,320	977,000	857,189
Cash and cash equivalents	4	83,010	192,492	233,208
Trade receivables				
- Trade receivables from third parties	8	128,228	297,347	218,386
- Trade receivables from related parties	26	79,762	184,959	147,010
Other receivables				
- Other receivables from related parties	26	2,998	6,952	-
- Other receivables from third parties	9	97	224	212
Inventories	10	101,931	236,368	185,194
Prepaid expenses	16	5,888	13,653	18,533
Derivative financial instruments	17	1,115	2,586	-
Other current assets	16	18,293	42,419	54,646
Non-current assets		**440,323**	**1,021,065**	**954,416**
Other receivables				
- Other receivables from related parties	26	30,376	70,439	-
Financial investments	5	1,016	2,355	2,355
Investments accounted for using the equity method	6	104,613	242,588	245,108
Property, plant and equipment	11	292,611	678,535	678,511
Intangible assets				
- Goodwill	13	2,583	5,989	5,989
- Other intangible assets	12	3,198	7,417	9,931
Prepaid expenses	16	4,089	9,483	11,986
Derivative financial instruments	17	1,831	4,246	524
Other non-current assets		6	13	12
TOTAL ASSETS		**861,643**	**1,998,065**	**1,811,605**

(*) United States Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.5)

These consolidated financial statements at 31 December 2014 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 20 February 2015.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	31 December 2014 USD (*)	Audited 31 December 2014 TL	Audited 31 December 2013 TL
LIABILITIES				
Current liabilities		**324,184**	**751.751**	616,554
Short-term borrowings	7	109,009	252,781	159,468
Short-term proportion of long-term borrowings	7	12,708	29,469	66,393
Trade payables				
- Trade payables to third parties	8	166,869	386,952	308,130
- Trade payables to related parties	26	19,188	44,494	32,976
Other payables				
- Other payables from third parties	9	1,205	2,795	3,259
Deferred income	16	5,285	12,256	24,468
Income tax payable	24	4,796	11,122	10,437
Short-term provisions				
- Short-term provisions for employee benefits	15	560	1,298	1,035
- Other short-term provisions	14	4,553	10,557	6,653
Derivative financial instruments	17	-	-	3,312
Other current liabilities		12	27	423
Non-current liabilities		**57,334**	**132,951**	**147,565**
Long-term borrowings	7	43,977	101,978	124,616
Long-term provisions				
- Provision for employment termination benefits	15	9,309	21,587	15,338
Deferred income	16	-	-	366
Deferred tax liabilities	24	4,048	9,386	7,245
Total liabilities		**381,518**	**884,702**	**764,119**
EQUITY		**480,125**	**1,113,363**	**1,047,486**
Attributable to equity holders of the parent		**480,101**	**1,113,306**	**1,047,436**
Share capital	18	79,779	185,000	185,000
Adjustment to share capital	18	84,167	195,175	
Share premium		19	44	44
Other comprehensive income/(expense) not to be reclassified to profit and loss				
- Remeasurement gain/(loss) arising from defined benefit plans		(2,842)	(6,591)	(3,129)
Other comprehensive income/expense to be reclassified to profit and loss				
- Currency translation reserve		26,543	61,550	43,481
- Hedging reserve		(149)	(346)	195
Restricted reserves		41,359	95,907	82,764
Retained earnings		180,999	419,718	403,221
Net income		70,227	162,849	140,685
Attributable to non-controlling interests		**25**	**57**	**50**
TOTAL LIABILITIES AND EQUITY		**861,643**	**1,998,065**	**1,811,605**

(*) USD amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the CBRT at 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.5).

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2014 USD (*)	Audited 2014 TL	Audited 2013 TL
Revenue	19	962,811	2,104,898	1,756,402
Cost of sales (-)	19, 20	(818,569)	(1,789,556)	(1,468,423)
Gross profit		**144,242**	**315,342**	**287,979**
General administrative expenses (-)	20	(20,062)	(43,859)	(45,142)
Marketing, selling and distribution expenses (-)	20	(19,726)	(43,126)	(37,101)
Research and development expenses (-)	20	(1,727)	(3,775)	(6,109)
Other operating income	21	30,887	67,525	46,004
Other operating expenses (-)	21	(26,481)	(57,892)	(57,894)
Operating profit		**107,133**	**234,215**	**187,737**
Share of loss of investment accounted for using the equity method	6	(9,236)	(20,192)	(25,525)
Operating profit before financial (loss)/income		**97,897**	**214,023**	**162,212**
Financial income	22	41,439	90,594	112,295
Financial expenses (-)	23	(44,135)	(96,488)	(90,161)
Profit before tax from continuing operations		**95,201**	**208,129**	**184,346**
Taxation expense on income:				
- Current income tax (-)	24	(19,246)	(42,076)	(43,445)
- Deferred income tax	24	(1,462)	(3,197)	1,649
Net income for the year from continuing operations		**74,493**	**162,856**	**142,550**
Other comprehensive income/(expense):				
Items not to be reclassified to profit and loss				
Remeasurement (loss)/gain arising from defined benefit plan		(1,979)	(4,327)	1,364
Taxation on other comprehensive income not to be reclassified to profit and loss		396	865	(273)
Items to be reclassified to profit and loss				
Fair value changes on derivative financial instruments		(309)	(676)	1,485
Currency translation differences		8,265	18,069	44,579
Taxation on to be reclassified to profit and loss		62	135	(297)
Total comprehensive income		**80,927**	**176,922**	**189,408**
Net income for the period attributable to:				
Equity holders of the parent		74,490	162,849	140,685
Non-controlling interests		3	7	1,865
		74,493	**162,856**	**142,550**
Total comprehensive income attributable to:				
Equity holders of the parent		80,924	176,915	187,543
Non-controlling interests		3	7	1,865
		80,927	**176,922**	**189,408**
Earnings per share for equity holders of the parent (Kr)	25	0.40	0.88	0.76

(*) USD amounts presented above have been translated from TL for convenience purposes only, at the USD average CBRT bid rates for the year ended 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.5).

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2014 AND (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Attributable to equity holders of the parent

	Share capital	Adjustments to share capital	Share premium	Restricted reserves	Currency translation differences[1]	Hedging reserve[1]	Remeasurement loss arising from defined benefit plans[2]	Retained earnings	Net income for the period	Total	Non-controlling interests	Total equity
1 January 2013	**185.000**	**195.175**	**44**	**60.644**	**(1.098)**	**(993)**	**(4.220)**	**357.562**	**168.509**	**960.623**	**10.297**	**970.920**
Transfers	-	-	-	22,120	-	-	-	146,389	(168,509)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(89,550)	-	(89,550)	(2,959)	(92,509)
Total comprehensive income	-	-	-	-	44,579	1,188	1,091	-	140,685	187,543	1,865	189,408
Share changes not resulting in control change in sursidiaries (Note 13)	-	-	-	-	-	-	-	(11,180)	-	(11,180)	(9,153)	(20,333)
31 December 2013	**185,000**	**195,175**	**44**	**82,764**	**43,481**	**195**	**(3,129)**	**403,221**	**140,685**	**1,047,436**	**50**	**1,047,486**

Attributable to equity holders of the parent

	Share capital	Adjustments to share capital	Share premium	Restricted reserves	Currency translation differences[1]	Hedging reserve[1]	Remeasurement loss arising from defined benefit plans[2]	Retained earnings	Net income for the period	Total	Non-controlling interests	Total equity
1 January 2014	**185,000**	**195,175**	**44**	**82,764**	**43,481**	**195**	**(3,129)**	**403,221**	**140,685**	**1,047,436**	**50**	**1,047,486**
Transfers	-	-	-	13,143	-	-	-	127,542	(140,685)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(111,045)	-	(111,045)	-	(111,045)
Total comprehensive income	-	-	-	-	18,069	(541)	(3,462)	-	162,849	176,915	7	176,922
31 December 2014	**185,000**	**195,175**	**44**	**95,907**	**61,550**	**(346)**	**(6,591)**	**419,718**	**162,849**	**1,113,306**	**57**	**1,113,363**

[1] Items to be reclassified to profit and loss
[2] Items not to be reclassified to profit and loss

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2014 USD (*)	2014 TL	2013 TL
A. Cash Flows From Operating Activities		78,000	170,524	307,352
Net income for the period		74,493	162,856	142,550
Adjustments to reconcile net income before tax to net cash provided by operating activities:		**62,595**	**136,846**	**154,789**
Adjustments related to depreciation and amortization	20	27,525	60,175	52,046
Adjustments related to impairment/(reversal of impairment)		901	1,969	684
Adjustments related to provisions		1,640	3,585	1,737
Adjustments related to interest (income) and expense	22,23	851	1,861	(1,831)
Unrealized exchange differences		3,159	6,907	32,956
Adjustments related to fair value gain/losses	5	-	-	(1,028)
Adjustments related to losses of associates	6	9,236	20,192	25,525
Adjustments related to tax income/expenses		20,709	45,273	41,796
Adjustments related to income/expenses to dispose of fixed assets		(1,674)	(3,659)	3,444
Other adjustments		248	543	(540)
Changes in working capital		**(61,600)**	**(134,669)**	**9,624**
Adjustment related to increases/decreases in inventory		(22,872)	(50,002)	(19,119)
Adjustment related to increases/decreases in trade receivable		(59,998)	(131,168)	(50,901)
Adjustment related to increases/decreases in other receivables arising from operating activities		(5)	(12)	(42)
Adjustment related to increases/decreases in trade payables		44,569	97,436	104,619
Adjustment related to increases/decreases in other payables arising from operating activities		(214)	(467)	264
Other adjustment related to increases/decreases in working capital		(23,079)	(50,456)	(25,197)
Cash flows from operating activities		**2,512**	**5,491**	**389**
Dividends paid to non-controlling interest		-	-	(2,959)
Interest paid		(3,246)	(7,096)	(7,980)
Interest received		5,880	12,855	12,949
Taxes paid/received		(123)	(268)	(1,621)
B. Cash Flows From Investing Activities		**(60,524)**	**(132,318)**	**(145,939)**
Cash paid for acquisition of non-controlling interests		-	-	(20,333)
Cash proceeds from disposal of property, plants and equipment and intangibles		134	292	3,983
Cash proceeds from purchase of property, plants and equipment and intangibles	11,12	(60,658)	(132,610)	(129,589)
C. Cash Flows From Financing Activities		**(39,603)**	**(86,581)**	**(71,162)**
Cash inflow arising from borrowings		43,373	94,821	59,016
Cash outflow arising from repayment of borrowings		(31,094)	(67,978)	(40,838)
Dividends paid		(50,794)	(111,045)	(89,550)
Interest received		2,196	4,800	5,190
Interest paid		(3,284)	(7,179)	(4,980)
Net increase in cash and cash equivalents before currency translation differences		**(22,127)**	**(48,375)**	**90,251**
D. Effect of Currency Translation Differences on Cash and Cash Equivalents		**182**	**397**	**724**
Net (decrease)/ increase on cash and cash equivalents		**(21,946)**	**(47,978)**	**90,975**
E. Cash and Cash Equivalents at The Beginning of The Period		**105,059**	**229,681**	**138,706**
Cash and cash equivalents the end of period	4	**83,114**	**181,703**	**229,681**

(*) US Dollar ''USD'' amounts presented above have been translated from TL for convenience purposes only, at the USD average CBRT bid rates for the year ended 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.5).

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Tutarlar aksi belirtilmedikçe bin Türk Lirası ("TL") cinsinden ifade edilmiştir.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Aksa Akrilik Kimya Sanayii A.Ş. ("Aksa" or the "Company") was established on 21 November 1968 and registered in Turkey.

Aksa and its subsidiaries (together "the Group") have the following main activities; manufacturing of textile, chemical and other industrial products and all kinds of raw materials, auxiliary materials and intermediate substances, artificial, synthetic and natural fibers, carbon fibers, filament and polymers, and any equipment, machinery or spare parts used in the production, processing or storage of these, importing exporting, establishment of domestic, foreign and international branches, marketing and trading, establishment and start-up and rental of energy generation plant, electricity generation and sale of generated electricity or capacity to customers.

As of 31 December 2014, the principal shareholders and their respective shareholding rates in the Company are as follows (Note 8):

	%
Akkök Holding A.Ş. ("Akkök Holding")	39.59
Emniyet Ticaret ve Sanayi A.Ş.	18.72
Other (*)	41.69
Total	100.00

(*) As of 31 December 2014, 37.24% of the Group's shares are traded on Borsa Istanbul ("BIST").

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinçkök family members.

The address of the registered office of the Company is as follows:

Gümüşsuyu Miralay Şefik Bey Sokak
Akhan No: 15 34437 Beyoğlu - İstanbul

Main operations of the Group are in Turkey and for the purpose of segment reporting, the operations are summarized in three operational segments as fibers, energy and other (Note 3).

- Fibers
- Energy
- Other

The Company has the following subsidiaries, joint venture and associate. County, nature of operations and segmental information of these companies are as follows:

Subsidiaries	Country	Nature of business	Segment
Fitco BV ("Fitco")	Holland	Investment	Other
Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt")	Egypt	Textile	Fiber

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Joint ventures	Country	Nature of business
DowAksa Advanced Composites Holdings BV ("DowAksa Holdings")	Holland	Investment
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("Dowaksa")	Turkey	Chemical
DowAksa Switzerland Gmbh	Switzerland	Investment
DowAksa US LLC	USA	Chemical
LLC NCC-Neftemehanika (*)	Russia	R&D/Chemical
LLC NCC-ACM (*)	Russia	R&D/Chemical
LLC NCC-Alabuga (*)	Russia	R&D/Chemical
Nanotechnology Centre of Composites (*)	Russia	R&D/Chemical
c-m-p GmbH (**)	Germany	Chemical

(*) Shares of joint ventures have been acquired by DowAksa Holdings for amount of Ruble 134 million (approximate USD 4.3 million) on 24 January 2014.

(**) This joint venture has been acquired by DowAksa Holdings for a purchase consideration of EUR 15 million on 12 December 2014. EUR 10 Million of the total amount was paid in cash whereas the remaining amount of EUR 5 million is contingent on the financial performance of c-m-p GmbH for the next two years.

Financial investments	Nature of Country	business
Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa")	Turkey	Foreign Trade

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial Reporting Standards Applied

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") published in the Official Gazette numbered 28676 on 13 June 2014. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (''TAS'') issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

The consolidated financial statements and notes of the Group are prepared as per the Capital Market Board ("CMB'') announcement of Communique Serial XII, No: 14.1 of relating to financial statements presentation.

The Group and its Turkish subsidiaries and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for financial assets and liabilities which are carried at fair value and are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

These consolidated financial statements have been prepared as TL which is functional currency of the group under historical cost conventions except for financial assets and financial liabilities which are carried at fair value and joint ventures accounted for equity method. The functional currencies of joint ventures are USD, EUR and Ruble.

Amendments and Interpretations in Turkish Financial Reporting Standards

Group has applied to revised standards and interpretations which are published by POA and valid after 1 January 2014.

(a) Amendments in TAS which affect the consolidated financial statements and its related notes

None

(b) New standards, amendments and TFRICs applicable to 31 December 2014 year ends:

- Amendment to TAS 32, 'Financial instruments: Presentation', on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014.These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- Amendment to TAS 36, 'Impairment of assets' on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendment to TAS 39, 'Financial Instruments: Recognition and Measurement' - 'Novation of derivatives' is effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

- Amendment to TFRIC 21, 'Levies' is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of TAS 37, 'Provisions, contingent liabilities and contingent assets'. TAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Amendment to TFRS 10, 12 and TAS 27 on consolidation for investment entities is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made TFRS 12 to introduce disclosures that an investment entity needs to make.

(c) New TFRS standards, amendments and TFRICs effective after 1 January 2015:

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project that affect 7 standards:

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

- TFRS 2, 'Share-based payment'
- TFRS 3, 'Business Combinations'
- TFRS 8, 'Operating segments'
- TFRS 13, 'Fair value measurement'
- TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets'
- Consequential amendments to TFRS 9, 'Financial instruments', TAS 37, 'Provisions, contingent liabilities and contingent assets', and
- TAS 39, Financial instruments - Recognition and measurement'

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycle of the annual improvements project that affect 4 standards:

- TFRS 1, 'First time adoption'
- TFRS 3, 'Business combinations'
- TFRS 13, 'Fair value measurement' and
- TAS 40, 'Investment property'

- TFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. TFRS 14, 'Regulatory deferral accounts' permits first–time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

- Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortization, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- Amendments to TAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendments to TFRS 10, 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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- TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2017. TFRS 15, 'Revenue from contracts with customers' is a converged standard from the TASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- TFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- Amendments to TAS 16 'Property, plant and equipment', and TAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.

- Amendment to TAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

• TFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
• TFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to TFRS 1) regarding servicing contracts.
• IAS 19, 'Employee benefits' regarding discount rates.
• IAS 34, 'Interim financial reporting' regarding disclosure of information

The Group will evaluate the impact of these amendments and apply where necessary.

Resolutions published by POA

In addition to the foregoing, POA published the following resolutions regarding application of Turkish Accounting Standards. '' Illustrative Financial Statements and User's Manual" become effective at the date of its publication, other resolutions became effective in the annual reporting periods starting after 31 December 2012.

a) 2013- 1 Illustrative Financial Statements and User's Manual

On 20 May 2013, POA published the "Illustrative Financial Statements and User's Manual" in order to make financial information uniform and facilitate auditing. Illustrative financial statements included in this resolution are to be used by reporting entities which are required to apply TAS, except for banks, insurance companies, private pension funds and other companies regulated by capital markets.

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b) 2013- 2 Accounting of Combinations under Common Control

In accordance with the resolution it has been decided that i) combination of entities under common control should be recognized using the pooling of interest method, ii) and thus, goodwill should not be included in the financial statements and iii) while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occurred. This resolution did not have any impact on the consolidated financial statements of the Group.

c) 2013-3 Accounting of Redeemed Share Certificates

Clarification has been provided on the conditions and circumstances when the redeemed share certificates shall be recognized as a financial liability or equity based financial instruments. This resolution did not have any impact on the consolidated financial statements of the Group.

d) 2013-4 Accounting of Cross Shareholding Investments

If a subsidiary of an entity holds shares of the entity then this is defined as cross shareholding investment. Accounting of this cross investment is assessed based on the type of the investment and different recognition principles adopted accordingly. With this resolution, this topic has been assessed under three main headings below and the recognition principles for each one of them has been determined.

i) the subsidiary holding the equity based financial instruments of the parent,
ii) the associates or joint ventures holding the equity based financial instruments of the parent
iii) the parent's equity based financial instruments are held by an entity, which is accounted as an investment within the scope of TAS 39 and TFRS 9 by the parent.
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2.1.2 Basis of Consolidation

a) The consolidated financial statements include the accounts of the parent company, Aksa, and its subsidiaries on the basis set out in sections (b), The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with TAS by applying uniform accounting policies and presentation The results of operations of subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.

b) Subsidiaries are all companies over which Aksa has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the principle of control sets out the following three elements of control:

- Power over the investee
- Exposure or rights, to variable returns from involvement with the investee; and
- The ability to use power over the investee to affect the amount of the investor's returns.

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The table below sets out all subsidiaries and demonstrates their shareholding structure as of 31 December 2014 and 2013:

	The Group's direct and indirect ownership interest (%)	
Subsidiary	**31 December 2014**	**31 December 2013**
Fitco	100.00	100.00
Aksa Egypt	99.57	99.57

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date that the control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Carrying values of the subsidiaries' shares held by the Company are eliminated against the related equity of subsidiaries. Intercompany transactions and balances between Aksa and its subsidiaries are eliminated on consolidation. Dividends arising from shares held by the Group in its subsidiaries are eliminated from income for the period and equity, respectively

The minority shareholders' share in the net assets and results of subsidiaries for the period are separately classified as non-controlling interests in the consolidated balance sheets and statements of comprehensive income.

c) Joint ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and one or more other parties. The Group exercises such joint control through direct and indirect ownership interest held by itself and related shareholders majority of who declared their intention to exercise their voting power in favor of Company.

Joint ventures are accounted for using the equity method of accounting in accordance with TFRS 11 "Joint Arrangements" (Note 6).

The financial statements of joint ventures are prepared in accordance with the accounting principles and practices adopted of accounting policies which used in the latest annual consolidated financial statements.

Joint venture's operating results are included or excluded at the effective date of transaction dates of acquisition or disposal of the joint venture.

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	The Group's direct and indirect ownership interest (%)	
Joint venture	31 December 2014	31 December 2013
DowAksa Holdings	50.00	50.00
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti.	50.00	50.00
DowAksa Switzerland Gmbh	50.00	50.00
DowAksa USA LLC	50.00	50.00
c.m.p GmbH	25.00	-
Nanotechnology Centre of Composites	16.66	-
LLC NCC-ACM	16.66	-
LLC NCC-Alabuga	16.66	-
LLC NCC-Neftemehanika	4.17	-

(d) Financial Investments

The company's share of net assets of the unquoted financial investment is considered as its fair value and accounted accordingly.

	The Group's direct and indirect ownership interest (%)	
Unquoted Financial Investments	31 December 2014	31 December 2013
Ak-Pa	13.47	13.47

2.2 Changes in Accounting Policies, Accounting Estimates and Errors

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods.

2.3 Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short-term highly liquid investments whose risk of value change is not material including time deposits generally having original maturities of three months or less (Note 4).

Financial Assets

Financial assets within the scope of TAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

As of 31 December 2014 and 31 December 2013 the Group does not have any financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for-sale or that are not classified in any of the three categories (a) loans and receivables, (b) held-to-maturity investments and (c) assets at fair value through profit or loss. A gain or loss on an available for- sale financial asset after initial recognition shall be recognized directly in equity, through the statement of changes in equity, except for impairment losses, dividend and interest gains, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in equity shall be recognized in profit or loss. If a fair value loss on an available-for-sale asset has been recognized directly in equity, and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized directly in equity should be recycled into profit or loss even though the financial asset has not been sold.

Available-for-sale financial assets are subsequently measured at fair value. Available-for-sale financial assets that are quoted in active markets are measured based on current bid prices. If the market for a financial asset is not active the fair value is determined by using valuation techniques such as discounted cash flow analysis and option pricing model (Note 5).

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value (Note 5).

Trade receivables

Trade receivables have a maturity range of 30-120 days and are recognized at original invoice amount and carried at amortized cost less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate (Note 8).

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Finance Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. A finance lease receivable is recorded an amount equal to the net investment in the lease. Interest income is recognized using a rate that equalizes the fair value of the leased asset to the sum of lease payments and unguaranteed residual value. Interest yet to be recognized is presented as “unearned finance income”.

Trade payables

Trade payables have average maturities changing between 30-180 days and consist of the amounts invoiced or not invoiced related with the realized material or service purchases, and are carried at amortized cost (Note 8).

Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost of inventories comprises the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realizable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 10).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use,

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 11). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. As of 31 December 2014, the depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Period (Year)
Land improvements	2 - 50
Buildings	5 - 50
Machinery and equipment	3 - 40
Motor vehicles	4 - 8
Furniture and fixtures	2 - 20

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the event of circumstances indicating that an impairment has occurred in the tangible assets, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by reserving a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective tangible assets or the nest sales price, whichever is higher.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate.

Repairs and maintenance are charged to the income statements during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset.

Intangible assets

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. They are initially recognized at acquisition cost and amortized on a straight-line basis over their estimated useful lives. The depreciation period for the intangibles capitalized in relation with the new models will be started after the production of these models is started. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (Note 12).

Useful lives of intangible assets are determined as 3-15 years.

Research and development costs

Expenditures for research and development are charged against income in the period incurred except for project development costs which comply with the following criteria. In accordance with IAS 38, "Intangible assets", the costs related to the development projects are capitalized when the criteria below are met and amortized by straight-line basis over the useful lives of related (Note 12).

- The product or process is clearly defined and costs are separately identified and measured reliably,
- The technical feasibility of the product is demonstrated,
- The product or process will be sold or used in-house,
- A potential market exists for the product or its usefulness in case of internal use is demonstrated, and
- Adequate technical, financial and other resources required for completion of the project are available.

Revenue recognition

Significant part of revenue of the Group is received from fiber and energy sales. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are stated net of discounts, value added and sales taxes. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Net sales are invoiced amounts of delivered goods excluding sales returns and sales discounts.

Interest income is recognized using the effective interest rate until maturity and considering the effective interest rate.

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized on an accrual basis as credit sale financial income (Note 21).

Dividend income is recognized when the Group has the right to receive the dividend payment. Rent income is recognized in the financial statements when the Groups right to receive the monthly rent income is established.

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Commission income is recognized when the intermediary goods’ invoice has been booked by the seller.

The Group has accrued discount premiums in line with the fibers customers’ purchase targets to be paid at the end of the year. In the current period, the Group has classified the discount premiums under “other discount” account in sales.

Bank borrowings

All bank borrowings are initially recognized at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, bank borrowings are subsequently measured at amortized cost using the effective yield method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement (Note 7). In factoring transactions, the Group, where necessary, may prefer early collection of some of its receivables. These transactions are treated as factoring transactions with resource; consequently, cash received is accounted for as a borrowing disclosed in notes (Note 7).

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Without this context, the borrowing costs are expensed as incurred. Capitalized borrowing costs are presented as purchases of property, plant and equipment and intangibles in the consolidated statement of cash flow.

Fair value of financial instruments

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The fair values of the financial instruments are determined in accordance with the following methods and assumptions as follows:

Financial assets

Monetary assets for which fair value approximates carrying value are carried at cost in the financial statements and consists of cash and cash equivalents, their interest accruals, and other financial assets; and considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of accounts receivable along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

Financial liabilities

Monetary liabilities for which fair value approximates carrying value including accounts payable, short-term bank borrowings and other monetary liabilities are considered approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of accounts payable along with the related allowance for unrealized cost is estimated to be their fair values.

Employee termination benefits

The provision for employment termination benefits, as required by Turkish Labor Law represents the present value of the future probable obligation of the group arising from the retirement of its employees based on the acturial projections.

TAS 19 "Employee Benefits" requires acturial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the acturial assumptions and actual outcome together with the effects of changes in acturial assumptions compose the acturial gains/losses.

In accordance with TAS 19 "Employee Benefits" effective before 1 January 2013, the acturial gains/losses were recognised in the statement of income whereas the amendment, effective as of 1 January 2013, requires the acturial gains/losses to be recognised under other comprehensive income. With this amendment, the Group accounted for its acturial gains/losses under other comprehenseive income in corformity with the tarnsitional provisions stated in TAS 19 "Employee Benefits".

Seniority Incentive Bonus

The Group has an employee benefit plan called "Seniority Incentive Bonus" ("Bonus") which is paid to employees with a certain level of seniority. The Group accounts for this bonus according to TAS 19 "Employee Benefits". Seniority incentive bonus provision which is disclosed within the employee termination benefit represents the present value of the estimated total liabilities of the probable future obligations.

Unused Vacation Rights

Liabilities for unused vacation rights are accrued in the relevant period.

Current and deferred income tax

Tax expense or income is the aggregate of current income tax and deferred taxes which are based on the gains and losses for the period.

Deferred income tax is determined, using the liability method and tax rates (and laws) that have been enacted by the balance sheet date. Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred taxes arising from income and expenses accounted under equity are recorded under equity, accordingly.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed by the Group at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized (Note 24).

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Earnings per share

Earnings per share disclosed in the income statement are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned (Note 25).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

Events after the balance sheet date

The Group adjusts the amounts recognized in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 29).

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 14).

Contingent assets and liabilities

Probable obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial statements and are treated as contingent liabilities. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable (Note 14).

Offsetting

If the essence of the transaction and events requires offsetting, presentation of these transactions and events at their net values or following up of the assets at their amounts after the deduction of impairment, is not evaluated as a breach of the non-deductibility rule.

Foreign currency transactions

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income.

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Goodwill

The cost of a business combination is allocated by recognizing the acquiree's identifiable assets at the date of acquisition. Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, over the business combination cost is accounted for as goodwill.

The carrying value of goodwill is reviewed annually and presented after deducting cumulative impairment in the balance sheet. Goodwill is monitored at the cash generating business units. The cash generating unit is determined according to expected benefits from related business combination. The goodwill impairment assessment is annually performed by the Group. Any impairment is not subsequently reversed. Gains/losses from the sale of business unit also includes its carrying value of goodwill (Note 13).

Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

For at the Group the reportable segments are industrial segments. Reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments (Note 3).

The Group assesses the performance of the operating segments based on a measure of adjusted Earnings Before Interest, Tax, Depreciation and Amortization, "EBITDA".

The Group's reportable business segments are "fibers", "energy" and the remained operations are reported as "other", Aksa Egypt and DowAksa ,"fibers" and Fitco are reported under "other" segment (Note 3).

The supportive functions of industrial segments namely Financial Affairs, Human Resources and Management of Systems, Purchasing, Business Development, Research and Development, Head Office Expenses and other general administrative and operating expenses are classified under unallocated corporate expenses. Unallocated corporate expenses are followed at the Group level by management as the expenses are made to ensure the integrity of the Group by the management.

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Derivative financial instruments

The derivative instruments of the Group mainly consist of foreign exchange swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules according to TAS 39 ''Financial Instruments: Recognition and Measurement''. The gain and losses from hedge transactions are accounted in the equity under "hedging reserve".

The currency option transactions are treated as derivatives held for trading due to do not providing the requirements of TAS 39 ''Financial Instruments: Recognition and Measurement'' and the fair value changes in these hedge transactions are accounted under the income statement.

If the fair value change of derivate financial instruments is positive or not, the change affected at assets or liabilities in the balance sheet (Note 17).

Related parties

Parties are considered related to the Group if;

a) directly, or indirectly through one or more intermediaries, the party:

i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
ii) has an interest in the Group that gives it significant influence over the Group; or
iii) has joint control over the Group;

b) the party is an associate of the Group;

c) the party is a joint venture in which the Group is a venture;

d) the party is member of the key management personnel of the Group or its parent;

e) the party is a close member of the family of any individual referred to in (a) or (d);

f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to In (d) or (e); or

g) the party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties
in the ordinary course of business (Note 26).

Reporting of cash flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from retailing activities.

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Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (capital expenditure and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value (Note 4).

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are recognized in the income statement by deducting from research and development expenses. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.4 Critical Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below

a) Goodwill impairment tests

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Recorded goodwill amount of the balance sheet date is arisen from acquisition of 50% share of Ak- Tops Tekstil Sanayi A.Ş. in 2007.

The Group tests annually goodwill for impairment and carries goodwill at cost less accumulated impairment loss. The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, and these projections are based on USD financial budgets approved by management covering a five-year period. Therefore, the value in use calculations is not affected by the fluctuations in the foreign exchange market.

As of 31 December 2014, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions. The discount rate used in the value in use calculations is 4%based on USD and the risk premium is 3%. The discount rate used is the rate before tax and contains risks specific to cash generating units.

If discount rate used in goodwill impairment calculation has been 1% higher/lower or profit margin has been 10% lower with all other variables held constant, there would not have been any impairment on goodwill.

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b) Provisions

As discussed in Note 2.3, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation (Note 14).

c) Deferred Tax

The Group accounts deferred income tax from its financial losses to be expect to account in future corporate tax calculations at strategic plan and budget work. As of 31 December 2014 and 2013, the group accounts deferred income tax from all of the financial losses of its joint venture DowAksa İleri Kompozit Malzemeler San. Ltd. Şti.. DowAksa has right to utilise those losses until 2017,2018 and 2019.

d) Useful lifes of property, plants and equipment and intangibles

According to accounting policy which is specified in Note 2.3, property, plant and equipment and intangibles are presented as net-off accumulated depreciation and impairment (if any) from acquisition cost. Depreciation is applied with using straight line method of depreciation based on useful lives of property, plant and equipment. Useful lives are estimated by the management to the best of their knowledge; and reviewed and revised if necessary at every balance sheet date.

2.5 Convenience Translation into English of Consolidated Financial Statements

USD amounts shown in the consolidated balance sheet prepared in accordance with CMB Financial Reporting Standards have been translated from TL, as a matter of arithmetic computation only, at the official USD bid rates announced by the Central Bank of the Republic of Turkey on 31 December 2014 of TL 2.3189 = USD1 and USD amounts shown in the consolidated statements of income, comprehensive income and cash flow have been translated from TL, as a matter of arithmetic computation only, at the average official USD bid rates calculated from the official daily bid rates announced by the Central Bank of the Republic of Turkey for the period ended 31 December 2014 of TL 2.1862 = USD1, and do not form part of these consolidated financial statements.

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NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

	1 January - 31 December 2014			
	Fibers	Energy	Other	Total
Total segment revenue	1,977,485	120,059	7,354	2,104,898
External revenues	**1,977,485**	**120,059**	**7,354**	**2,104,898**
Adjusted EBITDA(*)	**314,647**	**10,365**	**1,176**	**326,188**
Unallocated corporate expenses (**)	-	-	-	(41,431)
EBITDA	**-**	**-**	**-**	**284,757**
Amortization and depreciation	(39,880)	(12,507)	(7,788)	(60,175)
Other operating income, net	-	-	-	9,633
Share of loss of investments accounted for using the equity method	(20,192)	-	-	(20,192)
Financial income/(expense) net	-	-	-	(5,894)
Profit before tax				**208,129**

(*) Adjusted Earnings Before, Interest, Taxes, Depreciation, Amortization.
(**) Unallocated corporate expenses consist of unallocated parts of general administrative expenses as of 31 December 2014.

	1 January - 31 December 2014				
	Fibers	Energy	Other	Unallocated	Total
Capital expenditure	103,571	29,039	-	-	132,610
			31 December 2014		
Total segment assets	1,077,197	364,251	-	-	1,441,448
Investment accounted for using the equity method	242,588	-	-	-	242,588
Unallocated corporate assets	-	-	-	314,029	314,029
Total assets	**1,319,785**	**364,251**	**-**	**314,029**	**1,998,065**
Total segment liabilities	458,094	3,431	-	-	461,525
Unallocated corporate liabilities	-	-	-	423,177	423,177
Total liabilities	**458,094**	**3,431**	**-**	**423,177**	**884,702**

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	1 January - 31 December 2013			
	Fibers	Energy	Other	Total
Total segment revenue	1,634,058	115,711	6,633	1,756,402
External revenues	**1,634,058**	**115,711**	**6,633**	**1,756,402**
Adjusted EBITDA(*)	**279,114**	**16,991**	**505**	**296,610**
Unallocated corporate expenses (**)	-	-	-	(44,937)
EBITDA	**-**	**-**	**-**	**251,673**
Amortization and depreciation	(34,493)	(10,818)	(6,735)	(52,046)
Other operating income, net	-	-	-	(11,890)
Share of loss of investments accounted for using the equity method	(25,525)	-	-	(25,525)
Financial income/(expense), net	-	-	-	22,134
Profit before tax				**184,346**

(*) Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization.
(**) As of 31 December 2013, unallocated corporate expenses consists of general administrative expenses amounting to TL 41,171 research and development expenses amounting to TL3,766.

	1 January - 31 December 2013				
	Fibers	Energy	Other	Unallocated	Total
Capital expenditure	102,665	26,924	-	-	129,589
		31 December 2013			
Total segment assets	817,544	365,307	-	-	1,182,851
Investments accounted for using the equity method	245,108	-	-	-	245,108
Unallocated corporate assets	-	-	-	383,646	383,646
Total assets	**1,062,652**	**365,307**	**-**	**383,646**	**1,811,605**
Total segment liabilities	375,034	2,547	-	-	377,581
Unallocated corporate liabilities	-	-	-	386,538	386,538
Total liabilities	**375,034**	**2,547**	**-**	**386,538**	**764,119**

Segment Assets

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Reconciliation between the reportable segment assets and total assets is as follows:

	31 December 2014	31 December 2013
Reportable segment assets	**1,684,036**	**1,427,959**
Cash and cash equivalents	192,492	233,208
Other receivables	148	191
Other assets	42,791	68,151
Financial investments	2,355	2,355
Derivative financial instruments	6,832	524
Property, plants and equipment and intangibles	69,411	79,217
Total Assets	**1,998,065**	**1,811,605**

Segment Liabilities

Reconciliation between the reportable segment liabilities and total liabilities is as follows:

	31 December 2014	31 December 2013
Reportable segment liabilities	**461,525**	**377,581**
Financial liabilities (*)	384,228	350,477
Derivative financial instruments (**)	-	3,312
Other payables	2,795	3,259
Provisions	10,774	6,224
Income tax payable	11,122	10,437
Other liabilities	300	1,795
Provision for employment termination benefits	4,572	3,789
Deferred income tax liabilities	9,386	7,245
Total liabilities	**884,702**	**764,119**

(*) As of 31 December 2014, TL 131,447 (31 December 2013: TL 147,484) of the borrowings issued for fiber investment and TL 252,781 (31 December 2013: TL 160,307) issued for working capital (31 December 2013: TL 42,686 issued for energy unit investment) .

(**) As of 31 December 2014, the swap agreement liability, amounting to TL 433 (31 December 2013: TL733 is related to borrowings for energy unit investment) of the derivative financial instruments is related to borrowings for fiber investment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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NOTE 4 - CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents of the Group are as follows:

	31 December 2014	31 December 2013
Cash	41	17
Bank		
Demand deposit (TL)	5,437	32,101
Foreign currency demand deposit	24,960	10,090
Time deposits (TL)	41,041	84,678
Foreign currency time deposit	110,242	102,907
Other	10,771	3,415
Total	**192,492**	**233,208**

Maturity of time deposits are less than three months and weighted average effective interest rates on TL denominated time deposits at 31 December 2014 is 9.82% (31 December 2013: 9.18%), for USD 2.30% (31 December 2013: 3.04%) and for EUR 2.20% (31 December 2013: 2.90%), respectively.

The reconciliations of cash and cash equivalents to the consolidated statements of cash flows are as follows:

	31 December 2014	31 December 2013	31 December 2012
Cash and cash equivalents	192,492	233,208	141,472
Less: Restricted cash with maturity of three months or less	(10,771)	(3,415)	(2,675)
Interest accrual	(18)	(112)	(91)
As reported in the consolidated statements of cash flows	**181,703**	**229,681**	**138,706**

NOTE 5 - FINANCIAL INVESTMENTS

Details of financial investments of the Group are as follows:

	31 December 2014	31 December 2013
Unquoted financial assets:		
Ak-Pa	2,355	2,355

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NOTE 6 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Joint Ventures

	31 December 2014	31 December 2013
DowAksa Holdings	242,588	245,108

Summarized financial information of of DowAksa Holding is presented below;

	31 December 2014	31 December 2013
Current assets	193,491	298,444
Non-current assets	644,950	410,485
Total Assets	**838,441**	**708,929**
Short-term liabilities	101,997	90,673
Long-term liabilities	251,268	128,041
Equity	485,176	490,215
Total Liabilities	**838,441**	**708,929**
Equity corresponding to Group's interest of 50%	**242,588**	**245,108**

	2014	2013
Revenue	75,226	59,440
Net loss	(40,384)	(51,050)
Net Loss corresponding to Group's interest of 50%	**(20,192)**	**(25,525)**

Movement of joint ventures accounted for using equity method as follows:

	2014	2013
1 January	245,108	227,742
Net loss corresponding to Group's interest of 50%	(20,192)	(25,525)
Currency translation differences	17,448	43,501
Hedging reserve	224	(610)
31 December	**242,588**	**245,108**

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NOTE 7 - BORROWINGS

Group's financial liabilities are as follows:

	31 December 2014	31 December 2013
Short-term bank borrowings	227,609	149,451
Short-term factoring liabilities	25,172	10,017
Short-term portion of long-term bank borrowings	29,469	66,393
Short-term borrowings	**282,250**	**225,861**
Long-term bank borrowings	101,978	124,616
Long-term borrowings	**101,978**	**124,616**
Total borrowings	**384,228**	**350,477**

Bank Borrowing

	31 December 2014 Yearly weighted average interest rate %	TL	31 December 2013 Yearly weighted average interest rate %	TL
a) Short-term bank borrowings:				
USD borrowings	1.51	227,252	1.40	149,401
TL borrowings	-	358	-	50
Total short-term bank borrowings:		**227,610**		**149,451**
Factoring liabilities (*)	1.60	25,172	4.13	10,017
b) Short-term portion of long-term bank borrowings:				
USD bank borrowings	3.85	19,518	2.88	60,944
EUR bank borrowings	3.68	9,950	3.83	5,449
Total short-term borrowings		**282,250**		**225,861**
c) Long-term bank borrowings:				
USD bank borrowings	3.85	77,297	3.84	88,644
EUR bank borrowings	3.68	24,681	3.83	35,972
Total long-term borrowings		**101,978**		**124,616**

(*) The costs of factoring transactions are charged to customers as of 31 December 2014.

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The Group does not have any covenant breaches in relation to its borrowings.

The long-term bank borrowings' fair values and book values are as follows:

	31 December 2014		31 December 2013	
	Fair value	Book value	Fair value	Book value
USD borrowings (*)	85,856	77,297	104,633	88,644
EUR borrowings	26,579	24,681	39,459	35,972

(*) Calculated by taking into account swap interest rates.

The redemption schedule of borrowings based on the agreements is as follows:

	31 December 2014	31 December 2013
Less than 3 months	125,242	52,696
Between 3-12 months	157,008	173,165
Between 1-2 years	29,197	28,007
Between 2-3 years	29,197	28,007
Between 3-4 years	29,197	28,007
4 years and longer	14,387	40,595
	384,228	350,477

As of 31 December 2014, according to the general credit agreements, the Group has unused credit limit amounting to TL 1,059,519 (31 December 2013: TL 1,009,591).

As of 31 December 2014, according to the general credit agreements, the Group has blocked deposits of TL 10,771 in relation to its borrowings (31 December 2013: TL 3,415).

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables of the Group are as follows:

a) Short-term Trade Receivables:

	31 December 2014	31 December 2013
Trade receivables	199,011	152,521
Notes receivable and cheques	144,396	109,321
Less: Provision for doubtful receivables	(42,973)	(40,981)
Less: Unearned finance income on credit sales	(3,087)	(2,475)
Total short-term trade receivables, net	**297,347**	**218,386**

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TL and foreign currency denominated trade receivables as of 31 December 2014 have an average maturity of 3 months (31 December 2013: 3 months) and are discounted with an average annual interest rate of 6% (31 December 2013: 6%).

The past experience of the Group in collecting receivables has been taken into consideration when determining the provision amount for doubtful receivables. Therefore, the Group believes that, there are no further collection risks for trade receivables other than already provided for.

Movements of provision for doubtful receivables for 31 December 2014 and 2013 are as follows:

	2014	2013
1 January	40,981	40,248
Collections	(23)	(74)
Current period charge	2,015	807
31 December	**42,973**	**40,981**

The explanation for the nature and level of the risk in trade receivables is shown in Note 27, Credit Risk section.

b) Short-term trade payables:

	31 December 2014	31 December 2013
Suppliers	389,593	310,222
Less: Unaccrued finance costs on credit purchases (-)	(2,641)	(2,092)
Total	**386,952**	**308,130**

TL and foreign currency denominated trade payables as of 31 December 2014 have an average maturity of 90 days (31 December 2013: 71 days) and they are discounted with an average annual interest rate of 4% in USD terms (31 December 2013: 3%).

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Details of other receivables and payables of the Group are as follows:

a) Short-term other receivables:	31 December 2014	31 December 2013
Deposits and guarantees given	224	212

b) Short-term other payables:	31 December 2014	31 December 2013
Accrued tax liability	2,313	3,152
Other	482	107
Total	**2,795**	**3,259**

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NOTE 10 - INVENTORIES

	31 December 2014	31 December 2013
Raw materials	151,931	120,014
Semi-finished goods	19,957	9,736
Finished goods	44,588	40,533
Other stocks and spare parts	19,933	14,998
Less: Provision for impairment on inventories	(41)	(87)
Total	**236,368**	**185,194**

The inventory impairment provision is related with the finished goods.

Group has included the movements in the provision for impairment between 31 December 2014 and 2013 in the cost of sales (The decrease in provision for the impairment amount is due to the sale of inventory and increase in sales prices).

Group has insured its inventory amounting to TL 161,746 (excluding raw materials in transit) as of 31 December 2014 (TL 152,627 as of 31 December 2013) for USD 65 million (31 December 2013: 60 million USD)

As of 31 December 2014 raw materials include goods in transit amounting TL 77,309 (31 December 2013: TL 32,567).

As of 31 December 2014, the cost of raw material and goods is shown in Note 20.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2014	Additions	Disposals (*)	Transfers	Currency translation differences	31 December 2014
Cost						
Land	61,746	-	-	-	77	61,823
Land improvements	94,873	240	-	825	-	95,938
Buildings	139,663	14	-	20,957	159	160,793
Machinery and equipment	912,425	2,623	(1,827)	36,791	329	950,341
Motor vehicles	1,219	6	-	-	19	1,244
Furniture and fixture	34,708	2,865	(6)	2,953	13	40,533
Construction in progress	93,105	126,590	(73,924)	(61,526)	-	84,245
	1,337,739	**132,338**	**(75,757)**	**-**	**597**	**1,394,917**
Accumulated depreciation						
Land improvements	36,392	3,335	-	-	-	39,727
Buildings	39,265	3,842	-	-	68	43,175
Machinery and equipment	562,038	48,115	(1,732)	-	312	608,733
Motor vehicles	966	64	-	-	19	1,049
Furniture and fixtures	20,567	3,121	(2)	-	12	23,698
	659,228	**58,477**	**(1,734)**	**-**	**411**	**716,382**
Net book value	**678,511**					**678,535**

(*) Disposal amounting to TL 73,924 from construction in progress is related to leased 'Solvent Recovery Unit' to Aksa's joint venture, Dow Aksa (Note 26).

The borrowing cost amounting to TL 9,019 for the borrowings obtained for construction of plant and efficiency projects have been capitalized as of
31 December 2014.

TL56,124 of current year depreciation and amortization expense is charged to "cost of sales", TL 513 is charged to "research and development expenses", TL 671 is charged to "general administrative expenses, TL43 is charged to "marketing, selling and distribution expenses'' and TL1,126 is charged to "inventory".

As of 31 December 2014 there is no mortgage on property, plant and equipment. At the date of reporting, Group's property, plants and equipment is insured for USD 412 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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	1 January 2013	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2013
Cost						
Land	59,906	1,753	(34)	-	121	61,746
Land improvements	87,046	317	-	7,510	-	94,873
Buildings	130,166	146	-	9,100	251	139,663
Machinery and equipment	787,782	1,984	(5,483)	127,648	494	912,425
Motor vehicles	1,501	12	(324)	-	30	1,219
Furniture and fixture	29,843	2,013	(45)	2,878	19	34,708
Construction in progress	131,917	123,765	(5,903)	(156,674)	-	93,105
	1,228,161	**129,990**	**(11,789)**	**(9,538)**	**915**	**1,337,739**
Accumulated depreciation						
Land improvements	33,586	2,806	-	-	-	36,392
Buildings	35,950	3,222	-	-	93	39,265
Machinery and equipment	520,788	43,097	(2,340)	-	493	562,038
Motor vehicles	1,122	116	(299)	-	27	966
Furniture and fixtures	18,680	1,908	(39)	-	18	20,567
	610,126	**51,149**	**(2,678)**	**-**	**631**	**659,228**
Net book value	**618,035**					**678,511**

(*) The transfer of TL 9,538 is related with intangible asset (Note 12).

The borrowing cost amounting to TL 15,807 for the borrowings obtained for construction of plant and efficiency projects have been capitalized as of
31 December 2013.

TL 48,179 of current year depreciation and amortization expense is charged to "cost of sales", TL645 is charged to "research and development expenses", TL 865 is charged to "general administrative expenses, TL9 is charged to "marketing, selling and distribution expenses", TL 434 , which is related with projects in progress is charged to "construction in progress" and TL1,017 is charged to "inventory".

As of 31 December 2013 there is no mortgage on property, plant and equipment. At the date of reporting, Group's property, plants and equipment is insured for USD 390 million.

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NOTE 12 - INTANGIBLE ASSETS

	1 January 2014	Additions	Disposals	Transfers	Currency translation differences	31 December 2014
Cost						
Rights	3,417	27	(1)	-	72	3,515
Development cost	10,583	-	-	-	-	10,583
Other intangible assets	3,001	245	-	-	-	3,246
	17,001	**272**	**(1)**	**-**	**72**	**17,344**
Accumulated depreciation						
Rights	2,417	125	(1)	-	34	2,575
Development cost	2,686	2,122	-	-	-	4,808
Other intangible assets	1,967	577	-	-	-	2,544
	7,070	**2,824**	**(1)**	**-**	**34**	**9,927**
Net book value	**9,931**					**7,417**

	1 January 2013	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2013
Cost						
Rights	3,232	2	(5)	73	115	3,417
Development cost	4,343	-	(2,272)	8,512	-	10,583
Other intangible assets	2,022	31	(5)	953	-	3,001
	9,597	**33**	**(2,282)**	**9,538**	**115**	**17,001**
Accumulated depreciation						
Rights	2,214	163	(5)	-	45	2,417
Development cost	897	1,883	(94)	-	-	2,686
Other intangible assets	1,665	302	-	-	-	1,967
	4,776	**2,348**	**(99)**	**-**	**45**	**7,070**
Net book value	**4,821**					**9,931**

(*) Consists of the capitalized cost of development projects.

TL 854 (2013: TL 410) of the current amortization expense is charged to "cost of sales", TL1,660 (2013: TL 1,700) is charged to "research and development expenses", TL 310 (2013: TL 317) is charged to "general administrative expenses''.

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NOTE 13 - GOODWILL

The goodwill balance with the carrying amount of TL5,989 (2013: TL 5,989) as of 31 December 2014 resulted from the acquisition of 50% of shares Ak-Tops Tekstil Sanayi A.Ş. during 2007.

In Note 2.4 details of assessment for the impairment of Goodwill is defined. There is no change in the book value of the goodwill, which is TL 5,989 for the period ended as of 31 December 2014
(31 December 2013: TL 5,989).

The Group acquired 40% of minority shares of Ak-Tops as of 7 August 2013. The related transaction has been presented as "share changes not resulting in control change in subsidiaries" in consolidated statement of movement in equity.

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	31 December 2014	31 December 2013
Bonus provision	8,504	5,315
Provision for lawsuits	2,053	1,338
Total	**10,557**	**6,653**

Contingent assets and liabilities are as follows:

a)The details of collaterals, pledges and mortgages of the Group for the periods are as follows:

	31 December 2014	31 December 2013
Collaterals given	332,414	278,491
Letter of credit commitments	285,434	242,993
Total	**617,848**	**521,484**

b)Collaterals, mortgages, guarantee notes and cheques, guarantee letters and other commitments received for short-term trade receivables are as follows:

	31 December 2014	31 December 2013
Credit insurance	473,432	412,222
Pledged cheques and notes receivable	73,204	76,779
Pledges received	43,020	64,444
Confirmed/unconfirmed letters of credit	24,110	35,216
Limits of Direct Debit System ("DDS")	16,054	21,324
Guarantee letters received	6,516	3,429
Total	**636,336**	**613,414**

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b) Given Collaterals, Pledges, Mortgages ("CPM"):

	31 December 2014	31 December 2013
A. CPM given on behalf of the Company's legal personality	590,369	521,484
- USD	394,137	358,881
- Turkish Lira	171,426	155,476
- EUR	24,634	6,834
- Other	172	293
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	27,479	-
- USD	27,479	-
D. Total amount of other CPM given	-	-
i) Total amount of CPM given on behalf of the majority shareholder	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-
iii)Total amount of CPM given on behalf of third parties which are not in scope of C.	-	-
Total	**617,848**	**521,484**

As of 31 December 2014, total amount of the Company's given CPM equals to 55% of its equity (31 December 2013: 50%).

NOTE 15 - EMPLOYEE BENEFITS

Short-Term Employee Benefits	31 December 2014	31 December 2013
Provision for unused vacation	1,298	1,035
Long-Term Employee Benefits		
Provision for employee termination benefits and employee termination incentive	21,587	15,338

Provision for employee termination benefits

Employee termination benefit provision is recorded according to the following descriptions.

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and left from the group or retired, completed 25 service years (20 for women) and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

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The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

TAS 19 'Employee Benefits' require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability:

	31 December 2014	31 December 2013
Discount rate (%)	1.71	3.67
Probability of retirement (%)	98.78	99.04

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. . As the maximum liability is revised once every six months, the maximum amount of TL 3,541.37 effective from 1 January 2015 (1 January 2014: 3,438.22 TL) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits are as follows:

	2014	2013
Balances as of 1 January	**15,338**	**16,156**
Service cost	3,023	1,468
Interest cost	562	269
Compensation paid	(1,663)	(1,191)
Actuarial losses/(gain)	4,327	(1,364)
Balances as of 31 December	**21,587**	**15,338**

NOTE 16 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	31 December 2014	31 December 2013
Value Added Taxes (''VAT'') receivables	42,363	54,477
Personnel advances	56	169
Total	**42,419**	**54,646**

b) Prepaid Expenses - Short-Term:

	31 December 2014	31 December 2013
Advances given	9,394	13,722
Prepaid expenses	4,235	4,775
Job advances	24	36
Total	**13,653**	**18,533**

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c) Prepaid Expenses - Long-Term:

	31 December 2014	31 December 2013
Advances given for purchase of property, plant and equipment	8,722	11,460
Prepaid expenses	761	526
Total	**9,483**	**11,986**

d) Deferred Income:

	31 December 2014	31 December 2013
Advances received - Short-term	12,256	24,361
Short-term deferred income	-	107
Long-term deferred income	-	366
Total	**12,256**	**24,834**

NOTE 17 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2014		31 December 2013	
	Asset	Liability	Asset	Liability
Subject to hedge accounting	-	433	524	-
Held for trading	7,265	-	-	3,312
Total	**7,265**	**433**	**524**	**3,312**

Derivative instruments held for hedging:

	31 December 2014		31 December 2013	
	Contract amount USD thousand	Fair value Liability amount TL	Contract amount USD thousand	Fair value Asset amount TL
Interest rate swap	41,667	433	56,014	524

Derivative financial instruments are initially recognized in the balance sheet at cost (including transaction cost) and are subsequently re-measured at their fair value. Group accepts initial cost of derivative financial instruments equal to their fair value. Derivative financial instruments of the Group generally consist of forward foreign exchange contracts and interest rate swap instruments.

The Group designates to transactions that protect against effect of profit/loss (protection of cash flow risk) and cash flows transactions, which are likely to happen and relation can be established with certain risk or registered asset or liability, caused with specific reason on the date of derivative contract is signed.

These derivative transactions provide effective economic hedges under the Group risk management position and qualify for hedge accounting. Changes in the fair value of such derivatives are recognized directly in equity under "hedging reserve", net-off relevant deferred taxation impact.

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When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The realization of promised or probable future transactions are recorded in the income statement, if not realized, accumulated gains or losses are recognized as profit/(loss) in the consolidated financial statements.

At 31 December 2014, such arrangements fixed LIBOR and EURIBOR to 1.35% (31 December 2013: 1.35% to 2.5%). Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts as of 31 December 2014 will be gradually released to the income statement within finance cost until the repayment of the bank borrowings (Note 7).

Derivative Financial Instruments Held For Trading

The Group has option contracts regarding to foreing exchange trading transactions as of 31 December 2014. The mentioned option transactions are accounted for as derivative financial insturements held for trading in the consolidated financial statements, as they do not qualify for hedge accounting under TAS 39 and changes in fair value of these financial instruments are recognized in the consolidated statement of income.

	31 December 2014 Fair value		31 December 2013 Fair value	
	Contract amount (thousand)	Asset / (Liability) amount TL	Contract amount (thousand)	Asset / (Liability) amount TL
Foreign exchange held for trading transactions:		7,265		(3,312)
- USD	30,833	3,025	10,000	(2,788)
- EUR	82,250	4,240	6,022	(524)

NOTE 18 - EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the CMB and set a limit on its registered share capital representing type of registered shares with a nominal value of Kr 1. Historical, authorized and issued capital of Aksa as of 31 December 2014 and 2013 is presented below:

	31 December 2014	31 December 2013
Limit on registered share capital	425,000	425,000
Issued share capital	185,000	185,000

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The Group's shareholders and their respective shareholding structure as follows:

	Share %	31 December 2014	Share %	31 December 2013
Akkök Holding	39.59	73,237	39.59	73,237
Emniyet Ticaret ve Sanayi A.Ş.	18.72	34,638	18.72	34,638
Other	41.69	77,125	41.69	77,125
	100.00	185,000	100.00	185,000
Adjustment to share capital		195,175		195,175
Total paid-in share capital		**380,175**		**380,175**

The approved and paid-in share capital of the Company consists of 18,500,000,000 (31 December 2013: 18,500,000,000) shares issued on bearer with a nominal value of Kr 1 (31 December 2013: Kr 1) each. All shareholders have same rights and there are not issued different type of shares such as privilege and common shares.Adjustment to share capital represents the difference between the amounts of the restatement effect of cash and cash equivalents contributions to share capital and the amounts before the restatements.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. According to the TCC, the legal reserve does not exceed half of the capital or issued capital can be used only to offset losses, to continue the business when things did not go well or to get ahead of unemployment and mitigate its results.

In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL 95,907 as of 31 December 2014 (31 December 2013: TL 82,764). This amount fully consists of legal reserves.

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively

In accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilized in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilized in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

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In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amount. The valuation differences shall be classified as follows:

-The difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Adjustments to Share Capital";

-The difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, shall be classified under "Retained Earnings",

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Adjustment to share capital has no use other than being transferred to paid-in share capital.

Dividend Distribution

Regarding the dividend distribution, the entities are to distribute their profits under the scope of CMB Communiqué Serial : II-19.1 , their articles of association and their previously publicly declared profit distribution policies.

Besides that, it is regulated that companies which are obligated to prepare consolidated financial statements under CMB policies, if its allowed in their statutory reserves, amount of profit available for distribution, in accordance with CMB Communiqué No. II -14.1 announced publicly consolidated financial statements taking into account net profit of the period.

It is also permitted to retain this amount in the Company reserves if the first dividend amount is below 5% of the paid in/issued capital; however if the Company has increased its paid-in capital without dividend distribution in the previous year when the outstanding shares have been identified as "old" and "new", it is mandatory for companies that will make profit distribution from the net distributable profit of the previous year to make this first dividend distribution in cash.

In statutory accounts of the company, net profit after deducting prior years losses and other reverses which can be subject to profit distribution amounts TL 756,676 (31 December 2013: TL 678,208).

NOTE 19 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the years ended 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Domestic sales	1,471,695	1,186,602
Export sales	720,063	613,162
Less: Sales returns	(6,743)	(3,353)
Less: Other discounts	(80,117)	(40,009)
Net sales income	**2,104,898**	**1,756,402**
Cost of sales (-)	**(1,789,556)**	**(1,468,423)**
Gross profit	**315,342**	**287,979**

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NOTE 20 - EXPENSES BY NATURE

Cost of sales, marketing, selling and distribution expenses and general administrative expenses by nature for the years ended as of 31 December 2014 and 2013 are as follows;

	31 December 2014	31 December 2013
Raw materials and goods	1,593,553	1,308,755
Employee benefits	90,064	76,046
Depreciation and amortization	60,175	52,046
Commission expenses	17,807	16,154
Repair, maintenance and cleaning expenses	16,488	19,524
Export expenses	16,358	14,154
Consultancy expenses	9,327	10,579
Rent Expenses	5,929	3,036
Information technologies expense	5,394	5,011
Miscellaneous tax expenses	2,667	2,358
Travel expenses	2,540	4,055
Other	60,014	45,057
Total	**1,880,316**	**1,556,775**

NOTE 21 - OTHER OPERATING INCOME / EXPENSE

Income from other operating activities by nature for the years ended as of 31 December 2014 and 2013 are as follows;

	31 December 2014	31 December 2013
Foreign exchange income from trading transactions	48,721	15,596
Interest income from credit sales	12,855	12,949
Dividend income	1,101	776
Income from scrap sales	590	2,547
Income from government grants	586	791
Released provisions	102	1,315
Income from insurance	94	6,592
Other	3,476	5,438
Total	**67,525**	**46,004**

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Expense from other operating activities by nature for the years ended as of 31 December 2014 and 2013 are as follows;

	31 December 2014	31 December 2013
Foreign exchange expense from trading transactions	46,992	46,067
Interest expense from credit purchases	7,096	7,980
Provision for doubtful receivables (Note 8)	2,015	807
Loss from sales of property, plants and equipment	-	1,700
Other	1,789	1,340
Total	**57,892**	**57,894**

NOTE 22 - FINANCIAL INCOME

Financial income for the years ended at 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Foreign exchange gains	85,276	105,664
Interest income	5,318	6,631
Total	**90,594**	**112,295**

NOTE 23 - FINANCIAL EXPENSES

Financial expense for the years ended at 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Foreign exchange loss	89,309	85,361
Borrowing costs	7,179	4,800
Total	**96,488**	**90,161**

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NOTE 24 - TAX ASSETS AND LIABILITIES

Tax expenses for the years ended at 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Income tax expense	(42,076)	(43,445)
Deferred tax (expense)/income	(3,197)	1,649
Total tax expense	**(45,273)**	**(41,796)**

Deferred Income Tax Assets and Liabilities

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 31 December 2014 and 31 December 2013 are as follows:

	Temporary taxable differences		Deferred income tax asset/liability	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Property, plant and equipment and intangible assets	(66,799)	(56,524)	(13,360)	(11,305)
Derivative financial instruments	(6,832)	-	(1,366)	-
Trade payables	(2,746)	(2,180)	(549)	(436)
Other	-	(538)	-	(108)
Deferred income tax liabilities			**(15,275)**	**(11,849)**
Employee termination benefits	21,587	15,338	4,317	3,068
Trade receivables	5,477	2,534	1,095	507
Other short-term liabilities	1,798	1,339	360	268
Inventories	586	1,020	117	204
Derivative financial instruments	-	2,787	-	557
Deferred income tax assets			**5,889**	**4,604**
Deferred income tax liabilities, net			**(9,386)**	**(7,245)**

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Movement for the deferred income tax liabilities for the periods ended at 31 December 2014 and 2013 are as follows:

	2014	2013
1 January	7,245	8,443
Deferred tax income for the period, net	3,197	(1,649)
Amounts recognized under the equity	(1,056)	451
31 December	**9,386**	**7,245**

	31 December 2014	31 December 2013
Calculated corporate income tax	42,076	43,445
Amount offset from VAT receivables and prepaid corporate taxes	(30,954)	(33,008)
Income tax payable	**11,122**	**10,437**

The reconciliation of tax expenses stated in consolidated income statements for the years ended 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Profit before tax	208,129	184,346
Expected tax expense of the Group (20%)	**41,626**	**36,869**
Disallowable expenses	1,896	3,821
The effect of application of equity method	20,192	25,525
Research and development incentive	-	(2,740)
Dividend income	(1,101)	(776)
The effect of foreign subsidiaries	(1,641)	(241)
Other	(1,110)	(954)
Tax effect (20%)	3,647	4,927
Current period tax expense of the Group	**45,273**	**41,796**

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NOTE 25 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income by the weighted average number of shares that have been outstanding during the period. The earnings per share calculation for the years ended 31 December 2014 and 2013 as follows:

	31 December 2014	31 December 2013
Net income attributable to the equity holders of the parent (TL) (*) (A)	162,848,735	140,684,846
Weighted average number of shares (B)	18,500,000,000	18,500,000,000
Earnings per share (Kr) (A/B)	0.88	0.76

(*) Amounts expressed in Turkish Lira.

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Short-Term Trade Receivables

As of 31 December 2014 and 2013, trade receivables from related parties are as follows:

	31 December 2014	31 December 2013
Ak-Pa (*)	170,109	131,106
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	7,512	8,641
Akkim Kimya San. ve Tic. A.Ş.	4,261	4,247
DowAksa	3,105	2,968
Other	-	91
Less: Unearned finance income on credit sales (-)	(28)	(43)
Total	**184,959**	**147,010**

(*) Sales to Ak-Pa comprise of export sales made to third party customers by export register and the balance consists of trade receivables arising from these transactions.

Foreign currency denominated trade receivables have average 3 months maturity as of 31 December 2014 and 2013 and are discounted with annual average discount rate of %1 (31 December 2013:%1) based on USD.

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b) Short-Term Trade Payables

As of 31 December 2014 and 2013, short-term trade payables to related parties are as follows:

	31 December 2014	31 December 2013
Ak-Pa	28,289	19,953
Akkim Kimya San. ve Tic. A.Ş.	6,539	6,337
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim") (**)	5,105	4,097
Akkök Holding	1,932	1,673
Dinkal Sigorta Acenteliği A.Ş.	1,372	106
Other	1,361	884
Less: Unincurred finance costs on purchases	(104)	(74)
Total	**44,494**	**32,976**

(**) Formerly known as Akkon Yapı Taah. İnş. Müş. A. Ş.

c) Financial Liabilities

As of 31 December 2014 and 2013, short-term borrowings from related parties are as follows:

	31 December 2014	31 December 2013
Ak-Pa	25,172	-

Borrowings comprise cash received from factoring transactions (Note 7).

d) Other Receivables

Other receivables from joint ventures for the year ended as of 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December2013
DowAksa - Leasing receivables	8,686	-
DowAksa - Unearned finance income (-)	(1,734)	-
Other short-term receivables	**6,952**	**-**
DowAksa - Leasing receivables	78,175	-
DowAksa - Unearned finance income (-)	(7,736)	-
Other long-term receivables	**70,439**	**-**
Total	**77,391**	**-**

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In accordance with the Utilities Agreement signed between the Company and DowAksa Holdings dated 29 June 2012, the Company transferred the "505 Solvent Recovery Unit" at a consideration for its associate cot (including finance costs) plus a 5% margin, which is to be repaid in equal installments for the next 10 years; to DowAksa Holdings, who has an option to assure legal title to the asset for a nominal consideration at the end of the lease period.

Leasing receivables are shown as below in terms of period the collection as of 31 December 2014:

	Leasing Receivlabes	Interest	Total
Less than 3 months	1,723	449	2,172
Between 3-12 months	5,229	1,285	6,514
Between 1-2 years	7,116	1,570	8,686
Between 2-3 years	7,284	1,402	8,686
Between 3-4 years	7,456	1,230	8,686
4 years and longer	48,583	3,534	52,117
	77,391	**9,470**	**86,861**

e) Sales to Related Parties

Sales to related parties for the years ended as of 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Ak-Pa (*)	697,460	598,610
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	52,886	48,172
Akkim Kimya San. ve Tic. A.Ş.	43,057	42,646
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti.	24,346	26,909
Other	581	1,036
Total	**818,330**	**717,373**

(*) The sales to Ak-pa consist of sales to third parties via Ak-Pa.

Sales to related parties consist of export registered fiber, steam and energy sales.

f) Foreing Exchange Gain/Loss

Foreing exchange income from related parties for the years ended at 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Ak-Pa	17,314	16,108

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g) Purchases From Related Parties

Product and service purchases from related parties for the years ended 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Akkim Kimya San. ve Tic. A.Ş.	57,342	49,192
Akgirişim [*]	22,455	15,475
Ak-Pa	10,907	9,315
Dinkal Sigorta Acenteliği A.Ş.[**]	9,728	3,388
Akkök Holding	6,957	8,463
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş.	6,798	5,987
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş.	1,289	984
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	809	2,222
Other	602	598
Total	**116,887**	**95,624**

Purchases from related parties consist of fibers, energy, chemicals, service procurement, consulting and rent expenses.

[*] The Company gave a letter of guarantee of TL 27,479 to Akgirişim, which will be valid during the construction of Common Treatment Facility in Yalova.

[**] Purchases comprise insurance payments for which Dinkal Sigorta Acenteliği A.Ş. acts an agent.

The Company defined its key management personnel as board of directors and members of the executive committe. Benefits provided to key management personnel as of 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Salary and other short-term employee benefits	4,627	3,603
Employment termination benefits	53	46
Post-employment benefits	-	-
Other long-term benefits	-	-
Share based compensations	-	-
Total	**4,680**	**3,649**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Benefits provided to the Board of Directors, for the years ended 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Salary and other short-term employee benefits	1,542	1,491
Employment termination benefit	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share based compensations	-	-
Total	**1,542**	**1,491**

NOTE 27 - NATURE OF LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS

Financial risk factors

The Groups principal financial instruments are cash and cash equivalents, trade receivables and financial liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. The Group management reviews and agrees policies for managing each of the risks as summarized below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 8).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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Trade Receivable Aging Analysis

Aging of the receivables which are overdue but not impaired is as follows:

31 December 2014	Trade Receivables
1-30 days overdue	19,002
1-3 months overdue	6,535
3-12 months overdue	579
More than 12 months overdue	660
Total	**26,776**
Secured with guarantees	**19,405**

31 December 2013	Trade Receivables
1-30 days overdue	7,199
1-3 months overdue	6,693
3-12 months overdue	5,275
More than 12 months overdue	778
Total	**19,945**
Secured with guarantees	**16,715**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

As of 31 December 2014 the Group's maximum exposure to credit risk is presented below:

	Trade Receivables			Other receivables		
	Deposits at bank					
31 December 2014	Related Parties	Other	Related Parties	Other	Related Parties	Other
Maximum credit risk exposure as of reporting date	**184,959**	**297,347**	**77,391**	**224**	**-**	**192,451**
- Secured portion of maximum credit risk by guarantees (*)	**158,467**	**287,087**	**-**	**-**	**-**	**-**
Net book value of financial assets either are not due or not impaired	169,515	286,015	77,391	224	-	192,451
Net book value of the expired or not impaired financial assets	15,444	11,332	-	-	-	-
- Secured portion with guarantees	11,095	8,309	-	-	-	-
Net book value of impaired assets	-	1,192	-	-	-	-
- Matured (net book value)	-	44,165	-	-	-	-
- Impairment (-) (Note 8)	-	(42,973)	-	-	-	-
- Secured portion with guarantees	-	1,192	-	-	-	-
Off balance sheet credit risks	-	-	-	-	-	-

(*) Guarantees taken from the related parties consist of Ak-Pa's guarantees received from export customers.

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

As of 31 December 2013 the Group's maximum exposure to credit risk is presented below:

	Trade Receivables			Other receivables		
31 December 2013	Deposits at bank Related Parties	Other	Related Parties	Other	Related Parties	Other
Maximum credit risk exposure as of reporting date	**147,010**	**218,386**	**-**	**212**	**-**	**233,191**
- Secured portion of maximum credit risk by guarantees	**122,497**	**205,777**	**-**	**-**	**-**	**-**
Net book value of financial assets either are not due or not impaired	138,225	206,034	-	212	-	233,191
Net book value of the expired or not impaired financial assets	8,785	11,160	-	-	-	-
- Secured portion with guarantees	8,099	8,616	-	-	-	-
Net book value of impaired assets	-	1,192	-	-	-	-
- Matured (net book value)	-	42,173	-	-	-	-
- Impairment (-) (Note 8)	-	(40,981)	-	-	-	-
- Secured portion with guarantees	-	1,192	-	-	-	-
Off balance sheet credit risks	-	-	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities in the translation of the Turkish Lira. The exchange rate risk is monitored by the analyzing the foreign currency position. The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities.

Foreign currency position presented in TL is as follows:

	31 December 2014	31 December 2013
Assets	678,790	393,964
Liabilities	(781,952)	(622,126)
Net balance sheet position	**(103,162)**	**(228,162)**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Foreign currency position as of 31 December 2014 and 2013 are as follows:

	31 December 2014			
	TL equivalent	USD position	EUR position	Other
1. Trade Receivables	462,378	178,053	17,117	-
2a. Monetary Financial Assets (including cash and bank accounts)	145,973	54,843	3,274	9,332
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	**608,351**	**232,896**	**20,391**	**9,332**
5. Trade Receivables	70,439	30,376	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	**70,439**	**30,376**	**-**	**-**
9. Total Assets (4+8)	**678,790**	**263,272**	**20,391**	**9,332**
10. Trade Payables	398,082	161,675	8,013	3
11. Financial Liabilities	281,892	117,272	3,441	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	**679,974**	**278,947**	**11,454**	**3**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	101,978	33,333	8,536	-
16 a. Other Monetary Liabilities	-	-	-	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**101,978**	**33,333**	**8,536**	**-**
18. Total Liabilities (13+17)	**781,952**	**312,280**	**19,990**	**3**
19. Off Balance Sheet Derivative Items' Net Asset/(Liability) Position (19a-19b)	**(11,096)**	**73,655**	**(62,909)**	**-**
19a. Net Assets of Statement ... of Financial Position	298,221	104,488	19,341	-
19b. Net Liabilities of Statement ... of Financial Position	309,317	30,833	82,250	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(114,258)**	**24,647**	**(62,508)**	**9,329**
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(103,162)**	**(49.008)**	**401**	**9,329**
22. Fair Value of Financial Instruments Used for Foreign Hedge	7,265	1,305	1,466	-
23. Amount of Hedged Foreign Currency Assets	-	-	-	-
24. Amount of Hedged Foreign Currency Liabilities	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

31 December 2013	TL equivalent	USD position	EUR position	Other
1. Trade Receivables	276,506	107,863	15,765	-
2a. Monetary Financial Assets (including cash and bank accounts)	116,412	47,005	2,924	7,503
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	1,046	-	-	1,046
4. Current Assets (1+2+3)	**393,964**	**154,868**	**18,689**	**8,549**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-		-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**393,964**	**154,868**	**18,689**	**8,549**
10. Trade Payables	280,704	129,925	1,160	-
11. Financial Liabilities	215,793	98,554	-	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-monetary Other Liabilities	1,013	-	-	1,013
13. Short-Term Liabilities (10+11+12)	**497,510**	**228,479**	**1,160**	**1,013**
14. Trade Payables	-	-		-
15. Financial Liabilities	124,616	41,533	14,106	-
16 a. Other Monetary Liabilities	-	-	-	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**124,616**	**41,533**	**14,106**	**-**
18. Total Liabilities (13+17)	**622,126**	**270,012**	**15,266**	**1,013**
19. Off Balance Sheet Derivative Items' Net Asset/(Liability) Position (19a-19b)	**(21,481)**	**(1,779)**	**(6,022)**	**-**
19a. Net Assets of Statement … of Financial Position	17,546	8,221	-	-
19b. Net Liabilities of Statement … of Financial Position	39,027	10,000	6,022	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(249,643)**	**(116,923)**	**(2,599)**	**7,536**
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(228,162)**	**(115,144)**	**3,423**	**7,503**
22. Fair Value of Financial Instruments Used for Foreign Hedge	(3,312)	(1,306)	(178)	-
23. Amount of Hedged Foreign Currency Assets	-	-	-	-
24. Amount of Hedged Foreign Currency Liabilities	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

31 December 2014	Appreciation of foreign currency	Profit/Loss Equity Appreciation of foreign currency	Depreciation of	Depreciation of foreign currency
foreign currency				
In case 10% change of USD against TL				
USD net asset/ (liability)	(13,868)	13,868	24,258	(24,258)
Amount hedged for USD risk	-	-	-	-
USD net effect	**(13,868)**	**13,868**	**24,258**	**(24,258)**
In case 10% change of EUR against TL				
EUR net asset/ (liability)	324	(324)	-	-
Amount hedged for EUR risk	-	-	-	-
EUR net effect	**324**	**(324)**	**-**	**-**

31 December 2013	Profit/Loss Equity Appreciation of foreign currency	Appreciation of foreign currency	Depreciation of	Depreciation of foreign currency
foreign currency				
In case 10% change of USD against TL				
USD net asset/ (liability)	(24,013)	24,013	24,511	(24,511)
Amount hedged for USD risk	-	-	-	-
USD net effect	**(24,013)**	**24,013**	**24,511**	**(24,511)**
In case 10% change of EUR against TL				
EUR net asset/ (liability)	2,707	(2,707)	-	-
Amount hedged for EUR risk	-	-	-	-
EUR net effect	**2,707**	**(2,707)**	**-**	**-**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Interest Risk

The Group is exposed to interest risk arising from the borrowings interest rate changes. According to balance sheet position of the floating interest rate financial liabilities as of 31 December 2014, other things being constant, if the interest rate depreciate/ appreciate by 1%, profit before tax would increase/decrease TL 230 (31 December 2013: TL 474), capitalized financial cost on construction in progress would not change (31 December 2013: TL 260).

	31 December 2014	31 December 2013
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents (Note 4) (*)	151,283	187,585
Financial liabilities		
USD borrowings (fixed due to interest rate swap)	349,239	269,155
Floating interest rate financial instruments		
Financial assets		
Cash and cash equivalents (Note 4) (*)	-	-
Financial liabilities		
USD bank borrowings	-	39,851
EUR bank borrowings	34,631	41,421

(*) Cash and cash equivalents consist of bank deposits with maturity less than three months.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Liquidity risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid In the framework of liquidity risk management, funding sources are being diversified, and sufficient cash and cash equivalents are held.

The breakdown of financial assets and liabilities according to their maturities is disclosed considering from balance sheet date to due date period. Financial assets and liabilities that have no certain due dates are classified in over one year column.

31 December 2014:

Expected or maturities per agreement	Carrying value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Financial liabilities	384,228	389,494	125,242	158,858	105,394	-
Trade payables	386,952	389,593	258,194	131,399	-	-
Due to related parties	44,494	44,598	42,238	2,360	-	-
	815,674	823,685	425,674	292,617	105,394	-

31 December 2013:

Expected or maturities per agreement	Carrying value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Financial liabilities	350,477	359,867	53,193	172,306	114,690	19,678
Trade payables	308,130	310,222	220,453	89,769	-	-
Due to related parties	32,976	33,082	29,528	3,554	-	-
	691,583	703,171	329,253	265,629	114,690	19,678
Derivative financial instruments						
Derivative cash outflow	3,312	3,312	38	3,274	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Import export information:

Import export for the years ended at 31 December 2014 and 2013 are as follows:

Export

	31 December 2014	31 December 2013
USD	433,606	354,587
EUR	194,885	143,140
Other	91,572	91,386
Total	**720,063**	**589,113**

Import

	31 December 2014	31 December 2013
USD	1,130,879	832,626
EUR	70,155	58,818
Other	1,609	717
Total	**1,202,643**	**892,161**

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including financial liabilities, trade payables and due to related parties, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

The ratio of net debt to equity is as follows:

	31 December 2014	31 December 2013
Total monetary liabilities (*)	815,674	691,583
Less: Cash and cash equivalents (Note 4)	(192,492)	(233,208)
Net debt	**623,182**	**458,375**
Total shareholders' equity	1,113,363	1,047,486
Total capital	**1,736,545**	**1,505,861**
Debt/equity ratio	**36%**	**30%**

(*) Short-term and long-term liabilities comprised from trade payable to related parties and trade payables to other parties.

NOTE 28 - FINANCIAL INSTRUMENTS

Fair value estimation

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are used to estimate the fair value of the financial instruments:

Financial assets

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. These balances are anticipated to close their book value.

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value.

Financial liabilities

The fair values of short-term borrowings and trade payables are assumed to approximate to their carrying values due to their short-term nature.

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

The estimated fair value of demand deposits expresses the amount to be paid at the moment of withdrawal. The fair value of the overnight deposits indicates the book value. The estimated fair value of the fixed interest deposits is determined by calculating the discounted cash flows, using the market interest rates applied to similar loan and other debts. In case where the maturities are short, the carrying values are assumed to reflect the fair values (Note 7).

Fair Value Estimation:

Effective 1 January 2010, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

31 December 2014	Level 1	Level 2	Level 3
Financial investments	-	-	2,355
Foreign currency held for trading	-	7,265	-
Hedging derivative financial instruments	-	(433)	-
Total Liabilities		**6,832**	**2,355**

31 December 2013	Level 1	Level 2	Level 3
Financial investments	-	-	2,355
Foreign currency held for trading	-	(3,312)	-
Hedging derivative financial instruments	-	524	
Total Liabilities		**(2,788)**	**2,355**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instruments are observable, the instrument is included in level 2.

NOTE 29 - EVENTS AFTER THE BALANCE SHEET DATE

The Company is in negotiations with European Bank for Reconstruction and Development (EBRD) for EUR 50 million borrowing to be used for future investment and modernization projects.

SUMMARY FINANCIAL STATEMENTS (USD)

CONSOLIDATED BALANCE SHEET SUMMARY(*)	31 December 2014 (Thousand US$)	31 December 2013 (Thousand US$)
Assets	**861,643**	**848,805**
Current Assets	**421,320**	**401,625**
Cash and Cash Equivalents	83,010	109,267
Trade Receivables	210,987	171,202
Inventories	101,931	86,770
Other Current Assets	25,392	34,386
Non-Current Assets	**440,323**	**447,180**
Trade Receivables	30,376	-
Financial Investments	1,016	1,103
Investments Accounted for by the Equity Method	104,613	114,842
Property, Plant and Equipment	292,611	317,908
Intangible Assets	3,198	4,653
Goodwill	2,583	2,806
Other Non-Current Assets	5,926	5,867
Liabilities	**861,643**	**848,805**
Short Term Liabilities	**324,184**	**288,879**
Financial Liabilities	121,717	105,824
Trade Payables	186,056	159,821
Taxes on Income	4,796	4,890
Other Short Term Liabilities	11,615	18,343
Long Term Liabilities	**57,334**	**69,140**
Financial Liabilities	43,977	58,387
Derrivative Financial Instruments	-	-
Provision for Employment Termination Benefits	9,309	7,186
Deferred Tax Liabilities	4,048	3,395
Other Long Term Liabilities	-	171
Shareholders' Equity	**480,125**	**490,787**

(*) US$ currency conversions shown in the consolidated financial statements are provided for informational purposes only; the closing exchange rate TL 2.3189 (December 31, 2013: TL 2.1343) was used in calculating the balance sheet items.

CONSOLIDATED INCOME STATEMENT(**)	31 December 2014 (Thousand US$)	31 December 2013 (Thousand US$)
Net Sales	962.811	923.402
Operating Profit	107.133	98.699
EBITDA	130.252	132.313
Net Profit	74.490	73.963

(**) The conversion of the consolidated income statement into US$ is provided for informational purposes only; the period average exchange rate of TL 2.1862 (December 31, 2013: TL 1.9021) was used in the statement.

FINANCIAL RATIOS	31 December 2014	31 December 2013
Current Ratio	1,30	1,39
Liquidity Ratio	1,00	1,09
Return on Invested Capital (ROIC)	%8,15	%7,77
Return on Equity (ROE)	%14,63	%13,43
Debt / Equity	%55,90	%43,80

Aksa Akrilik Kimya Sanayii A.Ş.

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Trade Registration Number - Date: 21.11.1968 - 100775
Mersis No: 0034 - 0008 - 1490 - 0010
Tax Office - No: Large Taxpayers - 0340008149
Central: Gümüşsuyu Miralay Şefik Bey Sokak Akhan No:15
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