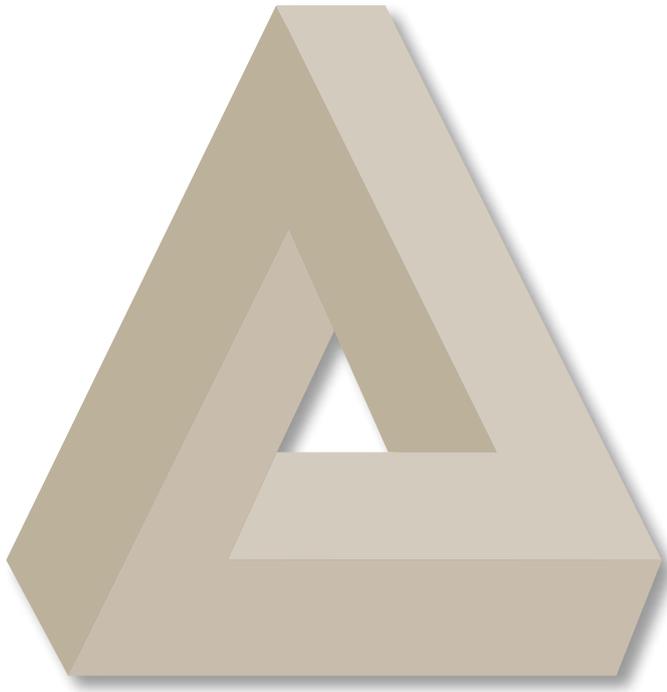




Annual Report 2015





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AKSA, THE WORLD LEADER
IN ITS SECTOR, MANAGED TO
CERTIFY THE SIGNIFICANCE IT
ATTACHES TO THE CONCEPT
OF CORPORATE GOVERNANCE
AND TRANSPERANCY TOWARDS
ITS SHAREHOLDERS, WITH ITS
CORPORATE GOVERNANCE
RATING AWARD.

DID YOU KNOW THAT MANY OF THE CLOTHES WE WEAR FOR PROTECTION FROM THE COLD CONTAIN ACRYLIC FIBER?



**ORDINARY
GENERAL
ASSEMBLY
AGENDA**

Agenda for the 2015 Ordinary General Assembly Meeting of Aksa Akrilik Kimya Sanayii Anonim Şirketi

1. Opening of the meeting and election of the Presiding Board of the General Assembly,
2. Reading and discussing the 2015 Annual Report prepared by the Board of Directors,
3. Reading the Auditors' Report for the year 2015,
4. Reading, discussing and approval of the Financial Statements for the year 2015,
5. Releasing the members of the Board of Directors individually with regard to the Company's activities in 2015,
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. Submitting the issue of raising the upper limits for donations and aids determined under the Company's donation and aid policy, as per the Capital Markets Law and the Capital Markets Board's 'Dividend Communiqué' number (II-19.1), for the approval of the General Assembly,
12. Providing information about the "Remuneration Policy" with respect to the Company's Board members and senior executives as per the Capital Markets Law, and Corporate Governance Principle number 4.6.2 of the Capital Markets Board's 'Corporate Governance Communiqué' number (II-17.1),
13. Pursuant to the Capital Markets Law, informing the shareholders about the donations and aid made by the Company in 2015,
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 2015.
15. Presenting for the approval of the General Assembly the amendment draft with regards to article 6 titled "Capital", article 9 titled "Authorities of Board of Directors" article 12 titled "General Assembly", article 14 titled "Place of Meeting", and article 17 titled "Voting Right", of the Company's Articles of Association, in the format approved by the Energy Market Regulatory Authority, the Capital Markets Board and the Turkish Republic Ministry of Customs and Trade, and provided that the necessary permissions are obtained from the Energy Market Regulatory Authority, the Capital Markets Board and the Turkish Republic Ministry of Customs and Trade,

Message From the Chairman of the Board of Directors

Dear Shareholders,

2015 was an intense year for Turkey and the world. We saw that economic and political uncertainties can escalate rapidly, and the results can be depressing for the entire world. According to IMF estimates, the world closed 2015 with growth of 3.1% in spite of all these factors. As for 2016, a growth rate of 3.6% is expected, which is higher than 2015's figure. Although the era of continuous growth in global trade volume, 1997 – 2006, has already been left behind, recovery is expected to speed up as of 2016.

When we look from the point of view of Aksa having the world's largest acrylic fiber capacity, we feel justifiably proud of closing 2015 with satisfactory figures. Our EBITDA level and net profit increased by 22%. Owing to efficiency-based projects and planned maintenance activities, our gross capacity, which was previously 308,000 tons, set a new record in 2015, reaching 315,000 tons, and our capacity utilization rate came in at 98%. A strong dollar against the drop in oil prices affected raw material prices, and led to global demand deferral. The negative environment created by uncertainties prevailed in the domestic market, and demand contracted. However, 2015 has been a successful year for our Company, during which the decline in the domestic market was balanced by sales in external markets, and Aksa asserted its flexibility in marketing activities.

One of Aksa's prominent achievements in 2015 was the establishment of the Yalova Composite and Chemical Expertize Improvement Organized Industrial Zone.

We are fully confident that the companies within the structure of the Organized Industrial Zone will keep creating added value, thanks to their self-developed in-house technologies in such a productive area, and will continue to contribute to employment in Yalova and thus the national economy.

On the other hand, the Joint Improvement Agreement executed by and between our joint venture, DowAksa Advanced Composite Holding B.V. and Ford Motor Company was one of the most exciting developments of 2015. The agreement, executed with the purpose of producing carbon fiber suitable for automotive applications, at low prices and high volumes, heralds a successful venture for both companies. Furthermore, the Institute for Advanced Composites Manufacturing Innovation, of which DowAksa is a member, accelerated its engagements in 2015 with the grant of the US Ministry of Energy, amounting to 70 million dollars. In the coming years, the institute will focus on enhancing the recycling level of composite materials to a rate above 95%.

2015 also witnessed pleasing developments in Sustainability, which is among our Company's indispensable principles. Our report, prepared by taking into account the requirements of the BİST Sustainability Index, was raised from GRI G3 B level in 2013 to GRI G4 level. Our 2014 Report, which was the tenth report prepared by the Aksa Sustainability Committee, turned heads, as it disclosed more performance data and provided a more transparent platform.

Aksa closed the year with considerably successful results in terms of compliance with Corporate Governance Rating Principles. Our Company's Corporate Governance Rating was updated to 9.5 out of 10, and the Company was awarded with the 3rd highest rating.

WE WILL CONTINUE TO PROCEED, WITHOUT COMPROMISING OUR PRINCIPLES, IN ORDER TO SURPASS THE PROUD POINT WE HAVE REACHED IN THE WORLD'S ACRYLIC MARKET, BASED ON THE EVER GROWING CONSISTENT WORK OF OUR EMPLOYEES, WHO ARE DEDICATED TO THEIR WORK WITH LOVE AND RESPECT.



“We have left behind a year during which we closely assessed the risks and opportunities specific to the economy and our sector, and continued to grow in parallel with our targets. We will keep making a difference in the sector with the same determination and energy in the coming year.”

Mehmet Ali Berkman
Chairman of the Board of Directors

As part of our innovative product development projects, we can mention our R&D works oriented to the non-flammable modacrylic fiber, which is produced by very few companies around the world. Modacrylic, which is ideal for Turkey’s value added export target, is currently produced by a limited number of producers worldwide, and it is primarily used in protective work uniforms, the plastic sector, and artificial hair production. Striving to create new business areas based on unique technology knowledge obtained through R&D, Aksa will persist relentlessly in its value added product works in the coming periods.

Recovery in the US economy, the FED’s recent decisions regarding the course of monetary policy, optimistic developments that may occur in the Eurozone, and of course the debate as to whether or not developing economies will go into crisis, are the key macroeconomic factors in the near future determining the main focus for 2016. Other key concerns are whether China can healthily maintain its economy, with growth declining to around 6%, as well as the impacts of this stagnation on the global system.

No matter what the conditions, the targets will never change for the Aksa family. We will continue to proceed, without compromising our principles, in order to surpass the proud point we have reached in the world’s acrylic market, based on the ever growing consistent work of our employees, who are dedicated to their work with love and respect. I would hereby like to extend my sincerest thanks to our shareholders, financiers and all stakeholders supporting us, under all conditions, and wish for a new year that we can celebrate with new achievements.

Mehmet Ali Berkman
Chairman of the Board of Directors

Message From the General Manager

Dear Stakeholders,

In spite of numerous social, political and economic fluctuations, both in Turkey and worldwide, which worried us in 2015, we, at Aksa Akrilik, achieved progress in line with our purposes, and once again attained our targets during the period. We not only had a profitable year, but also one in which we made a difference at every step with our respect for the environment and ethical values.

Thanks to the Turquality Project, the world's first and only state-funded branding program, and which we joined in 2014, we were proud to announce our Company's strength and achievements to the entire world within a short period, and to conduct a serious campaign enhancing the image of Turkish brands. Our Company, the world's biggest and Turkey's only acrylic fiber producer, with an annual capacity of 315,000 tons, reached a 98% capacity utilization rate.

We saw some exciting developments in 2015 on sustainability, which is one of the indispensable principles making up Aksa. Our Sustainability Report at GRI G4 standards, which we prepared according to the requirements of the Borsa Istanbul (BİST) Sustainability Index, was a key symbol of our determination in this matter.

In September, we were delighted to win a very meaningful award. For a long time, we had conducted various research and engagements to prevent any unplanned shutdown of our boilers in the Energy Generation Facility due to pipe breakdowns. The GE Power&Water, Water and Process Technologies Project that we developed for this very purpose brought us the Proof Not Promises Award. This award delighted us all, thanks to Aksa Akrilik, and it was given to a company from Turkey for the first time since 2013. Based on this project, which is held up among Europe's best projects, we achieved a saving of USD 3.2 million per year.

Another successful energy efficiency project we implemented was the AES (Advanced Energy Solutions) Project. We conducted the first application in Turkey of advanced process control methods in energy power plants, contributing to operational excellence as part of this project. It helped us secure annual savings of USD 2 million, supporting the total efficiency of Aksa Akrilik's energy power plants.

At Aksa, we carried out several projects in 2015 concerning water saving, efficient usage of water, and prevention of drought, which are among the most crucial items on the world's agenda, and we created precautionary plans and projects. Thanks to our Reverse Osmosis- RO and "Waste Water Treatment Facility" facilities, which we put into operation in the Yalova Composite and Chemicals Organized Industrial Zone, Aksa Akrilik hopes to be an example on the issue of water saving across Turkey.

WE NOT ONLY HAD A PROFITABLE YEAR, BUT ALSO ONE IN WHICH WE MADE A DIFFERENCE AT EVERY STEP WITH OUR RESPECT FOR THE ENVIRONMENT AND ETHICAL VALUES.



“ We would not have got this far, were it not for our adherence to the values that make us “us”, our superb performance, our eagerness to work, and our determination.”

Cengiz Taş
General Manager

There is a huge team working in a harmonized manner behind the projects we have implemented, the values we create, and all of our achievements. We would not have got this far, were it not for our adherence to the values that make us “us”, our superb performance, our eagerness to work, and our determination. I believe that each of our employees at the Aksa Akrilik Family will continue to fulfill their duties with the same sense of responsibility and high motivation. I hope that we will sustain the success we have thus far attained with our devotion, endeavor and consistent efforts for years to come, and that we will make quite a name for ourselves, both in Turkey and worldwide, on many more fronts.

I extend my sincere thanks to our shareholders, customers, financiers, and all stakeholders supporting us under all circumstances, and I look forward to a new year, when we will once again be proud of our achievements.

A handwritten signature in black ink, appearing to read 'Cengiz Taş'. The signature is fluid and cursive, with a long horizontal stroke at the end.

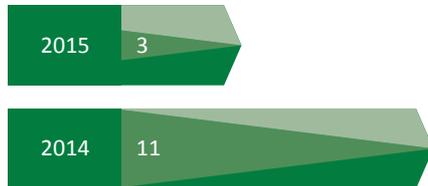
Cengiz Taş
General Manager

**DID YOU KNOW THAT A LOT OF THE
KNITWEAR WE USE IN OUR DAILY LIVES
CONTAINS ACRYLIC FIBER?**



**KEY
INDICATORS**

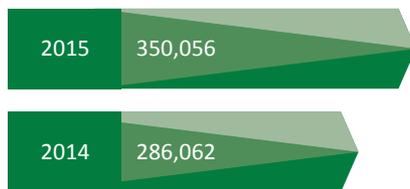
Corporate Governance Index Rating List



Aksa managed to climb to 3rd place in 2015, while it was listed as the company with the 11th highest Corporate Governance Rating in 2014.

8 digits

EBITDA(*)

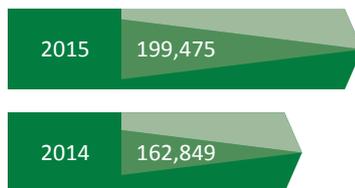


Aksa's 2015 EBITDA(*) growth was 22%, reaching TL 350 million.

(*) Earnings Before Interest Taxes Depreciation and Amortization

22%

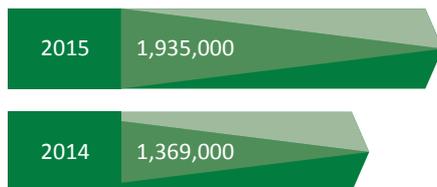
Net Profit



Aksa's 2015 net profit growth recorded 22%, reaching TL 199,5 million.

22%

Company Value



Aksa's Company value calculated over its share value in Borsa Istanbul grew by 41%, to TL 1.9 billion in 2015.

41%

DID YOU KNOW THAT THE BALL OF STRING USED FOR HAND WEAVING CONTAINS ACRYLIC FIBER?



**AKSA
IN BRIEF**

Aksa Akrilik Kimya Sanayii 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 Akrilik was responsible for 1/6 of the world’s acrylic fiber production last year.

With a headcount of more than 1,200, Aksa is established on an area of 502,000 square meters. It is the world’s largest and Turkey’s only acrylic fiber producer, with an annual capacity of 315,000 tons. Aksa Akrilik focused on active marketing activities in the domestic market throughout the year, and maintained its market share based on a record high capacity utilization rate of 98%, and substantially raised its sales amount. As of 2015 year-end, the Company has a share of 17% in the global market, and 70% in the domestic market.

Aksa Akrilik performs daily production of circa 850,000 kilos. That is to say, it produces acrylic fiber to meet the knitwear needs of 2 million people per day. 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 no less than 50 countries on 5 continents. 59% of 2015 sales were made to the domestic market, and 41% were made to foreign markets.

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 2015

AKSA AKRİLİK WAS THE COMPANY WITH THE 3RD HIGHEST CORPORATE GOVERNANCE RATING IN 2015.

The Company's Corporate Governance Rating studies were completed on July 23, 2015 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 9.50.

As a result of the ranking determined after the 2015 rating update for the companies included in the index, we were the "Company with the 3rd Highest Rate" among 50 companies listed on the Corporate Governance Index, during the award ceremony held by Turkey's Corporate Governance Association on January 14, 2016, as part of the 9th Corporate Governance Summit. Based on this award, Aksa Akrilik was registered at the top level in many areas, from its Corporate Governance concept to the transparency the Company demonstrates to its shareholders.



Corporate Governance Rating: 9.50

Main parts: App. 95.00

Sub-Categories	Weight	Rating Obtained	Rating Allocated
Shareholders	0.25	95.36	9.54
Public Disclosure and Transparency	0.25	98.23	9.82
Stakeholders	0.15	98.75	9.88
Board of Directors	0.35	90.83	9.08

AKSA IS PROUD TO ONCE AGAIN BRING THE “PROOF NOT PROMISES” AWARD TO TURKEY.

Aksa Akrilik won the Proof Not Promises Award with the GE Power&Water, Water and Process Technologies project, developed to prevent unplanned shutdown of our boilers in the Energy Generation Facility due to pipe breakdowns. Thanks to Aksa Akrilik, the Proof Not Promises award was won by a company from Turkey for the first time since 2013.

Boiler pipe bursts are prevented with the project developed following the cooperation with General Electric Company, and an annual saving of USD 3.2 million was achieved. While this is shown as Europe’s best project, the Water and Process Technologies Project also received the title of Europe’s most yielding project. The GE Power&Water, Water and Process Technologies Project turns heads with its efficiency, contribution to the environment, and reduction of energy costs.

• Aksa leveraged its application level to GRI G4 on the 2014 Sustainability Report

Reinforcing the significance it places on sustainability with its applications in business processes, Aksa reported its sustainability performance between the dates of January 1 and December 31, 2014, allied with all Turkish subsidiaries. Based on the 2014 Sustainability Report issued within the framework of GRI (Global Reporting Initiative), the Company raised its report, which was at GRI G3 B level in 2013, to GRI G4 level this year.

The Aksa Akrilik Sustainability Report for 2014 has been prepared according to the requirements of the Borsa Istanbul (BİST) Sustainability Index, which lists the companies traded on Borsa Istanbul (BİST) that have a high level of corporate sustainability performance. The 2014 Sustainability Report, which shares more performance data and provides a more transparent platform, was the tenth sustainability report prepared by Aksa Sustainability Committee.

Other Developments

• The Yalova Composite and Chemical Expertize Improvement Organized Industrial Zone was established

The Yalova Composite and Chemical Expertize Improvement Organized Industrial Zone (YALKİM OSB) was established with registration number 308, granted by the Ministry of Science, Industry and Technology on July 6, 2015.

Companies found within the Yalova Composite and Chemical Expertize Improvement Organized Industrial Zone such as Aksa Akrilik, Ak-Kim Kimya San. ve Tic. A.Ş., DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. and Erzurum Tekstil San. ve Tic. Ltd. Şti., create added value based on their in-house technologies, while making a substantial contribution to the national economy’s balance of payments, and Yalova province’s employment and commercial life, by means of sales strategies that prioritize export.

• Aksa successfully completed the TS ISO 31000 Risk Management Verification Audit

Aksa Akrilik successfully completed the “TS ISO 31000 Risk Management System” supervisory audit, conducted by TSI on October 13-14, 2015, with zero non-compliance. With the TS ISO 31000 Risk Management System, which is a systematic approach focusing corporations to determine and analyze their risks, and take the appropriate actions against such risks, Aksa became the first company in BİST Istanbul to gain this certification.

• Excellence Ambassador Prize to Aksa Akrilik

In KalDer’s (Turkish Quality Association) 24th Quality Congress, which is Europe’s largest management congress organized under the theme of “Sustaining Excellence”, all institutions, corporations and individuals contributing to the Association’s journey of quality and excellence were honored. Representatives from 32 institutions and corporations receiving the EFQM Grand Prize / Turkish Excellence Grand Prize and Sustainability Prizes since 1993 were awarded with the “Excellence Ambassadors Honor Plaque” during the KalDer Excellence Ambassadors Plaque Ceremony.

Capital and Shareholding Structure

■ OPERATIONAL EXCELLENCE, PROFITABLE INVESTMENT.

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 increased its paid-in capital 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

^(*) 37.06% of Aksa's shares are traded on BİST, de facto, as of December 31, 2015, and 5.30% of the shares are owned by Somerset em.mar.d.v.ge.f, established in Britain.

Subsidiaries

Subsidiary Title	Country	Operation	Subsidiary Amount ^(*)	Subsidiary (%)	Dividend Amount (TL)		
					2013	2014	2015
Akpa Tekstil İhracat Pazarlama A.Ş.	Türkiye	Foreign Trade	- (**)	- (**)	775,705	1,100,519	-

Subsidiaries Title	Country	Operation	Subsidiary Amount ^(*)	Subsidiary (%)	Dividend Amount (TL)		
					2013	2014	2015
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	6,592

Joint Venture	Country	Operation	Subsidiary Amount ^(*)	Subsidiary (%)	Dividend Amount (TL)		
					2013	2014	2015
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.

^(**) 13.47% of shares belonging to Ak-Pa Tekstil İhracat Pazarlama A.Ş. were sold to Akkök Holding A.Ş. within 2015 for an amount of TL 11.6 million, and no dividend income has occurred for that period.



“Included on the BİST 100 index, which closed 2015 with a drop of 16% due to economic uncertainties, Aksa succeeded in growing its Market Cap by 41%, through its robust financial structure and proven track record of operational results.”

Eren Ziya Dik
Director of Financial Affairs

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	ABD	Chemical
LLC NCC-Neftemehnika	Russia	R&D/Chemical
LLC NCC-Alabuga	Russia	R&D/Chemical
Nanotechnology Centre of Composites c-m-p GmbH	Russia	R&D/Chemical
	Germany	Chemical

Aksa Akrilik Kimya Sanayii A.Ş.

2015

Market Value	1,935 million TL
BIST Trading Ratio	37.06%
Foreign Investor Shares ^(*)	59.04%

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

DID YOU KNOW THAT THE INFANT TEXTILE MATERIALS THAT WE TRUSTINGLY USE CONTAIN AKSA'S ANTI-BACTERIAL A-CARE PRODUCTS?



**AKSA VISION
MODEL**

Mission

Why do we exist?

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

High Targets

Where will we go?

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

What are the values that determine our stance?

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

Main Qualifications

What are our best qualifications?

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

Milestones

ROBUST AND RELIABLE COMPANY IN THE INDUSTRY SECTOR, TURKEY'S SOURCE OF PRIDE...

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, Akşa 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, Akşa 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 Akşa 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 Akşa Karbon Elyaf Sanayi A.Ş. established as a wholly owned subsidiary of Akşa.
- ▶ On June 29, 2012, DowAkşa Ltd. was established as a 50:50 joint venture of Akşa and DowEurope.
- ▶ First phase of the power plant investment was completed and activated.

2013

- ▶ Akşa completed and commissioned the second phase of the power plant.
- ▶ Akşa 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."

- ▶ Akşa 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, Akşa 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

- ▶ Akşa'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.
- ▶ Akşa 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, Akşa 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.

2015

- ▶ Upon recent modernization and efficiency projects and investments, Akşa's annual production capacity of 308,000 tons reached 315,000.
- ▶ Akşa's Corporate Governance Rating, which is calculated in consequence of the assessment as per the CMB's Corporate Governance Principles, was updated to 9.5 and the Company took 3rd place in the BIST Corporate Governance Index as of year-end.
- ▶ Yalova Composite and Chemical Expertize Improvement Organized Industrial Zone, the founders of which are the Acrylic Based Composite, Advanced Materials and Technology Producers Association, including Akşa, as well as Yalova Provincial Special Administration, Taşköprü Municipality and Yalova Chamber of Trade and Industry, was established in Yalova's Çiftlikköy district, within the boundaries of Taşköprü, on an area of 113 hectares, with registration number 308, by the Ministry of Science, Industry and Technology, on July 6, 2015.

Akkök Holding in Brief

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.

Founded in 1952 by the late Raif Dinçök, and with deep know-how spanning 63 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 18 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 315,000 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 21st century.

DowAksa offers integrated carbon fiber composite solutions to industry sectors, primarily the energy sector, as well as the transportation and infrastructure industries. The Company develops solutions that aim to boost performance while reducing the total cost, providing a wide range of products for the fast growing carbon fiber composite industry. Expanding its product line with technical service support, DowAksa also conducts business development activities on a global scale. Today, DowAksa is among the most powerful companies, racing to the top of the world in carbon fiber and carbon fiber based material production. Moreover, DowAksa is the first and only Turkish company to carry out activities in the carbon fiber industry.

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 range of products is oriented towards various industry groups, particularly the chemicals, textile, food, water treatment, paper, pharmaceutical and construction sectors. 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, is opening up a new market for the Group. With this acquisition Ak-Kim adds enamel and ceramic frit production, used in the coating of many products in our daily life such as durables, 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 Akbat Shopping and Lifestyle Centre, as well as Akasya Acıbadem, in which Akiş holds shares at a rate of 19.71%, and which was developed by SAF REIT. Moreover, as an alternative to the shopping center investments in Bağdat Street as a new business model in Turkey, it also develops projects for street retail and investments. Akiş REIT aims to provide a regular dividend income for its partners by means of regular rental income, which will expand with these investments. Akiş REIT consistently follows changing sector trends and socio-economic developments closely, and aims to sign off on prominent projects in the real estate sector.

Another company belonging to Akkök Holding, whose success in the real estate industry has been inscribed with the Akmerkez Shopping Mall investment, is SAF REIT, which has reinforced the holding's reputation in the real estate industry with activities that add value to society as a whole. 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.

Starting its activities as an auto-producer group in the Akkök Group of Companies in 1989, Akenerji has been operating as an independent power generation company since 2005. Taking part in the 50:50 strategic partnership between Akkök Holding and ČEZ Group, one of Europe's leading energy companies, the Company has a total installed capacity of 1,292 MW, and solely fulfills 3.1% of Turkey's energy need as of the end of 2015. Having made notable strides in sustainable energy, Akenerji, with a total installed capacity of 388 MW,

has raised the share of sustainable energy sources to 30%, with 8 hydroelectric power plants and one wind power plant. Project design works for the Kemah Hydroelectric Power Plant, with a capacity of 198 MW, and which is planned to be built in Erzincan, are ongoing.

Rendering services within the joint venture of AKÇEZ, established by Akkök Holding and ČEZ Group, Sepaş Energy operates in Bolu, Düzce, Sakarya and Kocaeli as the region's electricity supplier, and all around Turkey with a retail electricity sales license. Sepaş Energy offered services to 1.5 million customers in 2015, providing energy to a portfolio of nearly 867 MW. On 01.11.2015, in accordance with legislation, Sepaş Energy executed the physical dissolution of electricity distribution and retail sales activities, required to be completed by 01.01.2016, upon the decision of AKÇEZ's Board of Directors.

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, 47 municipalities, 1,441 villages, and a population of 3,384,719.

The understanding of "Sustainable Development" is a key component in creating Akkök Holding's future perspectives

and strategies. Akkök Holding prepared its first Sustainability Report in 2012, with detailed information on the performances and practices regarding the environment and society, as well as ethics and the economy. The report applied international reporting standards in accordance with GRI (Global Reporting Initiative), and acquired an approval of level C. In the 2013-2014 period, a second sustainability report, which consisted of the operations of Akkök Holding, Akxa Akrilik, Ak-Kim Kimya, Akenerji and Akış REIT, was prepared and published within the framework of G4 reporting.

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.

Today, Akkök Holding has a total of 5,000 employees.



DID YOU KNOW THAT ACRYLIC IS USED IN CARPET PRODUCTION WITH ITS VARIETY OF COLORS, AND IT PROVIDES DURABILITY AGAINST STAINS?



**2015
ACTIVITIES**



“We enhanced our sales in export markets in 2015, and managed to raise our total sales volume to 310,000 tons.”

Sabri Arca
Marketing, Sales and New Business
Development Director

Marketing and Sales

2015 passed in the shade of challenging conditions, due to exchange rate movements in global markets, the election process in the domestic market, and political instability at our borders, allied with the state of war. On the other hand our Company, with the world’s largest acrylic fiber capacity, managed to sustain its robust position in the global market, without being affected by the uncertainties in the world and Turkey, on account of its strength, as well as its marketing and sales activities in many countries. The rising dollar and the downward trend in oil prices pressured raw material prices throughout the year, and led to demand deferral.

When we look at foreign markets, 2015 was a year during which political tensions sharpened in Russia, Ukraine, Syria and Iraq, the ongoing uncertainty and instabilities in the Middle East and North African countries continued, growth difficulties arose in China, and exchange rate based purchasing power fell in Europe.

Our domestic market was affected by the repeated elections, as well as the conditions fueled by this process. As a result, the demand regression in the internal market was compensated by external market sales. While Aksa’s domestic market sales rate was 67% and the foreign market was 33% in 2014, 2015 closed with the domestic market rate at 59% and the foreign market at 41%.

In 2015, the capacity utilization ratio of our Aksa Egypt company came in at 84%, with the impact of new order in Egypt, economic reform steps, and the closure of our competitor in acrylic fiber production.

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. Owing to these engagements, the Company registered success in sustainability and enhancement of customer satisfaction, which are listed among the Company’s goals.

In consequence of the changes in the acrylic fiber world, and in line with Aksa’s mission and vision, joint works are conducted with 5 firms in order to tend towards new products under strategic cooperation. As part of the works, which are carried out to put acrylic fiber into new usage areas, publicity works continue towards enhancing Aksa’s recognition and introducing acrylic fiber to 3 different usage areas.

DID YOU KNOW THAT AKSA IS COMMITTED TO PAYING THE UTMOST ATTENTION TO THE ENVIRONMENT, HUMAN HEALTH AND OCCUPATIONAL SAFETY IN EACH STEP OF ITS ACTIVITIES, AS A RESULT OF ITS INTERNATIONAL RESPONSIBLE CARE AGREEMENT?



PRODUCTION



“Aksa managed to raise its annual capacity from 308,000 tons to 315,000 tons, as a result of efficiency and modernization projects and investments and, thanks to its record-high capacity utilization ratio of 98%, it makes the best of its competitive edge.”

İsmail Murat Inceoğlu
Factory Director

Acrylic Fiber

In 2015, Aksa reinforced its leader position in the market, based on production of more than 309,000 tons and production efficiency in the Acrylic Fiber market. Aksa reached a record-high production capacity in 2015, when the Company managed to raise its annual capacity to a level of 315,000 tons, by means of efficiency based projects and planned maintenance activities.

New Product Development / R&D Operations

Based on the unique technology knowledge obtained from the R&D works conducted in Aksa, new areas of business are targeted.

R&D works are also conducted for modacrylic fiber, which is non-flammable and can only be produced by a limited number of companies in the world. R&D works still continue for non-flammable products to meet rising demand for hard to flame / fire-retardant products and textile and performance tests are executed towards different usage areas and changing regulations. Modacrylic, a high added value product, can only be produced by a limited number of players around the world, and it is primarily used in protective work uniforms, the plastic sector, and artificial hair production.

Investments

In 2015, Aksa maintained its operational excellence concept, and focused on efficiency and quality enhancing projects. Moreover, the Company conducted projects within the scope of new business and new product development strategy. Accordingly, it is expected that similar projects will be incrementally sustained in the coming years.

Aksa has also invested in process security projects as per the alignment with the “Regulation on Prevention of Major Industrial Accidents and Mitigation of their Impacts”, enacted on January 1, 2016; and performed works to create a safer business environment.

DID YOU KNOW THAT ACRYLIC FIBER COMES IN THOUSANDS OF COLORS, AND CAN BRIGHTEN UP YOUR LIFE?



INVESTMENTS



The “Proof Not Promises” Award was once again granted to a company in Turkey after 2013 for a project developed to contribute operational excellence in energy generation, which made a major difference among similar projects.”

Sinan Uğurlu
Energy Director

Energy

Aksa generates electricity energy and process steam, meeting its own energy need, and also sells the surplus. While gross power generation was 736 GWh in 2014, this figure grew by 6%, reaching 786 GWh in 2015. 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 optimized manner upon the finalization of the majority of the projects developed.

Distribution of the 2015 investment expenses, worth TL 226 million, as per contents of the projects is as follows:

Project	Number
TEXTILE INVESTMENT	28
INFRASTRUCTURE - FACILITIES - MAINTENANCE	27
PROCESS SECURITY	23
RENEWAL MODERNIZATION PROJECTS	20
PROCESS AND PRODUCT DEVELOPMENT INVESTMENTS	12
PROJECTS ORIENTED TO ENHANCE ENERGY EFFICIENCY	10
WAREHOUSE MATERIAL AND PORT	4
LAND ASSET INVESTMENT	4
JOINT TREATMENT	1
RO	1
TOTAL	130

As part of the modernization works, usage of the existing investment incentive certificate continued in 2015.

- ▶ “Reverse Osmosis (RO)” technology began to be used. After this project became operational, an alternative raw water source was formed to counter the prospect of draught across the whole country. While this technology has been in use for a very long time in Arab peninsula, due to their limited water resources, it is possible that this implementation may enter our lives soon, including drinking-utility water for the cities.
- ▶ The Waste Water Treatment Facility project, in which all domestic and industrial sewage waters are treated, together within the structure of Yalova Composite and Chemical Expertize Improvement Organized Industrial Zone, hosting Akkök Group companies Aksa, Ak-Kim and DowAksa, is established on an area of almost 17,000 square meters. The facility was established with an investment amounting to USD 18 million and has the daily capacity to deal with 15,000 m³ sewage water discharge. Physical refining, chemical treatment, biological treatment and sludge dewatering units will be established in the plant.

DID YOU KNOW THAT AKSA OUTDOOR FIBER IS USED IN MANY APPLICATIONS REQUIRING DURABILITY, SUCH AS SUN UMBRELLAS, TENTS, ETC.?



SUBSIDIARIES

AKSA EGYPT MANAGED TO ACHIEVE CAPACITY UTILIZATION OF 84%, AND THEREFORE OBTAINED TURNOVER WORTH USD 27 MILLION IN 2015

DowAksa Carbon Fiber

DowAksa offers carbon fiber composite solutions that are integrated into industrial sectors, namely the energy, transportation and infrastructure sectors. The Company develops solutions aiming to reduce the total cost, and offers a wide range of products to the rapidly growing carbon fiber composite sector. Diversifying its product range with technical service support, DowAksa conducts global scale business development activities. Today, DowAksa is among the strongest companies racing to the top in the production of carbon fiber and carbon fiber intermediate materials. At the same time, it is the only Turkish company operating in the carbon fiber sector.

Carbon fiber is a high value added, strategic product, providing innovative solutions to the most significant problems faced by the world, by enhancing the energy generation volume of wind turbines, reducing fuel consumption in automobiles, and reinforcing and prolonging infrastructure and buildings.

Aksa Egypt

Aksa Egypt is a key subsidiary for Aksa as it expands the Company's North Africa operations, primarily in Egypt. Thanks to the new order that started to be established in Egypt in 2014, and the continuation of economic reform steps in 2015, Aksa Egypt managed to achieve capacity utilization of 84%, and therefore obtained turnover worth USD 27 million.

Planning to use its resources in the most optimized way, based on signals that the positive atmosphere in the country will continue, Aksa Egypt 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 2015 operations.

Akpa

In 2015, a 13.47% share of Akpa, which has been fulfilling Akkök Group companies' export and intermediation services since 1976, was sold to Akkök Holding A.Ş. for an amount of TL 11.6 million. This arose due to the facts that Akpa's staff, including the Group's sales to foreign market and marketing workforce, were transferred to Group companies, and thus simplified; Aksa created its own marketing staff in that area; and the trade volume and strategies assumed by Akpa in its own name and account are not within Aksa's Vision and High Goals.

**DID YOU KNOW THAT THE SUPERIOR EROSION
RESISTANT AKSA OUTDOOR FIBER IS USED IN MANY
EXTERIOR APPLICATIONS?**



SUSTAINABILITY



“Continuing to strengthen the company’s brand value based on its customer intimacy and service quality, the tops, dying and chopped fiber businesses also attained the Company’s goals in 2015.”

Haydar İnan
Textile Director

Society

Aksa adopted, as a fundamental notion, to sustainably carry into the future the value that it created with a Vision Model, for all of its shareholders, 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. 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 culture, 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 have presented our performance concerning the primary matters that we determined for sustainability along with the sustainability committee in 2015, under the 2014 Sustainability Report that we prepared as per GRI G4 standard, for the assessment of the shareholders. While this report represents our abidance by the 10 principles stipulated under the United Nations Global Compact that we signed, it also serves as a progress report.

Spread of Vision and Strategies

In order to enhance Aksa’s vision and strategies awareness among employees in 2015, “spread of vision and strategies workshops” were organized, accompanied by the Company’s strategic planning consultant.

Completed as of November end, workshops were run for a total of 145 employees with titles above specialist, and Aksa’s vision model, high goals, values and characteristics were conveyed to employees through executive presentations and strategy plays.

2015 Corporate Projects

THE FIRST APPLICATION OF THE ADVANCED PROCESS CONTROL METHODS CONTRIBUTING TO OPERATIONAL EXCELLENCE WITHIN THE SCOPE OF THE AES (ADVANCED ENERGY SOLUTIONS) PROJECT IN ENERGY POWER PLANTS WAS EXECUTED BY AKSA AKRILIK IN TURKEY.

► **Aksa Akrilik is listed among Turkey's 500 Largest Industrial Enterprises**

Aksa Akrilik, the world's largest and Turkey's only acrylic fiber producer, took 35th place on the list, with net sales from production worth TL 2,066,006,094 in 2014.

► **Aksa Akrilik brought the movie Shaun the Sheep II to the children of Yalova as part of April 23 National Sovereignty and Children's Day**

Just like in the previous year, Aksa Akrilik once again presented a movie to the children of Yalova on April 23 National Sovereignty and Children's Day. On April 23, almost 1,200 children watched Shaun the Sheep II free of charge at the Özdilek Cinetime movie theater.

► **Aksa Akrilik on Social Media!**

The world's largest acrylic fiber producer, Aksa Akrilik, greets its followers on Facebook, the world's biggest social network. General information regarding the company and all updated developments are published on Aksa Akrilik's Facebook page. While Facebook users can follow the page on www.facebook.com/AksaAkrilikKimyaSanayii, the page also provides information about Aksa Akrilik's projects, new investments, and social activities, as well as acrylic fiber and its areas of usage. Likewise, Aksa greets its followers on LinkedIn, the world's most renowned professional network.

► **A leading project from Aksa Akrilik on energy efficiency**

The first application of the advanced process control methods contributing to operational excellence within the scope of the AES (Advanced Energy Solutions) Project in energy power plants was executed by Aksa Akrilik in Turkey. The project was implemented along

with the sector leading technology firm, Honeywell, and took 1st place among more than 50 applicants, in over 10 countries on different continents, based on its shortest "return" period. While gaining USD 2 million in annual saving with the project, the efficiency of Aksa Akrilik's power plant was also enhanced.

► **Akkök Children's Fest gathered children from Yalova**

The 4th "Akkök Children's Fest", organized in Yalova, gathered all of the children in the Raif Dinçkök Culture Center on Sunday, October 18th. During the entertaining events by Akkök Group Companies – Aksa Akrilik, DowAksa and Ak-Kim Kimya – about water saving and efficient usage of water, children once again put their signature on a masterpiece.

As part of the event, an entertaining, water-themed show was performed by Faruk K Children's Club in the foyer area, supported by Aksa Akrilik.

► **Open Door Days continue**

Throughout the Open Door Days; NGOs, locals, schools, employees' families, customers, comparison teams, and domestic and foreign visitors have a chance to tour and collect information that arouses their curiosity about the production site. The results obtained from the questionnaires following the visits are evaluated within the scope of Aksa's enhancement strategies.

► **AKSA Industrial Vocational High School renewal works commenced**

Maintenance and repair works for Aksa Industrial Vocational High School, which was established by Aksa in 1992, as an indicator of the significance it places on education, in Yalova's Çitflicköy District, Taşköprü Town, were initiated in 2015.



“Thanks to the in-house technologies developed by the companies within the YALKİM OSB, including Aksa, they create added value, whilst also making a substantial contribution to Yalova’s employment and commercial life.”

Celalettin Özel
Director of Public Affairs

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 2015, the Company continued to create value for each and every region where the “Aksa” name is present.

The details of Akxa’s “Charitable Donations and Social Welfare” expenditure in 2015, mainly in the areas of education, culture, arts and sports are as follows:

Charitable Donations and Social Welfare	Amount (TL)
Education	1,440,969
Associations, foundations and municipalities	297,823
Total	1,738,792

► Blood Donations Continue

Committed to making social responsibility an integral part of its corporate culture, Akxa organizes a “Blood Donation Campaign” twice a year in collaboration with the Red Crescent branch in Yalova. Akxa employees voluntarily participated in Blood Donation Campaigns held in 2015.

Corporate Memory and Information Security Management System Works

Today’s innovations in communication and information technologies entail the need to protect and reinforce information sources, and to manage corporate information capital in the most efficient possible manner. Operating for more than 40 years, Akxa commenced Corporate Memory and Information Security Management System works to manage its long-established knowledge base. It completed risk engagements on information assets to detect information, define the location of the information, determine its usage in terms of organization, store the information in appropriate environments, and make it accessible. The company also determined the necessary actions regarding the risks. Actions determined as part of the work conducted in 2016 will be put into operation.

In-House Entrepreneurship

As of 2014, Aksa developed the operational excellence strategy that it took as a basis for sustainable growth and development, by adding engagements to find new usage areas for acrylic fiber, and to grow with new products or strategic collaborations. By virtue of these strategies, it is aimed that the global accomplishment achieved in acrylic fiber with the operational excellence strategy is to be transferred to new business areas. An In-House Entrepreneurship Program was initiated in 2015, and will be a driving force for new strategies. With the In-House Entrepreneurship program, it is planned to test innovative ideas quickly and cheaply, and transform them into business. It is also targeted to improve our employees' innovative perspective ability, and to conduct a project oriented to establish a Corporate Innovation System in 2016.

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 respect to the Aktops merger in 2014, the regulatory works were completed for Aktops' integration with Aksa in all business processes under the name of Textile directorate, and Environment Certification was renewed in March 2015.

Energy Efficiency and Climate Change

Uninterrupted energy supply and energy management bear special significance in ensuring operational sustainability in Aksa. We follow up our performance data as part of climate change and energy efficiency, and control our related targets and processes.

Affecting the whole globe today, the reflection of climate change into the business world also brings processes directly impacting companies. Aksa evaluates climate change within the framework of risks & opportunities, and maintains its operations along with legal applications.

Our greenhouse gas emissions were audited by BSI as part of ISO 14064-1, and certified with comprehensive assurance. Within the scope of our legal liability, our

Greenhouse Gas Monitoring Plan was uploaded to the online system of the Ministry of Environment and Urbanization. We performed our emission calculations in 2015, and reporting will be conducted in 2016 as per regulation.

Aksa established the ISO 50001 Energy Management System to create the process and systems required to enhance the performance of energy efficiency works that it has sustained since its establishment. The Company was audited by BSI on 20.12.2015, and certified successfully. With the Energy Management System, it is aimed to ensure efficient usage of energy in each phase of the process, and to reduce the amount of energy consumed in unit production. Based on systematic energy management, the reduction of greenhouse emissions, and other related environmental impacts and energy costs, is ensured.

As a result of our projects that have been completed as part of energy efficiency, we gained circa USD 800,000 revenue, based on 9.4 GWh electricity, and 10 GWh steam energy savings.

Management of Water Sources

Based on our sustainable production approach, we adopted an integrated water management approach, covering the diversity of water sources, efficient consumption of water, and the state of sewage water reaching the environment. Accordingly, in 2015, we put the Reverse Osmosis and Waste Water Treatment Facility projects that we developed in 2014 into operation. We became one of the first companies to answer the question form for the CDP Water Program, which was applied in Turkey for the first time in 2015, and is closely followed up by international investors.

Thanks to this project, which will operate with the principle of retrieving water from the sea as a sustainable water resource, as part of our Reverse Osmosis project, we aimed to create an alternative water source and make our production sustainable.

The Waste Water Treatment Facility Project, the foundations of which were laid in 2014, and where all domestic and industrial sewage waters in Akkök Group's production facility in Yalova will be refined together, was completed and put into operation in 2015. While the project gathers the refining operations of the Aksa Akrilik, Ak-Kim Kimya, Ersur and DowAksa companies under a single roof, it will be ensured that in the second stage of the project, refining facility exit water will be

OUR GREENHOUSE GAS EMISSIONS AS PART OF ISO 14064-1, AND CERTIFIED WITH COMPREHENSIVE ASSURANCE.

re-used in production facilities by applying advanced treatment technologies, and it is planned that the sewage water released into the environment will be substantially reduced.

Product Security

Aksa is involved in miscellaneous international systems and initiatives determining product quality and security standards. Accordingly, we maintained our OEKO-TEX® Standard 100 certification this year, which is an independent auditing and certification system covering all the production stages of textile products.

We closely follow up local and international regulations such as CLP, REACH, Ca Prop. 65, ETAD 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.

Green IT Applications

We carried out almost 34,000 flows in 2015 with the applications developed on eBA (Electronic Document Flow) software, enabling us to carry many transactions found as hard copy into the computer environment (i.e. Project Management Process Approval Forms, Incoming and Outgoing External Correspondence, Change Management, Work Leave Forms in Unit, etc.) and it helped with paper saving.

Occupational Health and Security

We consider the creation of a healthy and secure working environment for our employees as our fundamental responsibility, and we demonstrate efficient Occupational Health and Security management, in which risks related to our operations are periodically analyzed, preventive precautions are taken, and action plans are created for prospective emergency situations. We constantly enhance our performance in OHS, which is among our fundamental sustainability priorities, and we implement pioneering applications covering all stages of our value chain.

Seveso

AKSA came through 2015 with Seveso. AKSA completed the documentation processes on the one hand, and maintained, in increments, the process security investments that it initiated in the fields to comply with the changes upon postponement of the regulation's implementation date. Based on the works conducted, it is an attempt to prevent major industrial accidents with physical precautions. As for the worst-case scenarios, where all precautions remain insufficient, the impact modeling works and appropriate intervention methods are the other leg of the works. Carrying its existing security to a higher level with each passing day, AKSA aims to reach international standards.

KÖK (Root)

Our slogan summarizes our philosophy: "We will Root Out Accidents in AKSA!"

AKSA aims for operational excellence in its activities. Occupational Health and Safety is not independent of this goal. The Accident Prevention Culture (KÖK) project, focusing on employee behaviors, was put into operation along with the globally known Behavioral Science Technology (BST). First of all, a questionnaire was conducted to analyze the current status as part of the project. The questionnaire achieved a considerable participation rate of 92%. This alone puts forth how prepared AKSA is for this project, and how high the OHS awareness is. AKAT (AKSA Accident Mitigation Team) was established through training and preparation. This formation aims to train the individuals who will make observations in the fields, and ensure the creation of a culture of supporting one another. In parallel with these works, a process was put into operation, including another questionnaire (LDI) and coaching interviews, to ensure that our Leader personnel are included in the system. The questionnaire was hugely successful, with a 91% return. The crucial thing about KÖK is the fact that it is not a one-off exercise, and the process was designed on the grounds of sustainability. In short, KÖK aims to continue and to prevent accidents for as long as AKSA exists.

**DID YOU KNOW THAT ACRYLIC
FIBER PRODUCTS ARE USED IN THE
PRODUCTION OF MANY TOYS?**



**HUMAN
RESOURCES**



“Winning an award as the “Company with the 3rd Highest Rating” among “50 companies listed in the Corporate Governance Index”, Aksa Akrilik asserted that it occupies the top level in many areas, from its Corporate Governance concept to its transparency towards shareholders.”

Aydın Fethi Baytan
Human Resources, Corporate
Development and Purchasing Director

Human Resources

Aksa’s main human resources policy is to bring together responsible, creative, participatory, self-confident, self-developing and happy employees, who will serve the fundamental targets of the Company. Applications shaped within the framework of this policy, and investments made in human resources, support Aksa’s main strategies and facilitate the attainment of the targeted business results.

In the applications it developed for 2015 and the long-term targets, Human Resources Management focused on talent management, training and improvement, leader development, employee loyalty, spreading ethical values, enhancement of performance management system works, and promoting operational efficiency.

In line with our Company strategies, Fraud Risk Assessment works were conducted to spread our Business Ethical Principles. Trainings were organized for our executives and employees, and the policies tied to our ethical principles were enriched and published via announcements and documents.

Changes contributing to our organizational development were implemented. Accordingly, R&D Management was established; Energy Planning & Sales and Corporate Development directorates became management; Customer Services Management was merged with the Quality Monitoring unit; and the laboratories were linked to Process and Product Development Management.

In 2015, an Information Management Project was initiated to more effectively monitor the Human Resources systems in an electronic environment. As part of the project, Human Resources reviewed cloud technology based software enabling peer-to-peer application of the process in a single environment, and it was resolved to transfer the systems to this common software in 2016.

AN INFORMATION MANAGEMENT PROJECT WAS INITIATED IN 2015 FOR MORE EFFICIENT FOLLOW UP OF HUMAN RESOURCES IN AN ELECTRONIC ENVIRONMENT.

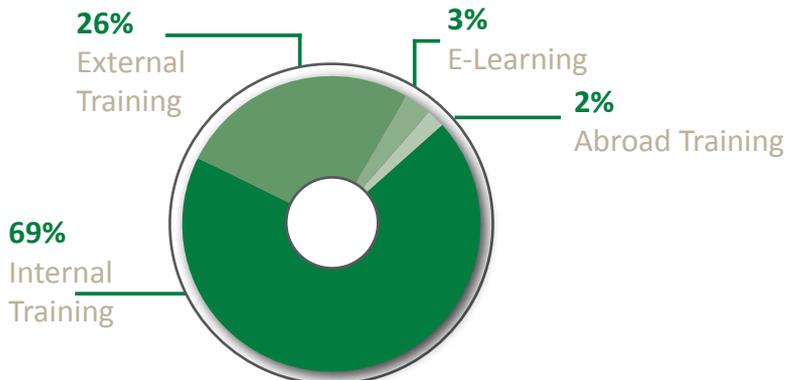
In parallel with the value we attach to employee loyalty, and our “Participative Management” concept, we established the “Great Place to Work” Confidence Index in 2015 to hear our employees’ voices. Employees’ action recommendations were heeded with respect to our enhancement areas, and project groups were formed that will carry our company onwards, and put into operation the actions enhancing their working environment, to which the employees trustfully attached, proud of their works and Aksa, and work in full harmonization and collaboration with their colleagues.

CORASCI (duty and responsibility matrices), supporting operational excellence and efficiency, were executed for our Management personnel, and therefore duties-responsibilities as well as processes were analyzed; areas to be enhanced were identified; and employee job descriptions were restructured and created on a position basis. Grey areas were determined during the Corasci works and the necessary actions with regard to areas open for improvement within the organization were planned, implemented and followed up, in line with the management’s decisions.

We emphasized perception-image engagements in our personnel selection process, in accordance with the goal of deploying the right person to the right job, and we continued to visit universities in 2015. Internships were offered to 9 students as part of our Long Term Internship Program, and included in the new graduate process executed in Akkök. During our selection for operational level personnel, the number of qualified applications rose as a result of the collaboration with İşkur (Turkish Employment Agency) and Yalova Municipality. The examinations we applied to this level were transmitted into the electronic environment, and efficiency has been attained owing to the transfer of the assessment process to the system.

Education Level	Distribution
PhD	0.16%
Master’s Degree	2.78%
Undergraduate Degree	14.79%
Associate Degree	24.17%
Vocational high School	34.74%
High School	12.32%
Elementary School	11.05%

2015 Training



As of the year end, the total headcount reached 1,258, and 106 new personnel joined the Akso Family in 2015, composed of 1 executive level, 19 specialist and engineer level, and 86 operational level staff.

Based on our faith in raising internal leaders, 13 individuals from among our current employees were appointed to executive roles/ upper level executive roles in 2015, in line with our organizational needs. 20 employees were deemed eligible for upper level specialist roles, and 24 operators were assessed in upper level operator roles in consequence of Assessment Center applications.

In accordance with the great significance we place on the Talent Management process, employees' competencies and improvement areas are identified by means of modern human resources methods, continuous development of employees is supported, and engagements are conducted to shed light on employees' career development. For this purpose, the competencies determined within the structure of Akkök were revised and updated, and assessment center applications continued.

Our employees at and above the roles of specialist prepared their improvement plans in line with the feedbacks they received from their executives, and their improvement needs, to ensure their continuous development. In parallel with our organizational needs, 47 man/hour trainings were organized in 2015, considering regulatory requirements and improvement plans.

2015 Training	Man*Hour	%
Internal Training	41,826	69%
External Training	15,568	26%
E-Learning Training	1,593	3%
Abroad Training	1,265	2%
Total	60,252	100%

All employees completed the regulatory 16-hour Occupational Health and Security Training and 2-hour Environment Regulation Training. In addition to these trainings; on-the-job trainings, orientation, personal development, occupational development, and management systems and executive development trainings were organized. Seveso and ethical trainings were held as per the Company strategies. Furthermore, employees' improvement was supported by attending domestic/international conferences, seminar sand fairs (ITMA, ACHEMA), and our Company's continuous development was ensured in parallel with our strategies.

As part of the KÖK project, all executives received trainings emphasizing the significance of OHS leadership, and executive development programs were organized. The Executive Development Program, which we maintain in collaboration with Sabancı University for manager roles, was completed by 8 Managers.

Within the scope of our Mentor – Mentee and coaching practices, a 1-year term Mentor – Mentee relationship was established between our Mentors, composed of our General Manager, Director and Managers, as well as 19 Mentees from Executive level. Moreover, 3 Executives attended coaching interviews.

A Post-Graduate and Doctorate degree support program became operational to support employees' development and enhance our intellectual capital. Accordingly, 4 employees started Post-Graduate and Doctor's degree trainings in 2015.

An Internal Announcement System was put into operation, which facilitates the announcement of vacancies within the Akkök Group to all of Akkök, and which helps us to benefit from current human resources potential. As a result, career management is supported with internal career paths.

**DID YOU KNOW THAT HIGH QUALITY ACRYLIC FIBER
HAS SPARKLE, VIVIDNESS, COLOR RETENTION AND
SOFTNESS QUALITIES?**



**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 through the most efficient methods.

Major Developments in 2015

1- Corporate Governance Rating

The “Corporate Governance Rating Report” was issued for update work is done 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 updated at 9.5 out of 10, and the ratings of the sub-headings were identified as Shareholder 95.36, Public Disclosure 98.23, Stakeholders 98.75 and Board of Directors 90.83 out of 100.

2- Share Performance

Our Company shares are listed in the following indexes of the Borsa Istanbul (BIST) stock market, and our share performance is shown below.

- ▶ Star Market
- ▶ BIST 100-30
- ▶ BIST Chemical, Oil, Plastic
- ▶ BIST Industrial
- ▶ BIST Dividend
- ▶ BIST Dividend 25
- ▶ BIST All
- ▶ BIST Star
- ▶ BIST 100
- ▶ BIST Corporate Governance



Activities of the Investor Relations

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

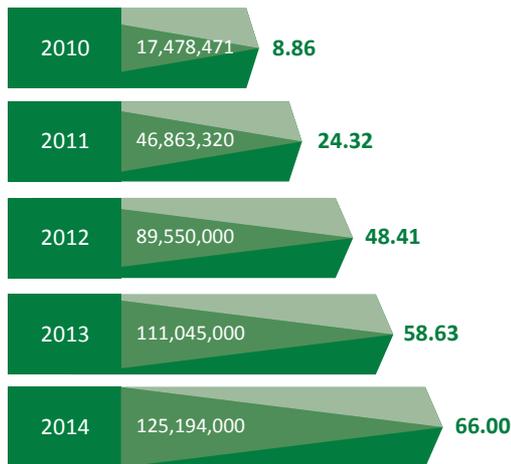
Share	2010	2011	2012	2013	2014	2015
Lowest Price (TL)	1.90	2.80	3.40	3.40	6.00	6.88
Highest Price (TL)	2.90	4.50	4.30	8.30	8.10	11.95
Closing Price (TL)	2.80	3.50	4.30	7.30	7.40	10.46
Issued Capital (thousand TL)	185,000	185,000	185,000	185,000	185,000	185,000
Market Value (thousand TL)	518,000	647,500	795,500	1,350,500	1,369,000	1,935,100

The prices on the table, valid for previous years, refer to unadjusted share prices.

3- Dividend

The dividend distribution for the period 2014 was approved during the Ordinary General Assembly on March 30, 2015, and it was paid in cash to the Company shareholders on April 2-4, 2015.

Gross dividend amounts distributed within the past five (5) years, and gross dividend amount distributed per share (kurus), are as follows:



4- General Assembly

The Ordinary General Assembly Meeting of the Company for the year 2014 was held on March 30, 2015 at the Grand Hyatt Hotel. Shareholders representing 77.41% 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 FUNDAMENTAL DUTY OF AKSA AKRILIK INVESTOR RELATIONS IS THE ACCOUNTABLE, FAIR AND RESPONSIBLE MANAGEMENT APPROACH MODEL, COMPLIANT WITH LEGAL REGULATIONS, AND TRANSPARENT FOR STAKEHOLDERS.

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:

- ▶ Five (5) press releases and thirty-nine (39) material disclosures on the Public Disclosure Platform,
- ▶ Participation in a roadshow in London
- ▶ One (1) Yalova plant visit for the Bank, intermediary institutions and corporation, investors and analysts,
- ▶ Nine (9) teleconferences with domestic and foreign investors,
- ▶ Face-to-face negotiations with 35 (Thirty-five) domestic and foreign investors/analysts

Investor Relations Unit Contact:

Name Surname	Title	Phone	E-Mail
Eren Ziya DİK Erdoğan KAZAK ^(*)	Financial Affairs Director Budget and Cost Accounting Manager	(212) 251 45 00/46101	eren.dik@aksa.com
Erdem TATBUL ^(**)	Accounting and Reporting Manager (Deputy)	(212) 251 45 00/46091	erdinc.kazak@aksa.com
		(212) 251 45 00/46121	erdem.tatbul@aksa.com

^(*) 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.

^(**) Holds a Capital Markets Activities Level 3 (License no: 208881) and Corporate Governance Rating Expertise (License no: 701742) licenses.

Fax : +90 212 251 45 07
E-mail : ir@aksa.com
Address : Miralay Şefik Bey Sok. No:15 Akhan Beyoğlu/Istanbul, Turkey

Other Developments Within the Period

Production Capacity Increase

Akrilik Fiber (Tow) production capacity, which was calculated as 308,083 tons/year for 2014 and previously, is now calculated as 315,240 tons/year, following the recent modernization and efficiency projects and investments. The total annual capacity will be considered as 315,000 tons in capacity utilization rates that will be calculated for 2015 and after.

Institute for Advanced Composites Manufacturing Innovation

The US Ministry of Energy committed USD 70 million of support to the Institute for Advanced Composites Manufacturing Innovation "IACMI", in order to reduce composite manufacturing costs and raise the industrial usage of composite materials. The project contribution commitment of the 122-member consortium established by IACMI was announced as USD 259 million.

The Institute will focus its works on reducing advanced composite manufacturing costs at a rate of 50%, and trimming down the energy used in manufacturing by 75%. The Institute will also execute works to boost the recycling level of composite materials above 95% in the next decade. The 5 areas on which the Institute will focus are: automotive, wind turbines, compressed fuel tanks, design modeling, and composite material with simulation and process technology.

DowAksa Advanced Composites BV, our joint venture, is among the IACMI's founding members and is on the work team approved by the US Ministry of Energy. Companies such as Ford, Volkswagen and Dow Chemicals Co., with key connections for the automotive composite supply chain, are listed among the Institute's members.

European Bank for Reconstruction and Development Investment Loan

As part of the works related to the financing of investment and modernization projects, an investment loan agreement was executed with the European Bank for Reconstruction and Development (EBRD) for an amount of EUR 50 (fifty)million in total. The loan, which has a one (1)-year grace period, is a five (5)-year term loan, and the interest rate was determined at "Three (3) month Euribor + 2.10%".

Joint Development Agreement between DowAksa and Ford

A Joint Development Agreement was entered into by and among our Joint Venture DowAksa Advanced Composites Holdings B.V., Ford Motor Company, and Ford Global Technologies, to conduct works with respect to producing carbon fiber suitable for low cost, high volume automotive applications.

Real Estate Purchase

The land and buildings on the land located in Yalova's Çiftlikköy District, Deniz Çalı Village, Topçuçiftliği, on parcels numbered 1126, 1145 and parcel 151 lot/1, belonging to Akiş Gayrimenkul Yatırım Ortaklığı A.Ş., was purchased from Akiş for an amount of USD 15,500,000 + VAT, in consideration of Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report, due to the fact that it meets the potential organic growth need of our Company and its partnerships. It is located within the boundaries of the Yalova Composite and Chemical Expertize Improvement Organized Industrial Zone, and its location is logistically advantageous.

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. After wards, 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 a Board Member in Akkök Holding and Akkim, Board Chairman in Aksa, Akenerji, Akış, Aktek and Akcez, and Vice Chairman of DowAksa, in addition to his Akkök Holding Executive Board Consultant duty. He is also a Member of the Turkish American Business Council, and Vice Chairman of Istanbul Erkek Lisesi (High School).

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. Apart from being the Chairman of the Board of Directors of Akmerkez GYO, Ak-Pa and Dinkal, Raif Ali Dinçkök, a Member of the Board of Directors and the Executive Board of Akkök Holding, also serves on the Boards of Directors of Akkök Holding and various Akkök Group 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 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. 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 Otomotiv Sanayii ve Ticaret A.Ş., Coca-Cola İçecek A.Ş., Anadolu Efes Biraçılık ve Malt Sanayii A.Ş., and International Paper Co.

İzler Lodrik

Member of the Board of Directors

Born in Istanbul in 1971, İzler 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 Strømme 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 Boğaziçi University. He started work at Kordsa as an Investment Planning Engineer in 1989. He joined Ak-Al Tekstil Sanayii 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). Having assumed the positions of Head and CEO at the Technology, Healthcare, and Energy Enterprise Group at Bilkent Holding between 1992 and 1998, Dr Bozkaya has been working as a Member of the Board of Directors of Eczacıbaşı Holding, as well as lecturing at various universities, including primarily Harvard and MIT. 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. 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:

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

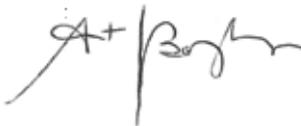
Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) issued by the Capital Market Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of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

- a) 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,
- b) 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,
- c) 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,
- d) 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,
- e) I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,
- f) 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,
- g) 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,
- h) 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) 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:

- a) 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,
- b) 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,
- c) 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,
- d) 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,
- e) I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,
- f) 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,
- g) 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,
- h) 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) 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:

- a) 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,
- b) 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,
- c) 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,
- d) 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,
- e) I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,
- f) 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,
- g) 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,
- h) 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) 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 : MEHMET ABDULLAH MERİH ERGİN
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.

The Company abides by all obligatory corporate governance principles stipulated under the Capital Markets Board’s Corporate Governance Communiqué numbered (II-17.1). Pursuant to Article 6 of the Capital Markets Board’s Corporate Governance Communiqué numbered (II-17.1), the principle that is not available.

The reason for not applying the non-obligatory principles that are stipulated under Corporate Governance Communiqué numbered (II-17.1) of the Capital Markets Board are provided below:

- Referring to principle number 1.3.11 of the “Corporate Governance Communiqué”, although there are no provisions in this regard in the Company’s Articles of Association, General Assembly Meetings are held open to the public, as stated in the 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 principle number 3.1.3 of the “Corporate Governance Communiqué”, except for material disclosures and postscripts, the financial statements, which should be disclosed to the public in accordance with Capital market regulations, are presented on the Public Disclosure Platform only in Turkish. They are also 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, direct, 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.
- 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 principle number 4.3.9 of the “Corporate Governance Communiqué”, while the only female member of the Board of Directors is Mrs Nilüfer Dinçkök, there is no written policy or intention regarding having a minimum ratio of 25% of female members on the Board of Directors, and the issue of raising the number of female members will be reconsidered in the coming periods.
- 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.

There is no conflict of interest arising from the foregoing non-obligatory principles governed under the Capital Markets Board’s Corporate Governance Communiqué numbered (II-17.1). In the future period, the necessary works will be conducted in consideration of the developments and practices in the regulation towards alignment with Corporate Governance Principles.

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:

Eren Ziya DİK

Director of Financial Affairs
+90 (212) 251 45 00/46101
eren.dik@aksa.com

Erdinç KAZAK(*)

Budget and Cost Accounting Manager
+90 (212) 251 45 00/46091
erdinc.kazak@aksa.com

Erdem TATBUL()**

Accounting and Reporting Manager (Deputy)
+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.

(**) He holds the Capital Market Activities Level 3 (License number: 208881) and Corporate Governance Rating Expertise (License number: 701742) licenses.

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 Akxa 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 report on the activities performed by Investor Relations in 2015 was prepared on 15.01.2016.

The Investor Relations Department conducted the following activities during 2015:

- 5 (Five) press releases and thirty-nine (39) material disclosures on the Public Disclosure Platform,
- Participation in an investor roadshow in London,
- 1 (One) site visit in the Yalova plants,
- 9 (Nine) teleconferences with domestic and foreign investors,
- 35 (Thirty-five) face to face meetings upon application by domestic and foreign investors / analysts,

2.2 The Use of Right to Information by Shareholders

2.2.1. All shareholders are entitled to obtain and examine all kinds of information in accordance with the regulations in force and those not relating to trade secrets. Right to access information and examination is not revoked or restricted by the articles of association or one of the company functions. All stakeholders, including minorities and foreign stakeholders, are treated equally.

Any type of information and explanation that may affect the use of the shareholder rights are regularly presented on the website (www.aksa.com) of the Company for the use of the shareholders.

Further to the Capital Markets Board's related regulation provisions and the provisions of the Turkish Commercial Code, the Information Policy published on the Company's website determines Aksa's public disclosure methods and means, as well as practices and principles regarding Aksa's communication with capital markets participants.

Company information to be disclosed to the public is presented on the "Public Disclosure Platform" (www.kap.gov.tr) and on the Company's website in a timely, accurate, complete, understandable and easily accessible manner, and in a cost effective way, and so as to assist persons and establishments that may benefit from the disclosure to decide. Additionally, the "e-GOVERNANCE: Corporate Governance and Investor Relations Portal" is used for direct and effective informing of the Company's shareholders.

Principles regarding the public disclosure of information related to future issues are included in the information policy. When forward-looking information, assumptions, and data based on assumptions are disclosed, particular attention is paid such that these statements do not include baseless, exaggerated forecasts, and that they are not misleading. Attention is also shown such that these assumptions are in compliance with the financial status and operational results of the Company.

In the event that estimates and the grounds regarding the forward-looking information disclosed to the public do not come to fruition, or when it is understood that they shall not come to pass, the information is updated.

2.2.2 The Company refrains from making transactions which complicate the conduct of private audits. No additional provisions have been included on the right to request the appointment of a private auditor in the Articles of Association. There has been no request for the appointment of a special auditor in 2015.

2.3 General Assembly Meetings

2.3.1. The Company's 2014 Ordinary General Assembly meeting is announced to investors on our corporate website, (www.aksa.com) and on the Public Disclosure Platform (PDP), electronic Board of Directors system, and Turkey's Trade Registry Gazette, at least three weeks prior to the general meeting, excluding the announcement and meeting days. The documents required by article 437 of the Turkish Commercial Code were presented to the shareholders, along with the provisions numbered 1.3.1 stated in the Corporate Governance Principles.

In addition to the notifications and disclosures that the company is required to make on the Company's corporate website pursuant to the regulations along with the general assembly meeting announcement, the "General Assembly Information Document" prepared to include the points stipulated in clause 1.3.1 of the communiqué on Determination and Implementation of Corporate Governance Principles was also published on the website.

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 2014 was held in İstanbul on March 30, 2015 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 77.41% 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. Within the knowledge of the Company, there was no media participation.

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 30, 2015, 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.

2.3.6. The shareholders who held management control in 2015, 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. Moreover, apart from these persons, persons having access to the Company's information made no transactions on behalf of themselves in terms of the Company's activities.

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 2014 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 there was no transaction where a decision depended on the majority of positive votes raised by the independent members of the Board of Directors, but the decision was left to the General Assembly owing to the members' negative votes.

2.3.10. Donations and aids made by the Company were briefed to the shareholders as a separate agenda item during the 2014 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. With the Articles of Association, the minority rights haven't been determined to be less than one-twentieth of the share capital.

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. There are no privileges for participation in the profit of the Company.

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

2.5.3. During the Ordinary General Assembly meeting for 2015 which held in 2014, a dividend distribution was decided upon, with the amount of TL 125,193,866 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 material disclosures and postscripts, the financial statements, which should be disclosed to the public in accordance with Capital market regulations, are presented on the Public Disclosure Platform only in Turkish. They are also 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.

Relations with Customers and Suppliers

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

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

4.1.8. 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.

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

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 21 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.

In order to carry out communication with the employees, there is a Representative Council ("RC") that consists of 21 (twenty one) persons, and is selected by the Company's employees by secret ballot, open count. 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.

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 G4", 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.

The Company is sensitive about its social responsibilities, observing arrangements pertaining to the environment, customers and public health, as well as the codes of conduct. It supports and respects human rights to international standards.

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

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 2015. 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.

The work distribution among the members of the Board of Directors is explained 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 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.
- 5.2.3. 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.
- 5.2.4. 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.
- 5.2.5. The General Manager of the Company and the Chairman of the Board of Directors are different persons.
- 5.2.6. 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.
- 5.2.7. 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 in December 25, 2015.
- 5.2.8. 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 2015, with an average attendance rate of 96%. 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 41 resolutions were taken by the Board of Directors in 2015. 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.
- 5.2.9. 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 is a procedure on how to hold General Assembly meetings that includes the Working Procedures and Principles 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. Regarding matters of dissent during the meetings, the Members of the Board of Directors have their reasonable and detailed justifications kept in the decision records. None of the members of the Board of Directors cast a counter vote regarding any decision during the meetings held in 2015.

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 in some other duty or duties outside the Company is regulated and restricted by certain rules, within the scope of the Working Procedures and Principles of the Board of Directors. 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.

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

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 Erdiñ 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 services to the Company, and the services to be obtained from this firm, are determined by the committee in charge of auditing, and then submitted to the Board of Directors for the approval of the General Assembly.

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 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.

The audit committee convened 5 (five) times in 2015, and the decisions taken were submitted to the Board of Directors as the results of the meetings were written in the minutes.

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.

5.3.12. The Company's Corporate Governance Committee convened 6 (six) times in 2015.

5.3.13. The Early Detection of Risk Committee, which is responsible for early detection of risks that may jeopardize the Company's existence, development and continuity, applying the necessary measures in this regard, and performing activities to manage the risks, has three members, each of whom is a non-executive independent Board member. 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 Early Detection of Risk Committee revises the efficiency of the Company's risk management and internal control systems at least once a year.

The Early Detection of Risk Committee reported the information on their activities to the Board of Directors seven (7) times in 2015.

5.4 Risk Management and Internal Control Mechanism

5.4.1. By taking the related Board of Directors committees' views into consideration, the Board of Directors establishes internal control systems, ensuring these systems also incorporate risk management and information systems and their processes, which can minimize the impacts of risks that may affect primarily the shareholders, as well as all of the Company's stakeholders.

5.4.2. The Board of Directors revises 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.

5.4.3. 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. 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). The Company also successfully completed the surveillance audit performed by TSE in 2015, without any lack of conformity.

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.

5.5.3. The Board of Directors oversees the compliance of the Company activities to legislation, Articles of Association, internal regulations and established policies.

5.5.4. The Board of Directors reviews the degree to which the Company achieves its targets, as well as its activities and past performance. Within this scope, the Board of Directors made an assessment revealing that the Company reached the operational and financial performance goals for 2015.

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.

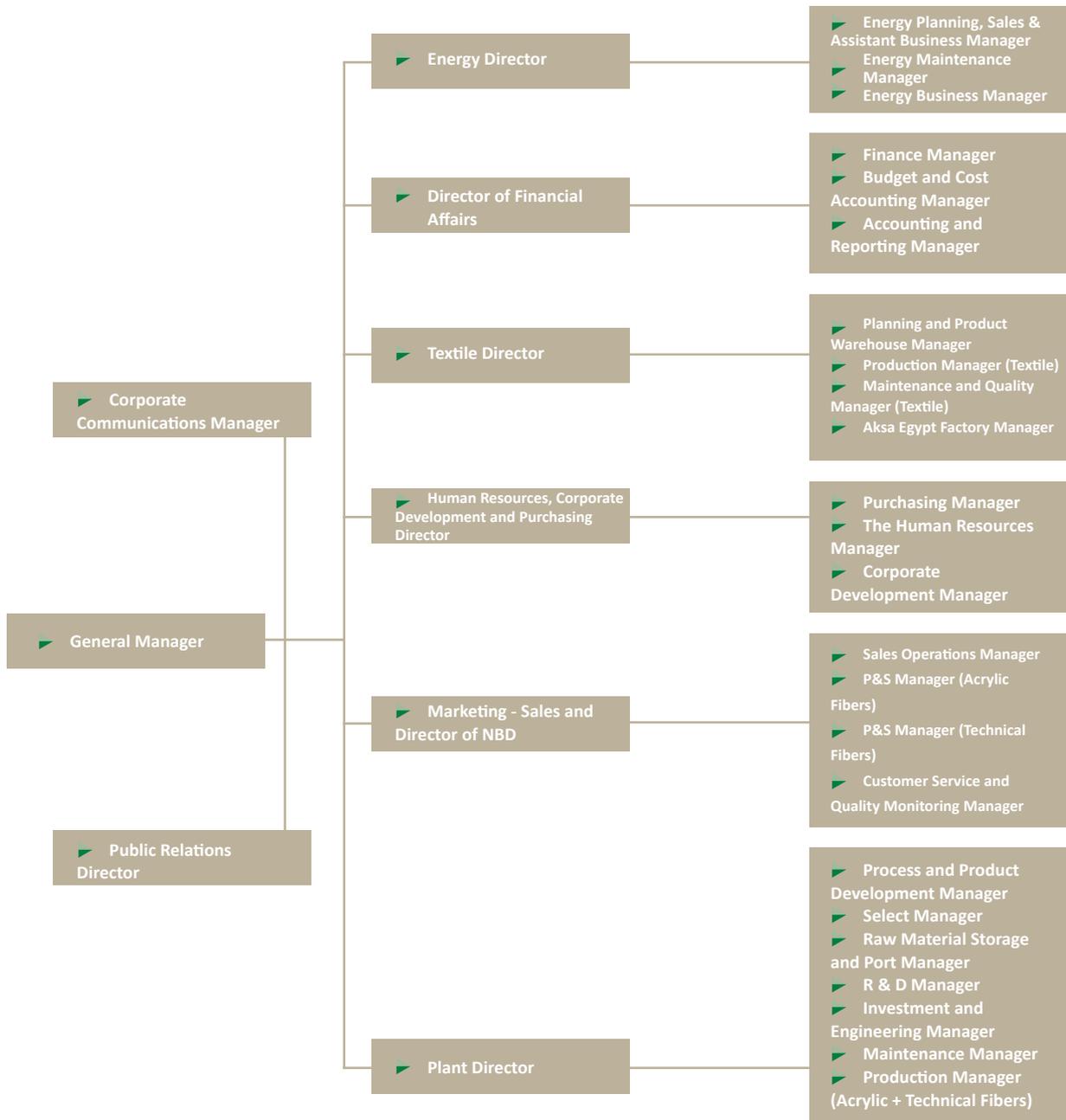
5.6.2. Principles for financial compensation for the Board of Directors have been put in writing, and were presented to the shareholders as a separate item in the 2011 agenda, allowing them to input their opinions. In this respect, the compensation policy is also published on the Company's website.

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 the footnotes in the financial statements. For the 2014 dividend payment, which was made in 2015 in compliance with the Company's Articles of Association, a payment worth TL 3,093,866 was made to the Board of Directors. 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.

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.

Haydar İnan

Textile Director

Born in Malatya in 1979, Haydar İnan graduated from the Department of Industrial Engineering at İstanbul University in 2001, and completed his Masters in Polymer Engineering at Yalova University in 2015. He started his career as a Human Resources Specialist for the Aksa Akrilik Kimya Sanayi's facilities in Yalova in 2002, and in 2005, he worked as a Specialist in the department of Investment Planning, and Industrial Engineer at the Ak-Al Tekstil's facilities in Yalova. Serving as a Production Planning Specialist at Ak-Al Tekstil facilities between 2006 and 2008, Mr İnan undertook his additional duty at Budget Planning in 2008, while he served as Budget and Strategic Planning Manager at Ak-Al's Central office in İstanbul between 2009 and 2011. He acted as Finance Manager in 2011, reporting to Akkök Holding's Chief Financial Officer. Mr İnan started to serve as Planning and Product Warehouse Manager at Aksa Akrilik Kimya Sanayi in 2012, and was appointed Textile Director in February 2015.

İsmail Murat İnceoğlu

Plant Director

Born in İstanbul 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 İstanbul 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.

Celalettin Özel

Director of Public Affairs

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. Mr Özel held his position until early 2014 when, following the merger of Aktops Tekstil San. A.Ş. and Aksa, he was appointed to the position of Textile Director, and has served as Public Affairs Director since 2015.

After 2015...

Within the period between December 31 and the preparation date of the annual report, there was no major financial or operational development, and the following decision was made with regard to the amendment of the Articles of Association:

Provided that the required permissions are obtained from the Company's Board of Directors, the Energy Market Regulatory Board, Capital Markets Board, and the Ministry of Customs and Trade of Turkey, it was decided to submit an amendment draft regarding article 6 titled "Capital", article 9 titled "Authorities of Board of Directors", article 12 titled "General Assembly", article 14 titled "Meeting Venue", and article 17 titled "Right to Vote" in the Company's Articles of Association to the General Assembly, as approved by the Energy Market Regulatory Board, Capital Markets Board, and the Turkish Ministry of Customs and Trade.

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 2015 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 2015.

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. 27, 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.

The decisions taken in the General Assembly were implemented.

There was no extraordinary meeting held within the year.

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 6,401.68 (representing 0.00346% (of the Company's capital), in 2015:

1. Ömer Dinçkök, one of the shareholders of the Company, filed a lawsuit in the presence of File No. 2015/682 E. of the Istanbul 7th Commercial Court for the cancellation of decisions numbered 2, 4, 5, 6, and 10, taken at the 2014 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 January 27, 2016. The date of the next hearing is on June 01, 2016. 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. 2015/366 E. of the Istanbul 4th Commercial Court on 08.04.2015 with the claim that his right to obtain information was unfairly denied during the Ordinary General Assembly meeting, dated 30.03.2015, to become authorized to obtain and analyze information on all trade books and records. The lawsuit resulted in the Company's favor, being absolutely overruled by the court. Although the plaintiff appealed the decision, according to the court's additional decision dated 18.09.2015, it was resolved that the decision was absolute and the plaintiff could not appeal. The plaintiff also appealed this decision, and the Company presented a rebuttal petition.

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:

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

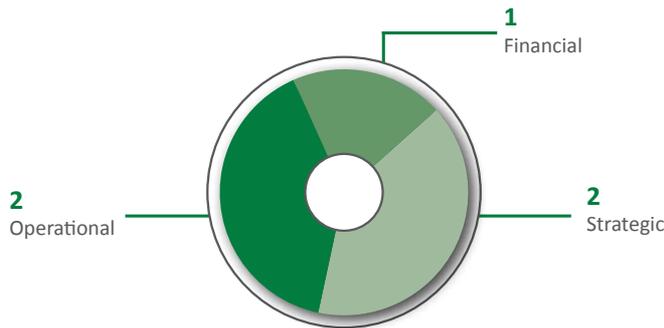
The Board of Directors of Aksa carries out its activities in a transparent, accountable, fair and responsible manner. The Board of Directors establishes internal control systems, including risk management and information systems and processes that aim at minimizing the effects of risks that would affect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

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 five (5) main risks with the highest scores in the Company's Risk Inventory were identified as critical in 2015. 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. 28, 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). The Company successfully completed the surveillance audit performed by TSE in 2015, without any lack of conformity.

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 2015, 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 2015, the Committee reported 7 (seven) times to the Board of Directors.

Summary of the 2015 Subsidiary Company Report Prepared by the Board of Directors of Aksa Akrilik Kimya Sanayii A.Ş. Pursuant to Article 199 of the Turkish Commercial

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. 27 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 2015 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 2015, and in the investor information presentations, and our evaluations on the accruals at the end of 2015, 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	695-740	695
Energy ^(*)	55-60	48
Export ^(**)	250-270	299
Investment ^(***)	65-75	83

(*) Since the energy income was acquired in Turkish Lira, the rise in the exchange of USD and TL meant that the resulting amount was slightly lower than projected.

(**) The resulting amount was higher due to compensation of declining domestic demand in 2015 by higher foreign market sales.

(***) The amount generated was high owing to the reflections of the fixed assets with established rights, acquired within Yalkim OSB.

	Target (%)	Actual (%)
EBITDA Margin ^(****)	12-13	17
Capacity Utilization Rate	98	98

(****) Although the drop in raw material costs had some reflection in the declining revenue, the present profitability policies on absolute sustainable value resulted in a higher EBITDA margin than projected.

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: 09/03/2016
DECISION NUMBER: 2016/11

We hereby declare that,

The 2015 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 2015, 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 199,474,944.00. The net profit for the period, based on the financial statements prepared in accordance with the provisions of Tax Procedure Law, stands at TL 256,381,319.12.

Out of the TL 199,474,944.00 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 3,839,275.00 from TL 190,224,944.00, 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 186,385,66900, TL 148,000,000.00 (the gross dividend amount corresponding to a nominal share of TL 1.00 is TL 0.800000 and the gross rate of dividend is 80.0000%) 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 157,250,000.00 (the gross dividend amount corresponding to a nominal share of TL 1.00 is TL 0.850000 and the gross rate of dividend is 85.000%),
- TL 15,183,927.50 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 6, 2016.
- TL 0.85 gross=net cash dividend per nominal share of TL 1 with a rate of 85.00% 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 0.7225 gross and TL 0.85 net cash dividend per nominal share of TL 1 with a rate of 72.25% 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

Decision Date: 09.03.2016
Decision Number: 2016/11

Members of the Board of Directors of AKSA AKRİLİK KİMYA SANAYİİ ANONİM ŞİRKETİ took the following decision in compliance with Article 390/4 of the Turkish Commercial Code:

It was decided that;

The 2015 annual report of our Company, and the report dated 09.03.2016 by the committee in charge of auditing, were approved, and agreed to be issued on the Public Disclosure Platform.

BOARD OF DIRECTORS

Mehmet Ali BERKMAN
Chairman of the Board



Ali Raif DİNÇKÖK
Board Member



Nilüfer DİNÇKÖK ÇİFTÇİ
Board Member



Bülent BULGURLU
Board Member



Timur ERK
Independent Board Member



Mehmet Abdullah Merih ERGİN
Independent Board Member



Raif Ali DİNÇKÖK
Vice Chairman of the Board



Ahmet Cemal DÖRDÜNCÜ
Board Member



İzer LODRİK
Board Member



Cengiz TAŞ
Board Member
General Manager



Ant BOZKAYA
Independent Board Member



Başar AY
Independent Board Member





**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 19 February 2016 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

Ediz Günsel, SMMM
Partner

Istanbul, 9 March 2016

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015 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 2015 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 Group'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 2015 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 2015 for consolidated statement of financial position; and the official USD average CBRT bid rates of the year 2015 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 19 February 2016.

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 2015 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

ORIGINAL TURKISH VERSION WAS SIGNED OFF

Ediz Günsel, SMMM
Partner

Istanbul, 19 February 2016

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****AT 31 DECEMBER 2015 AND 2014**

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

	Notes	31 December 2015 USD (*)	Audited 31 December 2015 TL	Audited 31 December 2014 TL
ASSETS				
Current assets		369,908	1,075,543	977,087
Cash and cash equivalents	4	117,901	342,810	192,492
Trade receivables				
- Trade receivables from third parties	8	94,692	275,326	297,347
- Trade receivables from related parties	27	66,206	192,501	184,959
Other receivables				
- Other receivables from related parties	27	3,814	11,089	6,952
- Other receivables from third parties	9	88	257	224
Inventories	10	63,652	185,074	236,368
Prepaid expenses	17	3,605	10,482	13,653
Derivative financial instruments	18	2,472	7,189	2,673
Other current assets	17	17,478	50,815	42,419
Non-current assets		405,328	1,178,532	1,021,411
Other receivables				
- Other receivables from related parties	27	27,327	79,456	70,439
Financial investments	5	-	-	2,355
Investments accounted for using the equity method	6	83,690	243,337	242,588
Investment properties	11	16,652	48,418	-
Property, plant and equipment	12	247,136	718,574	678,535
Intangible assets				
- Goodwill	14	2,060	5,989	5,989
- Other intangible assets	13	26,471	76,967	7,417
Prepaid expenses	17	1,808	5,256	9,496
Derivative financial instruments	18	184	535	4,592
TOTAL ASSETS		775,236	2,254,075	1,998,498

(*) 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 2015, and therefore do not form part of these consolidated financial statements (Note 2.5)

These consolidated financial statements at 31 December 2015 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 19 February 2016.

AKSA AKRİLİK KİMYA SANAYİ A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2015 AND 2014

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

		31 December 2015 USD (*)	Audited 31 December 2015 TL	Audited 31 December 2014 TL
LIABILITIES				
Current liabilities		258,326	751,107	751,838
Short-term borrowings	7	116,043	337,407	252,781
Short-term proportion of long-term borrowings	7	24,380	70,886	29,469
Trade payables				
- Trade payables to third parties	8	95,575	277,895	386,952
- Trade payables to related parties	27	9,461	27,510	44,494
Other payables				
- Other payables from third parties	9	176	508	756
Other current liabilities	16	771	2,243	2,066
Deferred income	17	2,445	7,108	12,256
Derivative financial instruments	18	-	-	87
Income tax payable	25	5,002	14,544	11,122
Short-term provisions				
- Short-term provisions for employee benefits	16	3,712	10,793	9,802
- Other short-term provisions	15	761	2,213	2,053
Non-current liabilities		87,485	254,372	133,297
Long-term borrowings	7	73,238	212,946	101,978
Trade payables				
- Trade payables to related parties	27	4,806	13,974	-
Long-term provisions				
- Provision for employment termination benefits	16	6,956	20,226	21,587
Derivative financial instruments	18	-	-	346
Deferred tax liabilities	25	2,485	7,226	9,386
Total liabilities		345,810	1,005,479	885,135
EQUITY		429,425	1,248,596	1,113,363
Attributable to equity holders of the parent		429,408	1,248,548	1,113,306
Share capital	19	63,626	185,000	185,000
Adjustment to share capital	19	67,126	195,175	195,175
Share premium		15	44	44
Other comprehensive income/(expense) not to be reclassified to profit and loss				
- Remeasurement gain/(loss) arising from defined benefit plans		(1,786)	(5,194)	(6,591)
Other comprehensive income/expense to be reclassified to profit and loss				
- Currency translation reserve		41,422	120,438	61,550
- Hedging reserve		113	330	(346)
Restricted reserves		36,972	107,501	95,907
Retained earnings		153,315	445,779	419,718
Net income		68,605	199,475	162,849
Attributable to non-controlling interests		17	48	57
TOTAL LIABILITIES AND EQUITY		775,236	2,254,075	1,998,468

(*) 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 2015, 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 2015 AND 2014

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

	Notes	2015 USD (*)	Audited 2015 TL	Audited 2014 TL
Revenue	20	746,600	2,030,006	2,106,203
Cost of sales (-)	20, 21	(601,089)	(1,634,362)	(1,789,556)
Gross profit		145,511	395,644	316,647
General administrative expenses (-)	21	(16,895)	(45,938)	(43,859)
Marketing, selling and distribution expenses (-)	21	(21,773)	(59,200)	(43,126)
Research and development expenses (-)	21	(1,745)	(4,744)	(3,775)
Other operating income	22	60,049	163,274	66,220
Other operating expenses (-)	22	(35,445)	(96,376)	(57,892)
Operating profit		129,702	352,660	234,215
Share of loss of investment accounted for using the equity method	6	(21,734)	(59,094)	(20,192)
Operating profit before financial (loss)/income		107,968	293,566	214,023
Financial income	23	61,350	166,812	90,594
Financial expenses (-)	24	(74,729)	(203,188)	(96,488)
Profit before tax from continuing operations		94,590	257,190	208,129
Taxation expense on income:				
- Current income tax (-)	25	(22,221)	(60,418)	(42,076)
- Deferred income tax	25	991	2,694	(3,197)
Net income for the year from continuing operations		73,360	199,466	162,856
Earnings per share for equity holders of the parent (Kr)	26	0.40	1.08	0.88
Other comprehensive income/(expense):				
Items not to be reclassified to profit and loss				
Remeasurement (loss)/gain arising from defined benefit plan	16	642	1,746	(4,327)
Taxation on other comprehensive income not to be reclassified to profit and loss		(128)	(349)	865
Items to be reclassified to profit and loss				
Fair value changes on derivative financial instruments		311	845	(676)
Currency translation differences		21,658	58,888	18,069
Taxation on to be reclassified to profit and loss		(62)	(169)	135
Total comprehensive income		95,781	260,427	176,922
Net income for the period attributable to:				
Equity holders of the parent		73,363	199,475	162,849
Non-controlling interests		(3)	(9)	7
		73,360	199,466	162,856
Total comprehensive income attributable to:				
Equity holders of the parent		95,784	260,436	176,915
Non-controlling interests		(3)	(9)	7
		95,781	260,427	176,922

(*) 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 2015, 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 2015 AND 2014

(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 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

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 2015	185,000	195,175	44	95,907	61,550	(346)	(6,591)	419,718	162,849	1,113,306	57	1,113,363
Transfers	-	-	-	11,594	-	-	-	151,255	(162,849)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(125,194)	-	(125,194)	-	(125,194)
Total comprehensive income	-	-	-	-	58,888	676	1,397	-	199,475	260,436	(9)	260,427
31 December 2015	185,000	195,175	44	107,501	120,438	330	(5,194)	445,779	199,475	1,248,548	48	1,248,596

⁽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 2015 AND 2014

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

	Notes	2015 USD ^(*)	2015 TL	2014 TL
A. Cash Flows From Operating Activities		101,780	276,732	170,524
Net income for the period		73,360	199,466	162,856
Adjustments to reconcile net income before tax to net cash provided by operating activities:		70,658	192,116	136,846
Adjustments related to depreciation and amortization	21	23,646	64,294	60,175
Adjustments related to impairment/(reversal of impairment)		348	946	1,969
Adjustments related to provisions		736	2,002	3,585
Adjustments related to interest (income) and expense	23, 24	(972)	(2,643)	1,861
Unrealized exchange differences		11,291	30,699	6,907
Adjustments related to losses of associates	6	21,734	59,094	20,192
Adjustments related to tax income/expenses		21,230	57,724	45,273
Adjustments related to income/expenses to dispose of fixed assets		(2,835)	(7,709)	(3,659)
Adjustments related to other items caused cash flow from investing or financing activities		(4,331)	(11,776)	-
Other adjustments		(189)	(515)	543
Changes in working capital		(27,852)	(75,734)	(134,669)
Adjustment related to increases/decreases in inventory		18,642	50,687	(50,002)
Adjustment related to increases/decreases in trade receivable		2,558	6,954	(131,168)
Adjustment related to increases/decreases in other receivables arising from operating activities		1,893	5,146	(12)
Adjustment related to increases/decreases in trade payables		(46,406)	(126,179)	97,436
Adjustment related to increases/decreases in other payables arising from operating activities		(92)	(251)	(467)
Other adjustment related to increases/decreases in working capital		(4,447)	(12,091)	(50,456)
Cash flows from operating activities		(14,386)	(39,116)	5,491
Interest paid		(2,304)	(6,264)	(7,096)
Interest received		4,072	11,071	12,855
Taxes paid/received		(16,154)	(43,923)	(268)
B. Cash Flows From Investing Activities		(67,148)	(182,573)	(132,318)
Proceeds from disposal of associate		4,288	11,660	-
Cash proceeds from disposal of property, plants and equipment and intangibles		4,028	10,953	292
Cash proceeds from purchase of property, plants and equipment and intangibles		(75,464)	(205,186)	(132,610)
C. Cash Flows From Financing Activities		22,813	62,026	(86,581)
Cash inflow arising from borrowings		207,432	564,004	408,540
Cash outflow arising from repayment of borrowings		(139,566)	(379,478)	(381,697)
Dividends paid		(46,045)	(125,194)	(111,045)
Interest received		4,468	12,148	4,800
Interest paid		(3,477)	(9,454)	(7,179)
Net increase in cash and cash equivalents before currency translation differences		57,445	156,185	(48,375)
D. Effect of Currency Translation Differences on Cash and Cash Equivalents		339	922	397
Net increase/(decrease) on cash and cash equivalents		57,784	157,107	(47,978)
E. Cash and Cash Equivalents at The Beginning of The Period		66,827	181,703	229,681
Cash and cash equivalents the end of period	4	124,611	338,810	181,703

(*) 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 2015, 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 2015

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Aksa Akriklik 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.

Aksa is registered with the Capital Markets Board (“CMB”) and its shares have been quoted in the Borsa İstanbul A.Ş. (“BİST”) since 1986. As of 31 December 2015, the principal shareholders and their respective shareholding rates in the Company are as follows:

	%
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 2015, 37.06% of the Group’s shares are traded on Borsa Istanbul (“BİST”) and Somerset em.mar.d.v.g hold 5.30% of the shares.

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinçök 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
Joint ventures	Country	Nature of business	
DowAksa Advanced Composites Holdings BV (“DowAksa Holdings”)	Holland	Investment	

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

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 2013. 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 Communiqué 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.

The consolidated financial statements have been prepared under historical cost conventions except for derivative instruments and financial investments which are carried at fair value and in the case of business combinations, revaluation resulting from the difference between the fair value and the carrying value of tangible and intangible assets.

Currency and Financial Statements Presentation Currency

Each item in the financial statements of the companies within the Group is accounted by using the currency of the primary economic environment in which the company operates ("functional currency").

The consolidated financial statements are presented in TL which is functional currency of Aksa as parent company.

Amendments and Interpretations in TAS

Group has applied revised standards and interpretations which are published by POA and valid after 1 January 2015.

(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 2015 year ends:

- 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 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:
 - 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"

AKSA AKRİLİK KİMYA SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

- 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"

These amendments have no impact on the financial position and performance of the Group.

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

- 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.
- 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 16, "Property, plant and equipment" and TAS 38, "Intangible assets", on depreciation and amortisation, 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.
- 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 recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- 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 recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

- 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.
 - TAS 19, “Employee benefits” regarding discount rates.
 - TAS 34, “Interim financial reporting” regarding disclosure of information.
- Amendment to TAS 1, “Presentation of financial statements’ on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are to improve presentation and disclosure in financial reports.
- Amendment 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 clarify the application of the consolidation exception for investment entities and their subsidiaries.

The following standards, interpretations and amendments have not been issued by POA as of the date of this report:

- TFRS 15 “Revenue from contracts with customers”, effective from annual periods beginning on or after 1 January 2018. 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.

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

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.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

The table below sets out all subsidiaries and demonstrates their shareholding structure as of 31 December 2015 and 2014:

Subsidiary	The Group's direct and indirect ownership interest (%)	
	31 December 2015	31 December 2014
Fitco	100.00	100.00
Aksa Egypt	99.50	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).

Financial information of joint ventures are prepared in accordance with the Group's accounting policies and principles.

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

Joint venture	The Group's direct and indirect ownership interest (%)	
	31 December 2015	31 December 2014
DowAksa Holdings	50.00	50.00

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

(d) Financial Investments

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

Unquoted Financial Investments	The Group's direct and indirect ownership interest (%)	
	31 December 2015	31 December 2014
Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa")	-	13.47

13.47% share of Ak-pa has been sold to Akkök Holding A.Ş. for amounting TL11,660 in 2015.

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.

Comparative Figures and the Restatement to the Financial Statements of the Prior Period

Besides, according to CMB's decision on 07 June 2013 dated and 20/670 numbered meeting, for capital markets foundations which are fall under CMB Communique on Principles Regarding Financial Reporting, financial statement examples and usage directory which are become effective since interim period ended after 31 March 2014, are published. In accordance with mentioned examples, various classifications have been made on Group's consolidated financial statements. Classification made on Group's consolidated financial status statements which are dated

31 December 2014, are as follows:

- Social security premiums payable amounting to TL2,039 which were previously accounted for under other payables to third parties and payables to employee amounting to TL27 which were previously accounted for under other short-term liabilities have been stated under payables for employee benefits.
- Provision for performance premium amounting to TL8,504 TL which were previously accounted for under other short-term provision, has been accounted for under short-term provisions for employee benefits.
- Derivative financial instruments amounting to respectively TL87 and TL346 were previously classified under current and non – current assets have been stated as gross and provision for performance premium amounting to TL8,504 TL which were previously accounted for under short and long-term liabilities, has been accounted for under short-term provisions for employee benefits.

Classifications made in Group's consolidated statement of profit or loss and other comprehensive income dated 31 December 2014 are as follows:

- Real estate rental income amounting to TL1,305 which were previously classified in other operating income, have been stated in revenue.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

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.

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 2015 and 31 December 2014 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.

Subsidiaries that are excluded from the scope of consolidation on the grounds of materiality are carried at cost less any impairment in value where there is no quoted market price and where a reasonable estimate of fair value cannot be determined (Note 5).

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

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. The receivables determined not possible to be collected are written off (Note 8).

Finance Lease

As lessor

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. 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. The unrecoverable amount is charged as an expense in the year when the write-down incurred (Note 10).

Investment properties

Investment property is a land or building held to earn rentals or for capital appreciation or both, rather than for; use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business (Note 11) and carried at cost less accumulated depreciation in accordance with the cost model. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure.

The average useful life of investment properties are forty (40) years.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 12). 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 2015, 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 net 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 13).

Usage rights in relation to property, plant and equipment acquired collectively with other participants in Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi ("Yalkim OSB") are classified as intangible assets.

Useful lives of use rights are determined as 3-24 years except usage rights related to lands.

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 13).

- 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

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 22).

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.

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:

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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 actuarial projections. TAS 19 "Employee Benefits" requires actuarial 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 actuarial assumptions and actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses.

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

Unused vacation rights

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

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.

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.

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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 25).

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 26).

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.

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 15).

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 15).

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.

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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.

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 include its carrying value of goodwill (Note 14).

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 18).

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 27).

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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.

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.

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As of 31 December 2015, 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.

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 15).

c) Deferred Tax

The Group accounts deferred income tax from its financial losses to be expected to account in future corporate tax calculations at strategic plan and budget work. As of 31 December 2015 and 2014, the group accounts deferred income tax from the portion of the financial losses, which is appropriate to strategic plans, of its joint venture DowAksa İleri Kompozit Malzemeler San. Ltd. Şti..

d) Useful lives 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 2015 of TL2.9076 = 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 2015 of TL2.7190 = 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 2015			
	Fibers	Energy	Other	Total
Total segment revenue	1,888,915	131,409	9,682	2,030,006
External revenues	1,888,915	131,409	9,682	2,030,006
Adjusted EBITDA (*)	374,211	14,770	5,542	394,523
Unallocated corporate expenses (**)	-	-	-	(44,467)
EBITDA	-	-	-	350,056
Amortization and depreciation	(43,784)	(15,967)	(4,543)	(64,294)
Other operating income, net	-	-	-	66,898
Share of loss of investments accounted for using the equity method	(59,094)	-	-	(59,094)
Financial income/(expense) net	-	-	-	(36,376)
Profit before tax				257,190

(*) Adjusted Earnings Before, Interest, Taxes, Depreciation, Amortization.

(**) Unallocated corporate expenses consist of unallocated parts of general administrative expenses as of 31 December 2015.

	1 January - 31 December 2015			
	Fibers	Energy	Unallocated	Total
Capital expenditure	87,294	66,118	72,463	225,875
	31 December 2015			
Total segment assets	1,044,011	395,972	-	1,439,983
Investment accounted for using the equity method	243,337	-	-	243,337
Unallocated corporate assets	-	-	570,755	570,755
Total assets	1,287,348	395,972	570,755	2,254,075
Total segment liabilities	340,317	2,741	-	343,058
Unallocated corporate liabilities	-	-	662,421	662,421
Total liabilities	340,317	2,741	662,421	1,005,479

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Segment Assets

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

	31 December 2015	31 December 2014
Reportable segment assets	1,683,320	1,684,036
Cash and cash equivalents	342,810	192,492
Other receivables	-	148
Other assets	54,303	42,791
Financial investments	-	2,355
Derivative financial instruments	7,724	7,265
Property, plants and equipment and intangibles	165,918	69,411
Total assets	2,254,075	1,998,498

Segment Liabilities

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

	31 December 2015	31 December 2014
Reportable segment liabilities	343,058	461,525
Financial liabilities (*)	621,239	384,228
Derivative financial instruments (**)	-	433
Other payables	508	756
Provisions	2,213	2,053
Income tax payable	14,544	11,122
Provision for employment termination benefits	14,448	13,566
Other current liabilities	2,243	2,066
Deferred income tax liabilities	7,226	9,386
Total liabilities	1,005,479	885,135

(*) As of 31 December 2015, TL283,832 (31 December 2014: TL131,447) of the borrowings issued for fiber investment and TL337,407 (31 December 2014: TL252,781) issued for working capital.

(**) As of 31 December 2015, the interest rate swap agreement asset, amounting to TL413 (31 December 2014: TL433 liability) of the derivative financial instruments is related to borrowings for fiber investment.

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NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 December 2015	31 December 2014
Cash	70	41
Bank		
Demand deposit (TL)	7,390	5,437
Foreign currency demand deposit	45,493	24,960
Time deposits (TL)	75,556	41,041
Foreign currency time deposit	210,448	110,242
Other	3,853	10,771
Total	342,810	192,492

Maturity of time deposits are less than three months and weighted average effective interest rates on TL denominated time deposits at 31 December 2015 is 12.69% (31 December 2014: 9.82%) for USD 2.65% (31 December 2014: 2.30%) and for EUR 1.40% (31 December 2014: 2.20%) respectively.

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

	31 December 2015	31 December 2014	31 December 2013
Cash and cash equivalents	342,810	192,492	233,208
Less: Restricted cash with maturity of three months or less (Note 7)	(3,853)	(10,771)	(3,415)
Interest accrual	(147)	(18)	(112)
As reported in the consolidated statements of cash flows	338,810	181,703	229,681

NOTE 5 - FINANCIAL INVESTMENTS

Details of financial investments of the Group are as follows:

	31 December 2015	31 December 2014
Unquoted financial assets:		
Ak-Pa	-	2,355

Income amounting to TL11,660, which is arising from the sales of 13.47% share of Ak-pa was classified under financial investment of the Company, accounted for "Other Operating Income".

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NOTE 6 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Joint Ventures

	31 December 2015	31 December 2014
DowAksa Holdings	243,337	242,588

Summarized financial information of DowAksa Holding is presented below;

	31 December 2015	31 December 2014
Current assets	181,257	193,491
Non-current assets	765,272	644,950
Total Assets	946,529	838,441
Short-term liabilities	205,492	101,997
Long-term liabilities	254,363	251,268
Equity	486,674	485,176
Total Liabilities	946,529	838,441
Equity corresponding to Group's interest of 50%	243,337	242,588

	2015	2014
Revenue	74,258	75,226
Net loss	(118,188)	(40,384)
Net loss corresponding to Group's interest of 50%	(59,094)	(20,192)

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

	2015	2014
1 January	242,588	245,108
Net loss corresponding to Group's interest of 50%	(59,094)	(20,192)
Currency translation differences	57,372	17,448
Adjustment to gain on sale ^(*)	2,471	-
Hedging reserve	-	224
31 December	243,337	242,588

^(*) Amount consists of an adjustment to the fair value of the business transferred during formation of the joint venture and subsequent additional capital contribution by Dow Europe Holdings BV ("Dow Europe") to the joint venture. Increase in Group's share in the joint venture is recorded as a gain under "other operating income" in the consolidated financial statements.

The Group has additional capital commitment not exceeding 15 million USD to its joint venture DowAksa on the condition that the other joint venturer, Dow Europe also participates; with the timing and the amount needed by DowAksa in line with their business plan.

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NOTE 7 - BORROWINGS

Group's financial liabilities are as follows:

	31 December 2015	31 December 2014
Short-term bank borrowings	323,879	227,609
Short-term factoring liabilities	13,528	25,172
Short-term portion of long-term bank borrowings	70,886	29,469
Total short-term borrowings	408,293	282,250
Long-term bank borrowings	212,946	101,978
Total long-term borrowings	212,946	101,978
Total borrowings	621,239	384,228

Bank Borrowings

	31 December 2015		31 December 2014	
	Yearly weighted average interest rate %	TL	Yearly weighted average interest rate %	TL
a) Short-term bank borrowings:				
USD borrowings	1.53	319,836	1.51	227,252
EUR borrowings (*)	2.28	1,611	-	-
TL borrowings	-	2,432	-	357
Total short-term bank borrowings:		323,879		227,609
Factoring liabilities	1.60	13,528	1.60	25,172
b) Short-term portion of long-term bank borrowings:				
USD bank borrowings	3.85	24,230	3.85	19,519
EUR bank borrowings	2.44	46,656	3.68	9,950
Total short-term portion of long-term bank borrowings		70,886		29,469
Total short-term borrowings		408,293		282,250
c) Long-term bank borrowings:				
USD bank borrowings	3.85	72,690	3.85	77,297
EUR bank borrowings	2.32	140,256	3.68	24,681
Total long-term borrowings		212,946		101,978

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

(*) Short – term EUR borrowings arises from sale and leaseback agreement made with a financial lease institution for a portion of real estate properties of the Company. The Company has interpreted this agreement in the context of IAS Interpretation 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease" and in order to reflect the substance of the transaction in the consolidated financial statements. The company has not applied the accounting guidance for sale and leaseback transactions in IAS 17. In this respect, the amount corresponding to fair value of the relevant real estate and collected from the leasing company has been accounted for under "short – term borrowings" in the financial statements.

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Grup'un uzun vadeli kredilerinin kayıtlı değerleri ve gerçeğe uygun değerleri aşağıdaki gibidir:

	31 December 2015		31 December 2014	
	Fair value	Book value	Fair value	Book value
EUR borrowings	151,049	140,256	26,579	24,681
USD borrowings (**)	79,651	72,690	85,856	77,297

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

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

	31 December 2015	31 December 2014
Less than 3 months	174,789	125,242
Between 3-12 months	233,504	157,008
Between 1-2 years	70,658	29,197
Between 2-3 years	65,097	29,197
Between 3-4 years	59,537	24,260
4 years and longer	17,654	14,387
	621,239	384,228

As of 31 December 2015, according to the general credit agreements, the Group has unused credit limit amounting to TL1,883,278 (31 December 2014: TL1,059,519).

As of 31 December 2015, according to the general credit agreements, the Group has blocked deposits of TL3,853 in relation to its borrowings (31 December 2014: TL10,771) (Note 4).

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables of the Group are as follows:

a) Short-term Trade Receivables:

	31 December 2015	31 December 2014
Trade receivables	243,344	199,011
Notes receivable and cheques	77,277	144,396
Less: Provision for doubtful receivables	(42,388)	(42,973)
Less: Unearned finance income on credit sales	(2,907)	(3,087)
Total short-term trade receivables, net	275,326	297,347

TL and foreign currency denominated trade receivables as of 31 December 2015 have an average maturity of 3 months (31 December 2014: 3 months) and are discounted with an average annual interest rate of 7% (31 December 2014: 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.

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Movements of provision for doubtful receivables for 31 December 2015 and 2014 are as follows:

	2015	2014
1 January	42,973	40,981
Collections	(2,015)	(23)
Current period charge	1,430	2,015
31 December	42,388	42,973

The explanation for the nature and level of the risk in trade receivables is shown in Note 28, Credit Risk section.

b) Short-term trade payables:

	31 December 2015	31 December 2014
Suppliers	279,366	389,593
Less: Unaccrued finance costs on credit purchases (-)	(1,471)	(2,641)
Total	277,895	386,952

TL and foreign currency denominated trade payables as of 31 December 2015 have an average maturity of 3 months and they are discounted with an average annual interest rate of 4% in USD terms (31 December 2014: 4%).

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 2015	31 December 2014
Deposits and guarantees given	257	224

b) Short-term other payables:

	31 December 2015	31 December 2014
Taxes and funds payable	310	293
Other	198	463
Total	508	756

NOTE 10 - INVENTORIES

	31 December 2015	31 December 2014
Raw materials	116,040	151,931
Semi-finished goods	12,726	19,957
Finished goods	33,517	44,588
Other stocks and spare parts	24,363	19,933
Less: Provision for impairment on inventories	(1,572)	(41)
Total	185,074	236,368

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The inventory impairment provision is related with the finished goods.

Group has included the movements in the provision for impairment between 31 December 2015 and 2014 in the cost of sales (The increase in provision for the impairment amount is due to the cost of relevant inventory is higher than the realizable sales price).

Group has insured its inventory amounting to TL138,620 (excluding raw materials in transit) as of 31 December 2015 (TL161,746 as of 31 December 2014) for USD 65 million (31 December 2014: 65 million USD).

As of 31 December 2015 raw materials include goods in transit amounting TL46,454 (31 December 2014: TL77,309).

As of 31 December 2015, the cost of raw material and goods is shown in Note 21.

NOTE 11 - INVESTMENT PROPERTIES

	1 January 2015	Additions	Transfers ^(*)	31 December 2015
Cost				
Land and buildings	-	47,509	-	47,509
Independent units	-	-	3,091	3,091
	-	47,509	3,091	50,600
Accumulated depreciation				
Land and buildings	-	76	1,710	1,786
Independent units	-	396	-	396
	-	472	1,710	2,182
Net book value	-			48,418

(*) Assets in the nature of investment properties in tangible assets have been classified as "Investment Properties" as of balance sheet date.

Land and Buildings

The land and buildings classified as investment properties consist of land and buildings at the city of Yalova, town of Çiftlikköy, village of Deniz Çalı, locality of Topçuçiftliği at plots no. 1126, 1145 and city block no. 151 / plot no. 1. These land and buildings have been purchased from Akiş Gayrimenkul Yatırım Ortaklığı A.Ş. for TL45,100 on 10 September 2015. The fair value of the plant in Yalova is equal to cost of land and buildings and they have been rented for USD 75,000 and TL15 as of the same date.

Independent Units

Independent units consist of offices of the Company located in Gümüşsuyu and Maçka. According to the recent valuation report, the fair value of the independent units is TL19,200 and it provides rent income amounting to USD30,000 per month.

Rent income from investment properties has been disclosed as "Other" in "Segment Reporting" under the revenue (Note 3) and the rent income from investment properties is TL2,510 as of 31 December 2015.

At the date of reporting, Group's investment properties are insured for USD 10 million.

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NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2015	Additions	Disposals	Transfers ^(*)	Currency translation differences	31 December 2015
Cost						
Land	61,823	5,037	(2,993)	-	216	64,083
Land improvements	95,938	-	-	3,580	-	99,518
Buildings	160,793	29	-	22,603	447	183,872
Machinery and equipment	950,341	4,087	(3,467)	85,709	867	1,037,537
Motor vehicles	1,244	92	(180)	-	54	1,210
Furniture and fixture	40,533	2,214	(7)	6,068	36	48,844
Construction in progress	84,245	97,799	-	(124,646)	-	57,398
	1,394,917	109,258	(6,647)	(6,686)	1,620	1,492,462
Accumulated depreciation						
Land improvements	39,727	3,177	-	-	-	42,904
Buildings	43,175	4,385	-	(1,710)	210	46,060
Machinery and equipment	608,733	50,293	(3,219)	-	822	656,629
Motor vehicles	1,049	44	(180)	-	54	967
Furniture and fixtures	23,698	3,600	(4)	-	34	27,328
	716,382	61,499	(3,403)	(1,710)	1,120	773,888
Net book value	678,535				718,574	718,574

(*) TL3,091 of transfers is related to the classification of tangible assets in the nature of investment properties as "Investment Properties" as the balance sheet date and TL3,595 of transfers is due to the classification to intangible assets.

The borrowing cost amounting to TL6,461 for the borrowings obtained for construction of plant and efficiency projects have been capitalized as of 31 December 2015.

TL59,276 of current year depreciation and amortization expense is charged to "cost of sales", TL501 is charged to "research and development expenses", TL720 is charged to "general administrative expenses", TL38 is charged to "marketing, selling and distribution expenses", TL40 is charged to "construction in progress" as the depreciation amount of unfinished project development cost and TL924 is charged to "inventory".

As of 31 December 2015 there is no mortgage on property, plant and equipment. At the date of reporting, Group's property, plants and equipment is insured for USD515 million.

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	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 TL73,924 from construction in progress is related to leased 'Solvent Recovery Unit' to Aksa's joint venture, Dow Akxa (Note 26).

The borrowing cost amounting to TL9,019 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", TL513 is charged to "research and development expenses", TL671 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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NOTE 13 - INTANGIBLE ASSETS

	1 January 2015	Additions	Disposals	Transfers ^(*)	Currency translation differences	31 December 2015
Cost						
Rights ^(**)	3,515	68,945	-	1,505	208	74,173
Development cost	10,583	-	-	-	-	10,583
Other intangible assets	3,246	203	-	2,090	-	5,539
	17,344	69,148	-	3,595	208	90,295
Accumulated depreciation						
Rights	2,575	280	-	-	114	2,969
Development cost	4,808	2,116	-	-	-	6,924
Other intangible assets	2,544	891	-	-	-	3,435
	9,927	3,287	-	-	114	13,328
Net book value	7,417					76,967

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

(**) Main additions to rights consist of the joint treatment facility in Yalkim OSB and use rights of lands amounting to TL32,357.

	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

TL889 (2014: TL854) of the current amortization expense is charged to “cost of sales”, TL2,119 (2014: TL1,660) is charged to “research and development expenses”, TL279 (2014: TL310) is charged to “general administrative expenses”.

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NOTE 14 - GOODWILL

The goodwill balance with the carrying amount of TL5,989 (2014: TL5,989) as of 31 December 2015 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 TL5,989 for the period ended as of 31 December 2015 (31 December 2014: TL5,989).

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	31 December 2015	31 December 2014
Provision for lawsuits	2,213	2,053
Total	2,213	2,053

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 2015	31 December 2014
Collaterals given	225,984	332,414
Letter of credit commitments	194,572	285,434
Total	420,556	617,848

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

	31 December 2015	31 December 2014
Credit insurance	505,111	473,432
Pledged cheques and notes receivable	53,662	73,204
Pledges received	42,992	43,020
Confirmed/unconfirmed letters of credit	57,342	24,110
Limits of Direct Debiting System ("DDS")	19,563	16,054
Guarantee letters received	25,788	12,316
Total	704,458	642,136

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c) Given Collaterals, Pledges, Mortgages (“CPM”):

	31 December 2015	31 December 2014
A. CPM given on behalf of the Company’s legal personality	390,408	590,369
- USD	202,597	394,137
- Turkish Lira	187,201	171,426
- EUR	610	24,634
- Other	-	172
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	30,148	27,479
- USD	30,148	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	420,556	617,848

As of 31 December 2015, total amount of the Company’s given CPM (D) equals to 0% of its equity (31 December 2014: 0%).

NOTE 16 - EMPLOYEE BENEFITS

Payables for employee benefits	31 December 2015	31 December 2014
Social security premiums payable	2,229	2,039
Payables to employees	14	27
Total	2,243	2,066

Short-term provisions for employee benefits	31 December 2015	31 December 2014
Provision for premium	9,662	8,504
Provision for unused vacation	1,131	1,298
Total	10,793	9,802

Long-term provision for employee benefits		
Provision for employee termination benefits and employee termination incentive	20,226	21,587

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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.

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 2015	31 December 2014
Discount rate (%)	3.27	1.71
Probability of retirement (%)	98.44	98.78

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 TL4,092.53 effective from 1 January 2016 (1 January 2014: TL3,541.37) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the Provision for employee termination benefits and employee termination incentive are as follows:

	2015	2014
Balances as of 1 January	21,587	15,338
Service cost	1,634	3,023
Interest cost	368	562
Compensation paid	(1,617)	(1,663)
Actuarial losses/(gain)	(1,746)	4,327
Balances as of 31 December	20,226	21,587

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NOTE 17 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	31 December 2015	31 December 2014
Value Added Taxes ("VAT") receivables	50,815	42,363
Personnel advances	-	56
Total	50,815	42,419

b) Prepaid expenses - Short-term:

	31 December 2015	31 December 2014
Order advances given	5,466	9,394
Prepaid expenses	4,941	4,235
Job advances	75	24
Total	10,482	13,653

c) Prepaid expenses - Long-term:

	31 December 2015	31 December 2014
Advances given for purchase of property, plant and equipment	5,172	8,722
Prepaid expenses	84	774
Total	5,256	9,496

d) Deferred Income:

	31 December 2015	31 December 2014
Order advances received	7,108	12,256
Total	7,108	12,256

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2015		31 December 2014	
	Asset	Liability	Asset	Liability
Held for trading	7,311	-	7,265	-
Subject to hedge accounting	413	-	-	433
Total	7,724	-	7,265	433

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Derivative instruments held for hedging:

	31 December 2015		31 December 2014	
	Contract amount USD thousand	Fair value Asset amount TL	Contract amount USD thousand	Fair value Liability amount TL
Interest rate swap	33,333	413	41,667	433

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.

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 2015, such arrangements fixed LIBOR and EURIBOR to 1.35% (31 December 2014: 1.35%). Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts as of 31 December 2015 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 foreign exchange trading transactions as of 31 December 2015. The mentioned option transactions are accounted for as derivative financial instruments held for trading in the consolidated financial statements, as they do not qualify for hedge accounting and changes in fair value of these financial instruments are recognized in the consolidated statement of income.

	31 December 2015		31 December 2014	
	Contract amount (thousand)	Fair value Asset/ (Liability) amount TL	Contract amount (thousand)	Fair value Asset/ (Liability) amount TL
Foreign exchange held for trading transactions:		7,311		7,265
- USD	39,531	1,140	30,833	3,025
- EUR	68,500	6,171	82,250	4,240

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NOTE 19 - 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 2015 and 2014 is presented below:

	31 December 2015	31 December 2014
Limit on registered share capital	425,000	425,000
Issued share capital	185,000	185,000

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

	Share %	31 December 2015	Share %	31 December 2014
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 2014: 18,500,000,000) shares issued on bearer with a nominal value of Kr 1(31 December 2014: 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 TL107,501as of 31 December 2015 (31 December 2014: TL95,907). 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.

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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.

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 it's 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.

In the case of making decision on dividend payment, dividend is paid cash or distributed "bonus shares" to shareholders by adding dividend to capital or distributed cash and bonus shares in certain amounts according to decision taken in the general meeting of the company.

In statutory accounts of the company, net profit after deducting prior years losses and other reverses which can be subject to profit distribution amounts TL876,290 (31 December 2014: TL756,676). Amounts in the consolidated financial statement prepared according to CMB Communiqué on Principles Regarding Financial Reporting, net profit after deducting prior years losses and other reverses which can be subject to profit distribution amounts TL645,254 (31 December 2014: TL582,567).

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NOTE 20 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the years ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Domestic sales	1,396,566	1,473,000
Export sales	812,996	720,063
Less: Sales returns	(3,141)	(6,743)
Less: Other discounts	(176,415)	(80,117)
Net sales income	2,030,006	2,106,203
Cost of sales (-)	(1,634,362)	(1,789,556)
Gross profit	395,644	316,647

NOTE 21 - 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 2015 and 2014 are as follows;

	31 December 2015	31 December 2014
Raw materials and goods	1,405,839	1,590,106
Employee benefits	98,852	90,064
Depreciation and amortization	64,294	60,175
Commission expenses	23,075	17,807
Repair, maintenance and cleaning expenses	30,973	19,935
Export expenses	25,913	16,358
Consultancy expenses	10,948	9,327
Rent Expenses	5,645	5,929
Information technologies expense	6,560	5,394
Miscellaneous tax expenses	2,370	2,667
Travel expenses	2,042	2,540
Other	67,733	60,014
Total	1,744,244	1,880,316

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NOTE 22 - OTHER OPERATING INCOME/EXPENSE

Income from other operating activities by nature for the years ended as of 31 December 2015 and 2014 are as follows;

	31 December 2015	31 December 2014
Foreign exchange income from trading transactions	128,300	48,721
Income from sales of subsidiary/joint venture shares ^(*)	11,776	-
Interest income from credit sales	11,071	12,855
Income from fixed assets sales	7,724	261
Released provisions	2,015	102
Dividend income	-	1,101
Other	2,388	3,180
Total	163,274	66,220

^(*) It comprises of income amounting to TL9,305 which is arising from the sales of 13.47% share of Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa") to Akkök Holding which was previously classified as a financial investment of the Company and a positive adjustment to sales gain previously recognised on establishment of Dowaksa Holdings of TL2,471 (Note 6).

Expense from other operating activities by nature for the years ended as of 31 December 2015 and 2014 are as follows;

	31 December 2015	31 December 2014
Foreign exchange expense from trading transactions	87,505	46,992
Interest expense from credit purchases	6,264	7,096
Provision for doubtful receivables (Note 8)	1,430	2,015
Other	1,177	1,789
Total	96,376	57,892

NOTE 23 - FINANCIAL INCOME

Financial income for the years ended at 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Foreign exchange gains	118,214	77,636
Income from derivative financial instruments	36,501	7,640
Interest income	12,097	5,318
Total	166,812	90,594

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NOTE 24 - FINANCIAL EXPENSES

Financial expense for the years ended at 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Foreign exchange loss	175,197	88,934
Loss from derivative financial instruments	18,537	375
Borrowing costs	9,454	7,179
Total	203,188	96,488

NOTE 25 - TAX ASSETS AND LIABILITIES

Tax expenses for the years ended at 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Income tax expense	(60,418)	(42,076)
Deferred tax income/(expense)	2,694	(3,197)
Total tax expense	(57,724)	(45,273)

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 2015 and 2014 are as follows:

	Temporary taxable differences		Deferred income tax asset/liability	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Property, plant and equipment and intangible assets	(55,539)	(66,799)	(11,108)	(13,360)
Derivative financial instruments	(7,724)	(6,832)	(1,545)	(1,366)
Trade payables	(1,471)	(2,745)	(294)	(549)
Deferred income tax liabilities			(12,947)	(15,275)
Employee termination benefits	21,357	22,885	4,271	4,577
Trade receivables	3,876	5,477	775	1,095
Inventories	1,982	586	396	117
Other short-term liabilities	1,395	500	279	100
Deferred income tax assets			5,721	5,889
Deferred income tax liabilities, net			(7,226)	(9,386)

Movement for the deferred income tax liabilities for the periods ended at 31 December 2015 and 2014 are as follows:

	2015	2014
1 January	9,386	7,245
Deferred tax income for the period, net	(2,694)	3,197
Amounts recognized under the equity	169	(1,056)
Currency translation differences	365	-
31 December	7,226	9,386

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	31 December 2015	31 December 2014
Calculated corporate income tax	60,418	42,076
Amount offset from VAT receivables and prepaid corporate taxes	(45,874)	(30,954)
Income tax payable	14,544	11,122

The reconciliation of tax expenses stated in consolidated income statements for the years ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Profit before tax	257,190	208,129
Expected tax expense of the Group (20%)	51,438	41,626
The effect of application of equity method	59,094	20,192
Expenses not deductible for tax purposes	1,842	1,896
The effect of foreign subsidiaries	45	(1,641)
Impact of tax exemption for profit from lands sold	(5,067)	-
Impact of tax exemption for profit from investments sold	(7,148)	-
Impact of tax exemption for sale and leaseback transaction	(18,024)	-
Dividend income	-	(1,101)
Other	690	(1,110)
Tax effect (20%)	6,286	3,647
Current period tax expense of the Group	57,724	45,273

NOTE 26 - 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 2015 and 2014 as follows:

	31 December 2015	31 December 2014
Net income attributable to the equity holders of the parent (TL) ^(*) (A)	199,474,944	162,848,735
Weighted average number of shares (B)	18,500,000,000	18,500,000,000
Earnings per share (Kr) (A/B)	1.08	0.88

(*) Amounts expressed in Turkish Lira.

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NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Short-Term Trade Receivables

As of 31 December 2015 and 2014, trade receivables from related parties are as follows:

	31 December 2015	31 December 2014
Ak-Pa(*)	182,737	170,109
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("DowAksa")	5,456	3,105
Akkim Kimya San, ve Tic. A.Ş.	4,391	4,261
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	-	7,512
Other	16	-
Less: Unearned finance income on credit sales (-)	(99)	(28)
Total	192,501	184,959

(*) 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 2015 and 2014 and are discounted with annual average discount rate of 1% (31 December 2014:1%) based on USD.

b) Short-Term Trade Payables

As of 31 December 2015 and 2014, short-term trade payables to related parties are as follows:

	31 December 2015	31 December 2014
Ak-Pa	5,105	28,289
Akkim Kimya San, ve Tic, A.Ş.	7,126	6,539
Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi ("Yalkim OSB")(*)	6,715	-
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim")	3,553	5,105
Dinkal Sigorta Acenteliği A.Ş.	2,126	1,372
Akkök Holding	1,666	1,932
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş.	687	745
Other	532	616
Less: Unincurred finance costs on purchases	-	(104)
Total	27,510	44,494

c) Long-Term Trade Payables

As of 31 December 2015 and 2014, long-term trade payables to related parties are as follows:

	31 December 2015	31 December 2014
Yalkim OSB(**)	13,974	-

(**) Relevant payables consist of the reflected fee to the Company for use rights of joint treatment plant with in Yalkim OSB.

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d) Financial Liabilities

As of 31 December 2015 and 2014, short-term borrowings from related parties are as follows:

	31 December 2015	31 December 2014
Ak-Pa	13,528	25,172

Borrowings comprise cash received from factoring transactions (Note 7).

e) Other Receivables

Other receivables from joint ventures for the year ended as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
DowAksa - Leasing receivables	13,017	8,686
DowAksa - Unearned finance income (-)	(1,928)	(1,734)
Other short-term receivables	11,089	6,952
DowAksa - Leasing receivables	87,020	78,175
DowAksa - Unearned finance income (-)	(7,564)	(7,736)
Other long-term receivables	79,456	70,439
Total	90,545	77,391

Leasing receivables are shown as below in terms of period the collection as of 31 December 2015:

	31 December 2015			31 December 2014		
	Leasing	Interest	Total	Leasing	Interest	Total
Less than 3 months	4,358	501	4,859	1,723	449	2,172
Between 3-12 months	6,731	1,427	8,158	5,229	1,285	6,514
Between 1-2 years	9,156	1,721	10,877	7,116	1,570	8,686
Between 2-3 years	9,367	1,510	10,877	7,284	1,402	8,686
Between 3-4 years	9,584	1,293	10,877	7,456	1,230	8,686
4 years and longer	51,349	3,040	54,389	48,583	3,534	52,117
	90,545	9,492	100,037	77,391	9,470	86,861

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f) Advances Given

Advances given to related parties for the year ended as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Akgirişim	1,969	5,193
Yalkim OSB	1,859	-

Advances given to related parties consist of advance payment related to various investment projects in the facilities located in Yalova.

g) Sales and other income:

Sales and other income to related parties for the years ended as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Ak-Pa ^(*)	785,535	697,460
Akkim Kimya San. ve Tic. A.Ş.	43,828	43,057
DowAksa	33,237	24,346
Akkök Holding ^(**)	12,223	444
Yalkim OSB	6,000	-
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	597	52,886
Other	1,165	581
Total	882,585	818,330

(*) The sales to Ak-pa consist of sales to third parties via Ak-Pa.

(**) The sales to Akkök Holding consist of income amounting to TL11,660, which is arising from the sales of 13.47% share of Ak-pa which was classified as financial investment of the Company.

Other sales to related parties mainly consist of rent income, steam and energy sales.

h) Foreign Exchange Gain/Loss:

Foreign exchange income from related parties for the years ended at 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Ak-Pa	38,733	17,314

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i) Purchases:

Product and service purchases from related parties for the years ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Yalkim OSB ^(*)	71,748	-
Akkim Kimya San. ve Tic. A.Ş.	71,532	57,342
Akiş Gayrimenkul Yatırımı A.Ş. ^(**)	46,560	-
Akgirişim	27,776	22,455
Ak-Pa	12,904	10,907
Dinkal Sigorta Acenteliği A.Ş. ^(***)	11,492	9,728
Akkök Holding	8,666	6,957
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş.	7,217	6,798
Other	1,965	2,700
Total	259,860	116,887

Purchases from related parties consist of chemicals, insurance, construction business, consulting, commission, rent expenses and various service procurement.

^(*) Purchases from Yalkim OSB consist of usage rights acquired for waste treatment facility and other property, plant and equipment owned by Yalkim OSB and operating costs of Yalkim OSB, which are charged to its participants.

^(**) Purchases from Akiş Gayrimenkul Yatırımı A.Ş. are related to purchases of factory building and land in Yalova (Note 11).

^(***) Purchases comprise insurance payments for which Dinkal Sigorta Acenteliği A.Ş. acts as an agent.

The Company defined its key management personnel as board of directors and members of the executive committee. Benefits provided to key management personnel as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Salary and other short-term employee benefits	5,838	4,627
Employment termination benefits	41	53
Post-employment benefits	-	-
Other long-term benefits	-	-
Share based compensations	-	-
Total	5,879	4,680

Benefits provided to the Board of Directors, for the years ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Salary and other short-term employee benefits	1,467	1,542
Employment termination benefit	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share based compensations	-	-
Total	1,467	1,542

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NOTE 28 - 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).

Trade Receivable Aging Analysis

Aging of the receivables which are overdue but not impaired is as follows:

31 December 2015	Trade Receivables
1-30 days overdue	29,351
1-3 months overdue	19,362
3-12 months overdue	1,645
More than 12 months overdue	634
Total^(*)	50,992
Secured with guarantees	28,615

(*) TL38,968 of the amount has been collected as of the date the report.

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

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As of 31 December 2015 the Group's maximum exposure to credit risk is presented below:

31 December 2015	Trade receivables		Other receivables		Deposits at bank	
	Related Parties	Other	Related Parties	Other	Related Parties	Other
Maximum credit risk exposure as of reporting date	192,501	275,326	90,545	257	-	342,740
- Secured portion of maximum credit risk by guarantees(*)	148,807	245,361	-	-	-	-
Net book value of financial assets either are not due or not impaired	167,135	245,292	90,545	257	-	342,740
Net book value of the expired or not impaired financial assets	25,366	25,626	-	-	-	-
- Secured portion with guarantees	13,239	15,376	-	-	-	-
Net book value of impaired assets	-	4,408	-	-	-	-
- Matured (net book value)	-	46,796	-	-	-	-
- Impairment (-) (Note 8)	-	(42,388)	-	-	-	-
- Secured portion with guarantees	-	4,408	-	-	-	-
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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As of 31 December 2014 the Group's maximum exposure to credit risk is presented below:

	31 December 2014		31 December 2015		31 December 2014	
	Trade receivables Related Parties	Other Related Parties	Trade receivables Other	Other receivables Related Parties	Deposits at bank Other	Deposits at bank Related Parties
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	8,310	-	-	-	-
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.

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 2015	31 December 2014
Assets	797,774	678,790
Liabilities	(863,643)	(781,952)
Net balance sheet position	(65,869)	(103,162)

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Foreign currency position as of 31 December 2015 and 2014 are as follows:

	31 December 2015			
	TL equivalent	USD position	EUR position	Other
1. Trade Receivables	447,385	136,535	15,860	-
2a. Monetary Financial Assets (including cash and bank accounts)	259,844	75,877	1,533	34,354
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	11,089	3,814	-	-
4. Current Assets (1+2+3)	718,318	216,226	17,393	34,354
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	79,456	27,327	-	-
8. Non-Current Assets (5+6+7)	79,456	27,327	-	-
9. Total Assets (4+8)	797,774	243,553	17,393	34,354
10. Trade Payables	244,836	83,243	874	22
11. Financial Liabilities	405,861	122,986	15,190	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	650,697	206,229	16,064	22
14. Trade Payables	-	-	-	-
15. Financial Liabilities	212,946	25,000	44,139	-
16 a. Other Monetary Liabilities	-	-	-	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	212,946	25,000	44,139	-
18. Total Liabilities (13+17)	863,643	231,229	60,203	22
19. Off Balance Sheet Derivative Items'				
Net Asset/(Liability) Position (19a-19b)	(1,720)	38,533	(35,800)	-
19a. Net Assets of Statement ... of Financial Position	330,886	78,064	32,700	-
19b. Net Liabilities of Statement ... of Financial Position	332,606	39,531	68,500	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(67,589)	50,857	(78,610)	34,332
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(156,414)	(18,817)	(42,810)	34,332
22. Fair Value of Financial Instruments Used for Foreign Hedge	7,311	392	1,942	-
23. Amount of Hedged Foreign Currency Assets	-	-	-	-
24. Amount of Hedged Foreign Currency Liabilities	-	-	-	-

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	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)	(6,648)	73,655	(62,909)	-
19a. Net Assets of Statement				
... of Financial Position	296,854	104,488	19,341	-
19b. Net Liabilities of Statement				
... of Financial Position	303,502	30,833	82,250	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(109,810)	24,647	(62,498)	9,329
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(173,601)	(79,384)	411	9,329
22. Fair Value of Financial Instruments Used for Foreign Hedge	7,265	1,305	1,503	-
23. Amount of Hedged Foreign Currency Assets	-	-	-	-
24. Amount of Hedged Foreign Currency Liabilities	-	-	-	-

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As of 31 December 2015 and 2014, the situations to reach of net foreign position in the Group's balance sheet with the changes in exchange rates are summarized in the table below:

31 December 2015	Profit/Loss		Equity	
	Appreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Depreciation of foreign currency
In case 10% change of USD against TL USD net asset/(liability) Amount hedged for USD risk	3,583	(3,583)	24,334	(24,334)
USD net effect	3,583	(3,583)	24,334	(24,334)
In case 10% change of EUR against TL EUR net asset/(liability) Amount hedged for EUR risk	(13,603)	13,603	-	-
EUR net effect	(13,603)	13,603	-	-
31 December 2014	Profit/Loss		Equity	
	Appreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Depreciation of foreign currency
In case 10% change of USD against TL USD net asset/(liability) Amount hedged for USD risk	(13,868)	13,868	24,258	(24,258)
USD net effect	(13,868)	13,868	24,258	(24,258)
In case 10% change of EUR against TL EUR net asset/(liability) Amount hedged for EUR risk	324	(324)	-	-
EUR net effect	324	(324)	-	-

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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 2015, other things being constant, if the interest rate depreciate/appreciate by 1%, profit before tax would TL59 (31 December 2014: would not change), capitalized financial cost on construction in progress would TL9 (31 December 2014: TL230).

	31 December 2015	31 December 2014
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Fixed interest rate financial instruments

Financial assets

Cash and cash equivalents (Note 4) ^(*)	286,004	151,283
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Financial liabilities

USD borrowings (fixed due to interest rate swap)	430,284	349,239
TL borrowings	2,432	358
EUR borrowings	1,611	-

Floating interest rate financial instruments

Financial assets

Cash and cash equivalents (Note 4) ^(*)	-	-
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Financial liabilities

EUR bank borrowings	186,912	34,631
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(*) Cash and cash equivalents consist of bank deposits with maturity less than three months.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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 2015:

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	621,239	638,637	175,410	240,136	223,091	-
Trade payables	277,895	279,366	170,857	108,509	-	-
Due to related parties	41,484	41,484	20,362	7,148	13,974	-
	940,618	959,487	366,629	355,793	237,065	-

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	-
Derivative financial liabilities						
Derivative cash outflow	433	433	-	87	346	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

Import and export information:

Import and export for the years ended at 31 December 2015 and 2014 are as follows:

Export

	31 December 2015	31 December 2014
USD	513,367	433,606
EUR	207,053	194,885
Other	92,576	91,572
Total	812,996	720,063

Import

	31 December 2015	31 December 2014
USD	942,577	1,130,879
EUR	81,090	70,155
Other	1,212	1,609
Total	1,024,879	1,202,643

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.

AKSA AKRİLİK KİMYA SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

The ratio of net debt to equity is as follows:

	31 December 2015	31 December 2014
Total monetary liabilities ^(*)	940,618	815,674
Less: Cash and cash equivalents (Note 4)	(342,810)	(192,492)
Net debt	597,808	623,182
Total shareholders' equity	1,248,596	1,113,363
Total capital	1,846,404	1,736,545
Debt/equity ratio	32%	36%

(*) Short-term and long-term liabilities comprised from trade payable to related parties and trade payables to other parties.

NOTE 29 - 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.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

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.

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 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

31 December 2015

	Level 1	Level 2	Level 3
Foreign currency held for trading	-	7,311	-
Hedging derivative financial instruments	-	413	-
Total asset/(liabilities)	-	7,724	-

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 asset/(liabilities)	-	6,832	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 2.014

SUMMARY
FINANCIAL
STATEMENTS

SUMMARY FINANCIAL STATEMENTS (USD)

CONSOLIDATED BALANCE SHEET SUMMARY ^(*)	31 December 2015 (Thousand USD)	31 December 2014 (Thousand USD)
Assets	775,236	861,830
Current Assets	369,907	421,358
Cash and Cash Equivalents	117,901	83,010
Trade Receivables	160,898	207,989
Inventories	63,652	101,931
Other Current Assets	27,456	28,428
Non-Current Assets	405,329	440,472
Trade Receivables	27,327	30,376
Financial Investments	-	1,016
Investment Property	16,652	-
Investments Accounted for by the Equity Method	83,690	104,613
Tangible Assets	247,137	292,611
Intangible Assets	26,471	3,198
Goodwill	2,060	2,583
Other Non-Current Assets	1,992	6,075
Liabilities	775,236	861,830
Short Term Liabilities	258,325	324,222
Financial Liabilities	140,423	121,717
Trade Payables	105,036	186,056
Taxes on Income	5,002	4,796
Other Short Term Liabilities	7,864	11,652
Long Term Liabilities	87,486	57,483
Financial Liabilities	72,239	43,977
Trade Payables - Long Term	4,806	-
Derrivative Financial Instruments	-	149
Provision for Employment Termination Benefits	6,956	9,309
Deferred Tax Liabilities	2,485	4,048
Shareholders' Equity	429,425	480,125

^(*) US\$ currency conversions shown in the consolidated financial statements are provided for informational purposes only; the closing exchange rate TL 2,9076 (December 31, 2014: TL 2,1343) was used in calculating the balance sheet items.

CONSOLIDATED INCOME STATEMENT(**)	31 December 2015 (Thousand USD)	31 December 2014 (Thousand USD)
Net Sales	746,600	963,408
Operating Profit	129,702	107,133
EBITDA	128,744	130,849
Net Profit	73,363	74,490

(**) The conversion of the consolidated income statement into US\$ is provided for informational purposes only; the period average exchange rate of TL2,7190 (December 31, 2014: TL 2,1862) was used in the statement.

RATIOS	31 December 2015	31 December 2014
Current Ratio	1.43	1.30
Liquidity Ratio	1.19	1.00
Return on Invested Capital (ROIC)	8.85%	8.15%
Return on Equity (ROE)	15.98%	14.63%
Debt / Equity	46.76%	55.90%

Aksa Akrilik Kimya Sanayii A.Ş.

Exchange Code: Aksa

Trade Registration Number - Date: 21.11.1968 - 100775

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