AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018
TOGETHER WITH AUDITOR'S REVIEW REPORT**

**(CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018

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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2018 AND 31 DECEMBER 2017

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

	Notes	30 June 2018 USD (*)	*Reviewed* 30 June 2018	*Audited* 31 December 2017
ASSETS				
Current assets		**527,919**	**2,407,681**	**1,858,921**
Cash and cash equivalents		174,828	797,339	559,536
Trade receivables				
- *Trade receivables due from unrelated parties*	*6*	*141,207*	*644,002*	*549,135*
- *Trade receivables due from related parties*	*19*	*64,963*	*296,277*	*180,720*
Other receivables				
- *Other receivables due from related parties*	*19*	*4,835*	*22,050*	*10,342*
- *Other receivables due from unrelated parties*		*749*	*3,414*	*3,271*
Derivative financial assets	12	119	544	-
Inventories	7	107,736	491,351	419,114
Prepayments		4,383	19,991	8,114
Other current assets		29,099	132,713	128,689
Non-current assets		**346,975**	**1,582,451**	**1,495,380**
Other receivables				
- *Other receivables due from related parties*	*19*	*25,607*	*116,784*	*102,777*
Derivative financial assets	12	764	3,484	2,507
Investments accounted for using the equity method	4	51,143	233,248	222,014
Investment properties	8	9,924	45,260	45,891
Property, plant and equipment	9	233,312	1,064,065	1,031,738
Intangible assets and goodwill				
- *Goodwill*		*1,313*	*5,989*	*5,989*
- *Other intangible assets*	*10*	*19,720*	*89,936*	*73,714*
Prepaid expenses		5,193	23,685	10,750
TOTAL ASSETS		**874,895**	**3,990,132**	**3,354,301**

(*) USD amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the CBRT at 30 June 2018, and therefore do not form part of this interim condensed consolidated financial information (Note 2.5).

This interim condensed consolidated financial statements for the period ended 30 June 2018 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 14 August 2018.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2018 AND 31 DECEMBER 2017

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

	Notes	30 June 2018 USD (*)	*Reviewed* 30 June 2018	*Audited* 31 December 2017
LIABILITIES				
Current liabilities		**420,118**	**1,916,033**	**1,514,236**
Current borrowings	5	166,296	758,427	720,281
Current portion of non-current borrowings	5	45,111	205,738	10,461
Trade payables				
- Trade payables to unrelated parties	*6*	*191,930*	*875,335*	*713,949*
- Trade payables to related parties	*19*	*9,354*	*42,660*	*34,388*
Employee benefit obligations		829	3,783	3,182
Other payables				
- Other payables to unrelated parties		*97*	*443*	*603*
Derivative financial liabilities	12	3	12	1,752
Deferred income		1,845	8,413	8,325
Current tax liabilities	17	2,394	10,918	8,224
Current provisions				
- Current provisions for employee benefits		*1,949*	*8,890*	*11,027*
- Other current provisions		*310*	*1,414*	*2,044*
Non-current liabilities		**170,415**	**777,210**	**463,946**
Long-term borrowings	5	159,603	727,902	419,844
Non-current provisions				
- Non-current provision for employee benefits		*5,038*	*22,975*	*24,178*
Deferred tax liabilities	17	5,774	26,333	19,924
Total liabilities		**590,533**	**2,693,243**	**1,978,182**
EQUITY		**284,362**	**1,296,889**	**1,376,119**
Equity attributable to owners of the parent		**284,362**	**1,296,889**	**1,376,119**
Issued capital		40,564	185,000	185,000
Inflation adjustments on capital		42,795	195,175	195,175
Treasury shares		(4,201)	(19,160)	-
Share premium (discount)		10	44	44
Other comprehensive income/(expense) not to be reclassified to profit or loss				
- Gains/(losses) on remeasurement of defined benefit plans		*(1,049)*	*(4,782)*	*(6,128)*
Other comprehensive income/(expense) to be reclassified to profit or loss				
- Exchange differences on translation		*48,832*	*222,707*	*176,974*
Restricted reserves		35,147	160,293	140,498
Prior years' profits		100,327	457,561	389,585
Current period net profit or loss		21,938	100,051	294,971
Non-controlling interests		**-**	**-**	**-**
TOTAL LIABILITIES AND EQUITY		**874,895**	**3,990,132**	**3,354,301**

(*) USD amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the CBRT at 30 June 2018, and therefore do not form part of this interim condensed consolidated financial statements (Note 2.5).

The accompanying notes form an integral part of this interim condensed consolidated financial statements.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 30 JUNE 2018 AND 2017

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

	Notes	1 January-30 June 2018 USD (*)	*Reviewed* 1 January - 30 June 2018	*Not reviewed* 1 April - 30 June 2018	*Reviewed* 1 January - 30 June 2017	*Not reviewed* 1 April - 30 June 2017
Profit or loss						
Revenue		414,257	1,691,702	902,713	1,292,129	667,696
Cost of sales (-)	13	(338,642)	(1,382,911)	(716,034)	(1,022,917)	(544,856)
Gross profit		**75,615**	**308,791**	**186,679**	**269,212**	**122,840**
General administrative expenses (-)	13	(7,083)	(28,924)	(15,041)	(32,309)	(17,367)
Marketing expenses (-)	13	(9,533)	(38,929)	(24,334)	(30,338)	(12,360)
Research and development expenses (-)	13	(509)	(2,080)	(883)	(2,485)	(1,157)
Other income from operating activities	14	52,155	212,985	146,392	131,651	61,675
Other expenses from operating activities (-)	14	(38,468)	(157,093)	(104,680)	(123,124)	(62,510)
Profit from operating activities		**72,177**	**294,750**	**188,133**	**212,607**	**91,121**
Investment activity income		3,145	12,845	2,059	3,129	1,526
Loss from investments accounted using the equity method	4	(7,445)	(30,405)	(16,088)	(23,921)	(9,109)
Profit before financing income / (expense)		**67,877**	**277,190**	**174,104**	**191,815**	**83,538**
Finance income	15	25,015	102,153	53,043	131,342	45,613
Finance expenses (-)	16	(59,824)	(244,302)	(160,832)	(133,871)	(31,414)
Profit from continuing operations, before tax		**33,068**	**135,041**	**66,315**	**189,286**	**97,737**
Tax expense, continuing operations:						
- Current income tax expense (-)	17	(7,056)	(28,813)	(11,851)	(36,028)	(15,509)
- Deferred tax expense/income	17	(1,513)	(6,177)	(6,293)	688	1,324
Profit from continuing operations		**24,500**	**100,051**	**48,171**	**153,946**	**83,552**
Net income for the period attributable to:						
Owners of the parent		24,500	100,051	48,171	153,946	83,552
Non-controlling interests		-	-	-	-	-
		24,500	**100,051**	**48,171**	**153,946**	**83,552**
Earnings per share from continuing operations (Kr)	18	0.13	0.54	0.26	0.83	0.45

(*) USD amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official average TRY bid rate announced by the CBRT for the first six month period of 2018, and therefore do not form part of this interim condensed consolidated financial statements (Note 2.5).

The accompanying notes form an integral part of this interim condensed consolidated financial statements.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 30 JUNE 2018 AND 2017

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

	1 January- 30 June 2018 USD (*)	***Reviewed*** **1 January - 30 June 2018**	***Not reviewed*** **1 April - 30 June 2018**	***Reviewed*** **1 January - 30 June 2017**	***Not Reviewed*** **1 April - 30 June 2017**
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss					
Gains / losses on remeasurements at defined benefit plans	412	1,683	1,683	(3,308)	(3,308)
Taxes relating to components of other comprehensive income not to be reclassified to profit or loss	(83)	(337)	(337)	662	662
Other comprehensive income to be reclassified to profit or loss					
Exchange differences on translation	11,199	45,733	33,598	1,829	(6,297)
Taxes relating to components of other comprehensive income to be reclassified to profit or loss	-	-	-	-	-
Total comprehensive income	**36,029**	**147,130**	**83,115**	**153,129**	**74,609**
Total comprehensive income attributable to:					
Owners of the parent	36,029	147,130	83,115	153,129	74,609
Non-controlling interest				-	-
	36,029	**147,130**	**83,115**	**153,129**	**74,609**

(*) USD amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official average TRY bid rate announced by the CBRT for the first six month period of 2018, and therefore do not form part of this interim condensed consolidated financial statements (Note 2.5).

The accompanying notes form an integral part of this interim condensed consolidated financial statements.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2018 AND 2017

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

		Attributable to equity holders of the parent										
Reviewed	**Issued capital**	**Inflation adjustments on capital**	**Recovered shares**	**Share premium (discount)**	**Restricted reserves**	**Exchange differences on translation[1]**	**Gains/Losses on remeasurement at defined benefit plans [2]**	**Prior years' profits or losses**	**Current period net profit or loss**	**Total**	**Non-controling interests**	**Total equity**
1 January 2017	**185,000**	**195,175**	**-**	**44**	**122,685**	**155,147**	**(3,125)**	**468,981**	**125,798**	**1,249,705**	**-**	**1,249,705**
Transfers	-	-	-	-	17,813	-	-	107,985	(125,798)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(187,381)	-	(187,381)	-	(187,381)
Total comprehensive income	-	-	-	-	-	1,829	(2,646)	-	153,946	153,129	-	153,129
30 June 2017	**185,000**	**195,175**	**-**	**44**	**140,498**	**156,976**	**(5,771)**	**389,585**	**153,946**	**1,215,453**	**-**	**1,215,453**

		Attributable to equity holders of the parent										
Reviewed	**Issued capital**	**Inflation adjustments on capital**	**Recovered shares**	**Share premium (discount)**	**Restricted reserves**	**Exchange differences on translation [1]**	**Gains/Losses on remeasurement at defined benefit plans [2]**	**Prior years' profits or losses**	**Current period net profit or loss**	**Total**	**Non-controling interests**	**Total Equity**
1 January 2018	**185,000**	**195,175**	**-**	**44**	**140,498**	**176,974**	**(6,128)**	**389,585**	**294,971**	**1,376,119**	**-**	**1,376,119**
Recovered shares	-	-	(19,160)	-	-	-	-	-	-	(19,160)	-	(19,160)
Transfers	-	-	-	-	19,795	-	-	275,176	(294,971)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(207,200)	-	(207,200)	-	(207,200)
Total comprehensive income	-	-	-	-	-	45,733	1,346	-	100,051	147,130	-	147,130
30 June 2018	**185,000**	**195,175**	**(19,160)**	**44**	**160,293**	**222,707**	**(4,782)**	**457,561**	**100,051**	**1,296,889**	**-**	**1,296,889**

(1) To be reclassified to profit or loss
(2) Not to be reclassified to profit or loss

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2018 AND 2017

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

	Notes	1 January- 30 June 2018 USD (*)	*Reviewed* 1 January - 30 June 2018	*Reviewed* 1 January - 30 June 2017
A. Cash Flows from Operating Activities		**39,070**	**159,552**	**230,052**
Profit		**24,500**	**100,051**	**153,946**
Adjustments to reconcile profit		**59,886**	**244,556**	**82,525**
- Adjustments for depreciation and amortisation expense	13	11,004	44,938	40,851
- Adjustments for impairment loss (reversal of impairment loss)		212	864	107
- Adjustments for provisions		664	2,710	1,891
- Adjustments for interest (income) / expenses	15, 16	590	2,410	(1,173)
- Adjustments for unrealized foreign exchange losses (gains)		33,547	136,996	(19,034)
- Adjustments for undistributed profits of investments accounted for using equity method	4	7,445	30,405	23,921
- Adjustments for tax (income) expenses		8,568	34,990	35,340
- Adjustments for losses (gains) on disposal of non-current assets		(2,328)	(9,505)	(170)
- Other adjustments to reconcile profit (loss)		183	748	792
Changes in working capital		**(45,796)**	**(187,016)**	**(1,602)**
- Adjustments for decrease (increase) in inventories		(17,524)	(71,562)	(52,847)
- Adjustments for decrease (increase) in trade accounts receivable		(34,827)	(142,225)	(10,516)
Adjustments for decrease (increase) in other receivables related with operations		(1,369)	(5,590)	220
- Adjustments for increase (decrease) in trade accounts payable		22,937	93,668	100,987
- Adjustments for increase (decrease) in other operating payables		(39)	(160)	2,033
- Other Adjustments for other increase (decrease) in working capital		(14,973)	(61,147)	(62,511)
Cash flows from operating activities		**38,590**	**157,591**	**234,869**
Interest paid		(1,717)	(7,011)	(4,836)
Interest received		2,743	11,202	11,136
Payments made for benefits provided to employees		(546)	(2,230)	(950)
Income taxes refund (paid)		-	-	(10,167)
B. Cash Flows from Investing Activities		**(20,468)**	**(83,585)**	**(232,623)**
Cash outflows arising from purchase of shares or capital increase of associates and/or joint ventures	4	-	-	(35,382)
Proceeds from sales of property, plant, equipment and intangible assets		2,651	10,827	1,591
Purchase of property, plant, equipment and intangible assets		(23,119)	(94,412)	(198,832)
C. Cash Flows from Financing Activities		**38,718**	**158,112**	**(101,730)**
The entity's own shares and other equity-based instruments		(4,692)	(19,160)	-
Proceeds from borrowings		226,024	923,015	514,126
Repayments of borrowings		(131,081)	(535,297)	(429,776)
Dividends paid		(50,738)	(207,200)	(187,381)
Interest received		2,994	12,226	15,075
Interest paid		(3,789)	(15,472)	(13,774)
Net increase in cash and cash equivalents before effect of exchange rate changes		**57,320**	**234,079**	**(104,301)**
D. Effect of exchange rate changes on cash and cash equivalents		**703**	**2,870**	**(536)**
Net increase / (decrease) in cash and cash equivalents		**58,023**	**236,949**	**(104,837)**
E. Cash and cash equivalents at the beginning of the period		**136,839**	**558,810**	**457,463**
Cash and cash equivalents at the end of the period		**194,862**	**795,759**	**352,626**

The accompanying notes form an integral part of this interim condensed consolidated financial statements.

(*) USD amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the average official TRY bid rate announced by the CBRT for the period between 1 January 2018 - 30 June 2018, and therefore do not form part of this interim condensed consolidated financial statements (Note 2.5).

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

Aksa and its subsidiaries (collectively referred to as 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 at Capital Markets Board of Turkey ("CMB") and its shares have been quoted in the Borsa İstanbul A.Ş. ("BİST") since 1986. The principle 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 30 June 2018, 37.41% of the Group's shares are traded on BIST, 5.45% of the share is hold by Somerset em.mar.d.v.g and 0.89% of the share is hold by the Company.

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

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

Merkez Mahallesi Yalova Kocaeli Yolu Cad. No:34
PK 114 77602 Taşköprü Çiftlikköy - Yalova

Main operations of the Group are in Turkey and for the purpose of segment reporting, the operations are summarized in three operational segments (Note 3):

- Fibers
- Energy
- Other

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

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

Joint ventures	**Country**	**Nature of business**
DowAksa Advanced Composites Holdings BV ("DowAksa Holdings")	Netherlands	Investment

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION

2.1 Basis of presentation

2.1.1 Financial Reporting Standards Applied

The accompanying consolidated financial information are prepared in accordance with the 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 the article 5 of the Communiqué, consolidated financial information are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards.

The Group prepared its interim condensed consolidated financial information for the period ended 30 June 2018 in accordance with the TAS 34 "Interim financial reporting" in the framework of the Communiqué Serial: XII and numbered 14.1 and its related announcements. The interim condensed consolidated financial information and its accompanying notes are presented in compliance with the formats, including specific required disclosures, mandated by the CMB.

The Group's interim condensed consolidated financial information does not include all disclosures and notes that are included in the annual consolidated financial statements. Therefore the interim condensed consolidated financial information should be read together with the annual consolidated financial statements at 31 December 2017.

The Company 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 interim condensed consolidated financial information 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

Amendments and Interpretations in Turkish Financial Reporting Standards

Group has applied the revised standards and interpretations are published by POA which are effective after 1 January 2018.

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

None.

b) Standards, amendments and interpretations issued but not yet effective and not early adopted as of 30 June 2018:

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at June 30, 2018 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2018. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is January 1, 2018. The amendments did not have an impact on the financial position or performance of the Group.

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. The standard did not have a significant impact on the financial position or performance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

TFRS 4 Insurance Contracts (Amendments)

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

a. give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 Financial instruments is applied before the new insurance contracts Standard is issued; and

b. give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 Financial instruments until 2021. The entities that defer the application of TFRS 9 Financial instruments will continue to apply the existing financial instruments Standard—TAS 39.

These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on December 19, 2017 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. The interpretation did not have a significant impact on the financial position or performance of the Group.

TFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

In December 2017, POA issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:
a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are applied for annual periods beginning on or after 1 January 2018. The ammendments did not have a significant impact on the financial position or performance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

TAS 40 Investment Property: Transfers of Investment Property (Amendments)

In December 2017, POA issued amendments to TAS 40 'Investment Property '. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are applied for annual periods beginning on or after 1 January 2018. The ammendments did not have a significant impact on the financial position or performance of the Group.

Annual Improvements to TFRSs - 2014-2016 Cycle

In December 2017, POA issued Annual Improvements to TFRS Standards 2014–2016 Cycle, amending the following standards:

- TFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some TFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are applied for annual periods beginning on or after 1 January 2018.

- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are applied for annual periods beginning on or after 1 January 2018.

The amendments did not have a significant impact on the financial position or performance of the Group.

c) Standards issued but not yet effective and not early adopted as of June 30, 2018

TFRS 16 Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures. The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted. Overall, the Group expects no significant impact on its balance sheet and equity.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

TFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "TAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:
(a) whether an entity considers uncertain tax treatments separately;
(b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
(c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
(d) how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

d) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

Annual Improvements – 2010–2012 Cycle

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Annual Improvements – 2011–2013 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

In October 2017, the IASB issued minor amendments to IFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost. Applying IFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation. The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted. Overall, the Group expects no significant impact on its balance sheet and equity.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

Annual Improvements – 2015–2017 Cycle

In December 2017, the IASB announced Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted. Overall, the Group expects no significant impact on its balance sheet and equity.

Plan Amendment, Curtailment or Settlement" (Amendments to IAS 19)

On February 2018, the IASB published Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" to harmonise accounting practices and to provide more relevant information for decision-making. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

2.2 Changes in Accounting Policies, Accounting Estimates and Errors

According to the decision of the CMB dated on 7 June 2013 and numbered 20/670, Capital Markets Institutions which are included in the Communiqué on Principles of Financial Reporting on the Market for the years ended 31 March 2014 and after for the interim periods ended 31 March 2014 examples and usage guides were published. In line with these examples, various classifications were made in the consolidated financial tables of the Group. The Group's reclassifications regarding its consolidated financial statements of 30 June 2016 are as follows:

- Other income from operating activities amounting to TRY 171 and, rent income amounting to TRY 2.788 are reclassified under "Investments in Investing Activities".
- Fixed asset sales profit amounting to TRY 170 is reclassified from other income from operating activities to "Income from Investing Activities".

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

Comparative information and correction of prior period financial statements

The Group has prepared the consolidated statement of financial position as at 30 June 2018 comparatively with the consolidated statement of financial position as at 31 December 2017, and the consolidated profit or loss statement, the consolidated statement of other comprehensive income, the consolidated statements of cash flows and changes in equity in the six month period ended 30 June 2018 comparative to the six month period ended 30 June 2017.

2.3 Summary of Significant Accounting Policies

The interim condensed consolidated financial information for the period ended 30 June 2018 have been prepared in accordance with the TAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of this interim condensed consolidated financial statements for the period ended 30 June 2018 are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2017 except for the following:

In interim periods, tax provisions are calculated considering the tax rates which are expected to apply to financial results at the end of the year. Expenses which are not distributed equally within one financial year are taken into consideration in interim summarized consolidated financial information in cases when such expenses can be estimated properly at the end of the fiscal year or can be postponed.

The consolidated statement of financial position at 30 June 2018 should be considered with the comparative financial statements at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, cash flows and changes in equity should be considered between 1 January - 30 June 2017.

2.4 Change of Operations According to Seasons

The operations of the Group are not affected by seasonal fluctuations.

2.5 Convenience Translation into English of Financial Statements

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

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

NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

	1 January - 30 June 2018			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenues	1,622,902	64,068	4,732	1,691,702
External revenues	**1,622,902**	**64,068**	**4,732**	**1,691,702**
Adjusted EBITDA (*)	**304,369**	**6,634**	**290**	**311,293**
Unallocated corporate expenses (**)	-	-	-	(27,497)
EBITDA				
Amortization and depreciation	(36,824)	(5,751)	(2,363)	(44,938)
Other operating income, net	-	-	-	55,892
Income from investment activities	-	-	-	12,845
Loss of investments accounted using the equity method	(30,405)	-	-	(30,405)
Financial income / (expenses), net	-	-	-	(142,149)
Profit before tax				**135,041**

(*) Adjusted earnings before interest, taxes, depreciation, amortization ("Adjusted EBITDA"), is not a financial performance measurement published on TAS and may not be comparable with the similar indicators defined by other companies.

(**) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January - 30 June 2018.

	1 April - 30 June 2018			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	871,659	28,789	2,265	902,713
External revenues	**871,659**	**28,789**	**2,265**	**902,713**
Adjusted EBITDA	**180,735**	**3,005**	**(191)**	**183,549**
Unallocated corporate expenses (***)	-	-	-	(14,294)
EBITDA	**-**	**-**	**-**	**169,255**
Amortization and depreciation	(19,743)	(2,063)	(1,028)	(22,834)
Other operating income, net				41,712
Income from investment activities	-	-	-	2,059
Loss of investment accounted using the equity method	(16,088)	-	-	(16,088)
Financial income / (expenses), net	-	-	-	(107,789)
Profit before tax				**66,315**

(***) Unallocated corporate expenses for the period between 1 April - 30 June 2018, consists of unallocated part of general administrative expenses.

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

NOTE 3 - SEGMENT REPORTING (Continued)

	1 January - 30 June 2017			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	1,233,766	53,562	4,801	1,292,129
External revenues	**1,233,766**	**53,562**	**4,801**	**1,292,129**
Adjusted EBITDA	**271,661**	**2,821**	**1,400**	**275,882**
Unallocated corporate expenses (*)	-	-	-	(30,951)
EBITDA	**-**	**-**	**-**	**244,931**
Amortization and depreciation	(25,791)	(12,436)	(2,624)	(40,851)
Other operating income, net	-	-	-	8,527
Income from investment activities	-	-	-	3,129
Loss of investments accounted using the equity method	(23,921)	-	-	(23,921)
Financial income / (expenses), net	-	-	-	(2,529)
Profit before tax				**189,286**

(*) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January - 30 June 2017.

	1 April - 30 June 2017			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	638,149	26,661	2,886	667,696
External revenues	**638,149**	**26,661**	**2,886**	**667,696**
Adjusted EBITDA	**129,502**	**587**	**1,368**	**131,457**
Unallocated corporate expenses (**)	-	-	-	(16,681)
EBITDA	**-**	**-**	**-**	**114,776**
Amortization and depreciation	(12,996)	(8,490)	(1,334)	(22,820)
Other operating income, net	-	-	-	(835)
Income from investment activities	-	-	-	1,526
Loss of investment accounted using the equity method	(9,109)	-	-	(9,109)
Financial income / (expenses), net	-	-	-	(14,199)
Profit before tax				**97,737**

(**) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 April - 30 June 2017.

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

NOTE 4 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Joint Ventures

	30 June 2018	31 December 2017
DowAksa Holdings	233,248	222,014

Summary financial information of DowAksa Holding is presented below:

	30 June 2018	31 December 2017
Current assets	267,964	202,758
Non-current assets	1,117,372	934,089
Total Assets	**1,385,336**	**1,136,847**
Short-term liabilities	219,283	450,731
Long-term liabilities	699,557	242,088
Equity	466,496	444,028
Total Liabilities	**1,385,336**	**1,136,847**
Equity corresponding to Group's interest of 50%	**233,248**	**222,014**

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Revenues	86,357	45,343	59,118	31,696
Net loss	(60,810)	(32,176)	(47,842)	(18,218)
Net loss corresponding to the Group's interest of 50%	**(30,405)**	**(16,088)**	**(23,921)**	**(9,109)**

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

	2018	2017
1 January, opening balance	222,014	214,252
Net loss corresponding to the Group's interest of 50%	(30,405)	(23,921)
Emission premium increase	-	35,382
Currency translation differences	41,639	2,318
30 June, closing balance	**233,248**	**228,031**

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

NOTE 5 - BORROWINGS

Group's financial liabilities are as follows:

	30 June 2018	31 December 2017
Short-term borrowings	758,427	720,281
Short-term portion of long-term borrowings	205,738	10,461
Total short-term borrowings	**964,165**	**730,742**
Long-term borrowings	727,902	419,844
Total long-term borrowings	**727,902**	**419,844**
Total borrowings	**1,692,067**	**1,150,586**

Bank borrowings

	30 June 2018		31 December 2017	
	Yearly weighted average interest rate %	TRY	Yearly weighted average interest rate %	TRY
a) Short-term borrowings:				
USD borrowings	3.19	658,648	2.65	724,205
EUR borrowings	1.02	106,184	-	-
Credit card liabilites	-	3,500	-	1,965
Prepaid interest	-	(9,905)	-	(5,889)
Total short-term borrowings:		**758,427**		**720,281**
b) Short-term portion of long-term borrowings:				
EUR borrowings	2.07	182,754	3.50	8,608
USD borrowings	3.08	22,984	3.38	1,853
Total short-term portion of long-term borrowings		**205,738**		**10,461**
Total short-term borrowings		**964,165**		**730,742**
c) Long-term borrowings:				
USD borrowings	4.45	438,452	3.19	181,526
EUR borrowings	2.76	289,450	2.05	238,318
Total long-term borrowings		**727,902**		**419,844**

Group has no breach of contract concerning its borrowings.

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

NOTE 5 - BORROWINGS (Continued)

The redemption schedule of borrowings based on agreements' terms is as follows

	30 June 2018	31 December 2017
Less than 3 months	405,789	201,481
Between 3-12 months	558,376	529,261
Between 1-2 years	224,832	309,404
Between 2-3 years	168,985	76,125
Between 3-4 years	99,080	34,315
4 years and over	235,005	-
	1,692,067	**1,150,586**

As of 30 June 2018, according to the general loan agreements, the Group has not blocked deposits in relation to its borrowings (31 December 2017: None).

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables and payables are as follows:

a) Short-term trade receivables:

	30 June 2018	31 December 2017
Trade receivables	345,778	296,073
Notes receivable and cheques	330,717	284,491
Less: Provision for doubtful receivables	(27,437)	(27,437)
Less: Unearned finance income on credit sales	(5,056)	(3,992)
Total short-term trade receivables, net	**644,002**	**549,135**

As of 30 June 2018 trade receivables have an average maturity of 3 months (31 December 2017: 3 months) and they are discounted with an average annual interest rate of 3.37% (31 December 2017: 5.00%) in TRY basis.

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 collection risks for trade receivables other than the provision taken for possible collection risks.

b) Short-term trade payables:

	30 June 2018	31 December 2017
Trade payables	877,636	717,335
Less: Unearned finance income on credit sales	(2,301)	(3,386)
Total	**875,335**	**713,949**

As of June 30, 2018 TRY and foreign currency denominated trade payables have an average of 4 months (31 December 2017: 4 months) and an average annual interest rate of 2.3% (31 December 2017: 2.8%) is used to calculate the loss on credit sales.

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

NOTE 7 - INVENTORIES

	30 June 2018	31 December 2017
Raw materials and supplies	308,149	277,730
Work in progress	19,274	15,406
Finished goods	130,814	91,925
Other inventories and spare parts	35,490	35,565
Less: Provision for impairment of inventories	(2,376)	(1,512)
Total	**491,351**	**419,114**

Provision for impairment of inventories is related to finished goods.

Movement in the "provision for impairment of inventories" between 30 June 2018 and 31 December 2017 has been accounted under "cost of good sold". As of June 30, 2018, the Group has commodity insurance with an amount of USD 75 million (December 31, 2017: USD 65 million) above its stocks of TRY 353,399 (31 December 2017: TRY 254,825) (excluding raw materials in transit). As of the balance sheet date raw materials amounting to TRY 137,952 (December 31, 2017: TRY 164,289) are in the status of raw materials in transit and all are insured.

Cost of the raw materials and supplies which are related to goods sold in current period is shown in Note 13.

NOTE 8 - INVESTMENT PROPERTIES

	2018	2017
Net book value at 1 January	**45,891**	**47,155**
Current period depreciation	(631)	(632)
Net book value at 30 June	**45,260**	**46,523**

Current period depreciation expense is classified under general administrative expenses.

Land and Buildings

There are lands and buildings which are registered at the city of Yalova, town of Çiftlikköy, village of Deniz Çalı (at 1126, 1145 and 151/1 Parcels). According to the valuation report of an independent valuation company, the fair value of the related real estates is TRY 56,100 and they are rented monthly with a price of USD 80,000 and TRY 18.

Independent Units

Independent units consist of offices of the Company located in Gümüşsuyu and Maçka. According to the recent valuation report dated December 31, 2017, the fair value of the independent units is TRY 26,125 and it provides rent income amounting to USD 20,000 and TRY 17 per month.

As of June 30, 2018 Rental income from investment property amounting to TRY 3,127 (30 June 2017: TRY 2,788) is shown under income statement from investment activities.

The insured amount of the Group's investment property at the reporting date is USD 7 million.

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

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The movement of property plant and equipment for the period ended 30 June 2018 and 2017 are as follows;

	2018	2017
Net book value at 1 January	**1,031,738**	**756,840**
Additions	76,981	198,027
Current period depreciation	(44,239)	(38,463)
Currency translation differences	1,169	42
Transfers	(262)	(37)
Disposals	(1,322)	(1,421)
Net book value at 30 June	**1,064,065**	**914,988**

TRY 41,567 (30 June 2017: TRY 37,304) of the current period depreciation expenses is included in "cost of goods sold", TRY 428 (30 June 2017: TRY 293) is included in "research and development expenses", TRY 664 (30 June 2017: TRY 620) is included in "general administrative expenses", TRY 16 (30 June 2017: TRY 18) is included in "marketing expenses", TRY 25 (30 June 2017: TRY 34) is included in construction in progress and TRY 1,539 (30 June 2017: TRY 194) is included in inventory.

TRY 74,303 (30 June 2017: TRY 192,831) of current period additions of property, plant and equipment is related to construction-in-progress account. Carrying value of construction-in-progress account amounts to TRY 83,326 (30 June 2017: TRY 229,238) and these assets are not depreciated until they are ready for use in the intended manner.

NOTE 10 - INTANGIBLE ASSETS

The movement of intangible assets for the period ended 30 June 2018 and 2017 are as follows;

	2018	2017
Net book value at 1 January	**73,714**	**78,326**
Additions	17,537	839
Current period amortization	(1,632)	(1,984)
Transfers	262	37
Currency translation differences	55	6
Net book value at 30 June	**89,936**	**77,224**

TRY 1,169 (30 June 2017: TRY 1,219) of the current amortization expenses is charged to "cost of sales", TRY 331 (30 June 2017: TRY 659) is charged to "research and development expenses", TRY 132 (30 June 2017: TRY 106) is charged to "general administrative expenses''.

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

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) The details of collaterals, pledges and mortgages given to third parties by the Group are as follows:

	30 June 2018	31 December 2017
Letter of credit commitments	681,083	484,787
Collaterals given	316,889	267,508
Total	**997,972**	**752,295**

b) Guarantee letters and other commitments received for short-term trade receivables are as follows:

	30 June 2018	31 December 2017
Credit insurance	626,389	498,365
Pledged cheques and notes receivable	190,216	169,877
Pledges received	109,931	110,795
Confirmed/unconfirmed letters of credit	103,761	42,006
Limits of direct debiting system ("DDS")	15,891	14,749
Guarantee letters received	7,140	25,790
Total	**1,053,328**	**861,582**

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

		30 June 2018	31 December 2017
A.	CPM given on behalf of the Company's legal personality	997,972	752,295
	- USD	*867,237*	*689,153*
	- EUR	*87,023*	*21,948*
	- Turkish Lira	*43,247*	*41,194*
	- Other	*465*	-
B.	CPM given on behalf of fully consolidated subsidiaries	-	-
C.	CPM given for continuation of its economic activities on behalf of third parties	-	-
	- USD	-	-
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		**997,972**	**752,295**

(*) As of 30 June 2018, the ratio of other CPMs given by the Company to equity is 0% (31 December 2017: 0%).

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

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are initially recognized in the consolidated balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and interest rate swap instruments.

	30 June 2018		31 December 2017	
	Asset	**Liability**	**Asset**	**Liability**
Held for trading	-	12	-	1,752
Held for hedging	4,028	-	2,507	-
Total	**4,028**	**12**	**2,507**	**1,752**

Derivative instruments held for hedging:

	30 June 2018		31 December 2017	
	Contract amount USD thousand	**Fair value Asset TRY**	**Contract amount USD thousand**	**Fair value Asset TRY**
Interest rate swap	35,833	4,028	48,126	2,507

If the sale of financial hedging instruments, expiring of financial hedging instruments or failure to meet the financial risk protection accounting requirements, as intended for hedging purposes or the occurrence of one of the cases in which the promised or probable future transaction is not expected to occur, the hedging instrument continues to be classified separately within equity until the hedged or probable future transaction is realized. 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 30 June 2018, such arrangements fixed LIBOR to 1.13% to 1.35% (31 December 2017: 1.13%, 1.35%).

Derivative instruments held for trading:

As of 30 June 2018, Group has foreign exchange sales and purchase option contracts. Such option transactions are recognized as derivative instruments held for trading in the consolidated financial information due to not holding the necessary conditions in terms of hedge accounting and consequently changes in the fair value of these derivatives are recognized in the income statement.

	30 June 2018		31 December 2017	
	Contract amount (thousand)	**Fair value Liability TRY**	**Contract amount (thousand)**	**Fair value Liability TRY**
Foreign exchange held for trading transactions:				
- EUR	1,250	12	7,400	1.752

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

NOTE 13 - EXPENSES BY NATURE

Cost of sales, marketing expenses and general administrative expenses by nature for the six-month and three-month periods ended at 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Raw materials and goods	1,231,714	640,944	893,071	473,393
Employee benefits	66,655	32,166	60,952	29,517
Depreciation and amortization	44,938	22,834	40,851	22,820
Other consumables	23,171	11,596	12,118	9,413
Commission expenses	18,768	11,848	13,488	5,001
Export expenses	12,205	8,464	11,162	4,396
Maintenance, repair, and cleaning expenses	12,077	6,553	9,926	5,350
Consultancy expenses	9,511	5,100	7,470	4,326
Information technologies expenses	3,740	2,164	6,157	2,971
Rent expenses	3,871	1,976	3,250	1,642
Other	26,194	12,647	29,604	16,911
Total	**1,452,844**	**756,292**	**1,088,049**	**575,740**

NOTE 14 - OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

Other operating income for the six-month and three-month periods ended at 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Foreign exchange gain on trading transactions	198,861	135,913	119,168	52,599
Interest income on credit sales	11,202	8,912	11,136	8,731
Gain on sale of scraps	2,082	941	1,127	306
Other	840	626	220	39
Total	**212,985**	**146,392**	**131,651**	**61,675**

Other operating income for the six-month and three-month periods ended at 30 June 2018 and 2017 also including the last 3 months are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Foreign exchange loss on trading transactions	148,411	100,322	117,223	59,301
Interest expense from credit purchases	7,011	2,771	4,836	2,173
Other	1,671	1,587	1,065	1,036
Total	**157,093**	**104,680**	**123,124**	**62,510**

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

NOTE 15 - FINANCE INCOME

Finance income for the six-month and three-month periods ended at 30 June 2018 and 2017 is as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Foreign exchange gains	88,009	45,756	118,403	40,396
Interest income	14,144	7,287	12,939	5,217
Total	**102,153**	**53,043**	**131,342**	**45,613**

NOTE 16 - FINANCE EXPENSE

Finance costs for the six-month and three-month periods ended at 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Foreign exchange expense	227,748	151,791	122,105	26,066
Borrowing costs and comission expenses	16,554	9,041	11,766	5,348
Total	**244,302**	**160,832**	**133,871**	**31,414**

NOTE 17 - TAX ASSETS AND LIABILITIES

Tax expenses for the six-month and three-month periods ended at 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Income tax expense	(28,813)	(11,851)	(36,028)	(15,509)
Deferred tax income/(expense), net	(6,177)	(6,293)	688	1,324
Total tax expense	**(34,990)**	**(18,144)**	**(35,340)**	**(14,185)**

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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 30 June 2018 and 31 December 2017 are as follows:

	Temporary Taxable Differences		Deferred Income Tax Asset/Liability	
	30 June 2018	**31 December 2017**	**30 June 2018**	**31 December 2017**
Property, plant and equipment and intangible assets	(145,153)	(120,123)	(30,380)	(23,802)
Inventory	(6,008)	(6,903)	(1,322)	(1,519)
Derivative instruments	(4,016)	(755)	(884)	(166)
Trade receivables	(2,301)	(3,386)	(506)	(745)
Deferred income tax liabilities			**(33,092)**	**(26,232)**
Employee termination benefits	25,451	25,906	5,223	5,302
Other short-term liabilities	6,446	3,077	1,418	677
Trade receivables	481	1,444	106	318
Other	54	51	12	11
Deferred income tax assets			**6,759**	**6,308**
Deferred income tax liabilities, net			**(26,333)**	**(19,924)**

Movement for the deferred income tax liabilities for the six-month periods ended at 30 June 2018 and 2017 are as follows:

	2018	**2017**
1 January	19,924	**11,673**
Deferred tax (expenses) / income for the period, net	6,177	(688)
Amounts recognized under the equity	337	(662)
Currency translation differences	(105)	(1)
30 June	**26,333**	**10,322**

	30 June 2018	**31 December 2017**
Calculated corporate income tax	28,813	60,807
Amount offset from VAT receivables and prepaid corporate taxes	(17,895)	(52,583)
Income tax payable	**10,918**	**8,224**

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

	30 June 2018	30 June 2017
Profit before tax stated in the consolidated financial statements	135,041	189,286
Expected tax expense of the Group (20%)	**29,709**	**37,857**
Investment incentives	(3,254)	(29,871)
The effect of application of equity method	30,405	23,921
The effect of foreign subsidiaries	-	(7,694)
Discounts and exemptions	(4,496)	(2,269)
Other	1,953	3,330
Tax effect	5,414	(2,517)
Tax effect (22%)	(133)	-
Current period tax expense of the Group	**34,990**	**35,340**

NOTE 18 - 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. Calculating of earnings per share for the six-month and three-month periods ended at 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Net income attributable to the equity holders of the parent (TRY) (*) (A)	100,051,228	48,171,488	153,946,143	83,551,877
Weighted average number of shares (B)	18,500,000,000	18,500,000,000	18,500,000,000	18,500,000,000
Earnings per share (Kr) (A/B)	**0.54**	**0.26**	**0.83**	**0.45**

(*) Amounts expressed in full Turkish Lira.

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

NOTE 19 - RELATED PARTY DISCLOSURES

a) Short-term trade receivables:

As of 30 June 2018 and 31 December 2017, trade receivables from related parties are as follows:

	30 June 2018	31 December 2017
Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa") (*)	272,840	166,709
DowAksa İleri Kompozit Malzemeler San, Ltd, Şti, ("DowAksa")	17,302	7,828
Akkim Kimya San, ve Tic, A,Ş, ("Akkim")	7,536	6,365
Other	420	217
Less: Unearned finance income on credit sales (-)	(1,821)	(399)
Total	**296,277**	**180,720**

(*) 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 3 months maturity on average as of 30 June 2018 and are discounted with annual average discount rate of 3% (31 December 2017:1%) based on USD.

b) Short-term trade payables:

As of 30 June 2018 and 31 December 2017, short-term trade payables to related parties are as follows:

	30 June 2018	31 December 2017
Akkim (1)	18,969	14,818
Ak-Pa (1)	14,440	8,162
Dinkal Sigorta Acenteliği A.Ş. (**) (1)	4,430	2,366
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. ("Aktek") (1)	2,229	1,224
Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi ("Yalkim OSB") (3)	1,795	3,765
Akkök Holding (4)	685	2,410
Other	112	1,643
Total	**42,660**	**34,388**

(**) This amount has payments to insurance companies through Dinkal Sigorta Acenteliği A.Ş.

(1) Akkök Holding subsidiary
(2) Company's joint venture
(3) Other related parties
(4) Company main shareholder

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

NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

c) Other receivables:

Other receivables from joint ventures as of 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
DowAksa - Leasing receivables (1)	25,372	12,879
DowAksa - Unearned finance income (1)	(3,322)	(2,537)
Other short-term receivables	**22,050**	**10,342**
DowAksa - Leasing receivables (1)	134,368	118,588
DowAksa - Unearned finance income (1)	(17,584)	(15,811)
Other long-term receivables	**116,784**	**102,777**
Total	**138,834**	**113,119**

Leasing receivables are shown as below in terms of period the collection as of 30 June 2018 and 31 December 2017:

	30 June 2018			31 December 2017		
	Leasing Receivables	Interest	Total	Leasing Receivables	Interest	Total
Between 0-3 Months	10,853	862	11,715	1,186	398	1,584
Between 3-12 Months	11,197	2,460	13,657	9,156	2,139	11,295
Between 1-2 Years	15,228	3,068	18,296	12,452	2,608	15,060
Between 2-3 Years	15,576	2,634	18,210	12,737	2,323	15,060
Between 3-4 Years	15,932	2,278	18,210	13,028	2,032	15,060
More than 4 Years	70,048	9,604	79,652	64,560	8,848	73,408
	138,834	**20,906**	**159,740**	**113,119**	**18,348**	**131,467**

e) Advances given

As of 30 June 2018 and 31 December 2017, advances given to related parties are as follows:

	30 June 2018	31 December 2017
Akgirişim (2)	11,022	25
Yalkim OSB (2)	1,456	710
Total	**12,478**	**735**

It consists of advance payments for various investment projects.

(1) Company's joint venture
(2) Akkök Holding subsidiary

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

NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

f) Sale:

Sales to related parties for the six-month and three-month periods ended at 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Ak-Pa (*) (1)	623,973	373,378	486,277	200,046
Akkim (1)	45,773	19,083	25,876	13,718
DowAksa (2)	19,418	9,754	13,842	8,277
Akkök Holding (3)	392	209	339	167
Other	2,455	841	906	398
Total	**692,011**	**403,265**	**527,240**	**222,606**

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

Other sales to related parties consist of rent incomes, electric and steam energy sales.

g) Purchase of goods and service:

Purchases for the six-month periods ended at 30 June 2018 and 2017 also including the last 3 months are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Akkim (1)	47,230	23,401	40,242	20,147
Yalkim OSB (4)	23,136	18,631	6,689	3,355
Ak-Pa (1)	10,287	6,273	7,335	3,317
Dinkal Sigorta Acenteliği A.Ş. (*) (1)	8,717	393	8,048	490
Aktek (1)	5,677	3,383	6,587	3,570
Akkök Holding (3)	4,235	2,069	3,944	2,378
Akgirişim (4)	3,505	1,805	14,990	7,489
Other	2,541	714	743	321
Total	**105,328**	**56,669**	**88,578**	**41,067**

(*) Purchases comprise gross insurance services by Dinkal Sigorta Acenteliği A.Ş. acting as an agent.

Purchases from related parties consist of chemicals, insurance, contracting, consultancy, commissions, rent, expenses for organized industrial zone and other service purchases.

(1) Akkök Holding subsidiary
(2) Company's joint venture
(3) Company main shareholder
(4) Other related parties

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

NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

The Company defined its key management personnel as member of action committee and board of directors. Benefits provided to these key management personnel as of 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Salary and other short term employee benefits	3,390	1,961	2,676	1,669
Provision for employment termination benefits	21	9	20	6
Post-employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Share based payments	-	-	-	-
Total	**3,411**	**1,970**	**2,696**	**1,675**

Benefits provided to board of directors for the six-month and three-month periods ending 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2018	1 April - 30 June 2017
Salary and other short term employee benefits	573	317	656	288
Provision for employment termination benefits	-	-	-	-
Post-employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Share based payments	-	-	-	-
Total	**573**	**317**	**656**	**288**

NOTE 20 - NATURE AND LEVEL OF RISKS ARISING 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.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative instruments. In this case Group has given attention to same interest renewal periods besides interest rates. To minimize the impact of the interest rate changes in financial liabilities, "fixed/flexible interest", "short term maturity/long term maturity" and "TRY/foreign currency" ratios should be in line with each other and with assets structure.

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 informations net of provision for doubtful receivables (Note 6).

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.

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

NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency position presented in TRY is as follows:

	30 Haziran 2018		31 Aralık 2017	
	TRY Equivalent	USD Equivalent (*)	TRY Equivalent	USD Equivalent(*)
Assets	1,714,404	375,908	1,338,602	354,888
Liabilities	2,576,940	566,613	1,861,733	493,580
Net balance sheet position	**(862,536)**	**(190,705)**	**(523,131)**	**(138,692)**
Foreign currency denominated net position of derivative assets (liabilities)	73	16	(486)	(129)
Net Foreign Currency Asset/(Liability) Position	**(862,463)**	**(190,689)**	**(523,617)**	**(138,821)**
Hedge portions of foreign exchange liabilities (**)	84,000	20,000	-	-
Inventories valued under natural hedge (***)	455,861	99,954	383,549	101,686
Net foreign currency position after natural hedge	**(322,602)**	**(70,735)**	**(140,068)**	**(37,135)**

(*) Dollar balances are calculated by dividing the TRY position by the dollar value as of the balance sheet dates.

(**) Eximbank Foreign currency earning services credit amounting to 20 Million USD with July 31, 2018 maturity was reported under "Financial Liabilities" by the Group. CBT fixed the Eximbank Foreign currency earning services credit rate to 4.20 (four Turkish Lira twenty kurus). The Group reported this under Hedge portions of foreign exchange liabilities.

(***) The Group limits the exchange rate risk arising from net foreign currency to financial liabilities and trade payables by reflecting exchange rate changes in product sales prices. As of the reporting date, the balance consists of Group's total raw materials, semi-finished products and finished product in stocks.

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

NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency position as of 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018			
	TRY equivalent	**USD**	**EUR**	**Other**
1. Trade Receivables	865,110	175,577	12,122	-
2a, Monetary Financial Assets (including cash and bank accounts)	710,460	60,506	76,019	30,910
2b, Non-monetary Financial Assets	-	-	-	-
3, Other	22,050	4,835	-	-
4, Current Assets (1+2+3)	**1,597,620**	**240,918**	**88,141**	**30,910**
5, Trade Receivables	-	-	-	-
6a, Monetary Financial Assets	-	-	-	-
6b, Non-monetary Financial Assets	-	-	-	-
7, Other	116,784	25,607	-	-
8, Non-Current Assets (5+6+7)	**116,784**	**25,607**	-	-
9, Total Assets (4+8)	**1,714,404**	**266,525**	**88,141**	**30,910**
10, Trade Payables	878,467	190,234	1,806	1,278
11, Financial Liabilities	970,571	151,040	54,422	-
12a, Monetary Other Liabilities	-	-	-	-
12b, Non-monetary Other Liabilities	-	-	-	-
13, Short-Term Liabilities (10+11+12)	**1,849,038**	**341,274**	**56,228**	**1,278**
14, Trade Payables	-	-	-	-
15, Financial Liabilities	727,902	96,137	54,519	-
16 a, Other Monetary Liabilities	-	-	-	-
16 b, Other Non-monetary Liabilities	-	-	-	-
17, Long-Term Liabilities (14+15+16)	**727,902**	**96,137**	**54,519**	-
18, Total Liabilities (13+17)	**2,576,940**	**437,411**	**110,747**	**1,278**
19, Off Balance Sheet Derivative Items' Net Asset/(Liability) Position (19a-19b)	**73**	**1,471**	**(1,250)**	-
19a, Net Assets of Statement of Financial Position	6,710	1,471	-	-
19b, Net Liabilities of Statement of Financial Position	6,637	-	1,250	-
20, Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(862,463)**	**(169,415)**	**(23,856)**	**29,632**
21, Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1,001,370)**	**(201,328)**	**(22,606)**	**29,632**
22, Fair Value of Financial Instruments Used for Foreign Hedge	(12)	-	(2)	-
23, Amount of Hedged Foreign Currency Assets	-	-	-	-
24, Amount of Hedged Foreign Currency Liabilities	-	-	-	-

As of 30 June 2018, the Company has 332,602 TL (31 December 2017 : 140,068 TL) short foreign currency position after natural hedge.

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

NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2017			
	TRY equivalent	**USD**	**EUR**	**Other**
1. Trade Receivables	717,354	175,928	11,908	-
2a, Monetary Financial Assets (including cash and bank accounts)	508,129	91,358	35,261	4,314
2b, Non-monetary Financial Assets	-	-	-	-
3, Other	10,342	2,742	-	-
4, Current Assets (1+2+3)	**1,235,825**	**270,028**	**47,169**	**4,314**
5, Trade Receivables	-	-	-	-
6a, Monetary Financial Assets	-	-	-	-
6b, Non-monetary Financial Assets	-	-	-	-
7, Other	102,777	27,248	-	-
8, Non-Current Assets (5+6+7)	**102,777**	**27,248**	-	-
9, Total Assets (4+8)	**1,338,602**	**297,276**	**47,169**	**4,314**
10, Trade Payables	707,223	181,286	4,772	1,885
11, Financial Liabilities	734,666	192,491	1,906	-
12a, Monetary Other Liabilities	-	-	-	-
12b, Non-monetary Other Liabilities	-	-	-	-
13, Short-Term Liabilities (10+11+12)	**1,441,889**	**373,777**	**6,678**	**1,885**
14, Trade Payables	-	-	-	-
15, Financial Liabilities	419,844	48,126	52,778	-
16 a, Other Monetary Liabilities	-	-	-	-
16 b, Other Non-monetary Liabilities	-	-	-	-
17, Long-Term Liabilities (14+15+16)	419,844	48,126	52,778	-
18, Total Liabilities (13+17)	**1,861,733**	**421,903**	**59,456**	**1,885**
19, Off Balance Sheet Derivative Items' Net Asset/(Liability) Position (19a-19b)	**(486)**	**8,730**	**(7,400)**	-
19a, Net Assets of Statement of Financial Position	32,929	8,730	-	-
19b, Net Liabilities of Statement of Financial Position	33,415	-	7,400	-
20, Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(523,617)**	**(115,897)**	**(19,687)**	**2,429**
21, Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(636,250)**	**(154,617)**	**(12,287)**	**2,429**
22, Fair Value of Financial Instruments Used for Foreign Hedge	(1,752)	-	(388)	-
23, Amount of Hedged Foreign Currency Assets	-	-	-	-
24. Amount of Hedged Foreign Currency Liabilities	-	-	-	

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

NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the sensitivity to possible changes in the net position, on the Group's balance sheet as of 30 June 2018 and 31 December 2017:

30 June 2018	**Profit / Loss**		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 20% appreciation of USD against TRY				
USD net asset/ (liability)	(155,873)	155,873	46,650	(46,650)
Amount hedged for USD risk	-	-	-	-
USD Net effect	**(155,873)**	**155,873**	**46,650**	**(46,650)**
In case 20% appreciation of EUR against TRY				
EUR net asset/ (liability)	(24,003)	24,003	-	-
Amount hedged for EUR risk	-	-	-	-
EUR Net effect	**(24,003)**	**24,003**	**-**	**-**

31 December 2017	**Profit / Loss**		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 20% change of USD against TRY				
USD net asset/ (liability)	(94,016)	94,016	44,402	(44,402)
Amount hedged for USD risk	-	-	-	-
USD net effect	**(94,016)**	**94,016**	**44,402**	**(44,402)**
In case 20% change of EUR against TRY				
EUR net asset/ (liability)	(11,096)	11,096	-	-
Amount hedged for EUR risk	-	-	-	-
EUR net effect	**(11,096)**	**11,096**	**-**	**-**

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

NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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.

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 financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated financial position, plus net debt.

The ratio of net debt to equity is as follows:

	30 June 2018	**31 December 2017**
Total monetary liabilities (*)	2,610,062	1,898,923
Less: Cash and cash equivalents	(797,339)	(559,536)
Net debt	**1,812,723**	**1,339,387**
Total shareholders' equity	1,296,889	1,376,119
Total capital	**3,109,612**	**2,715,506**
Debt/equity ratio	**%58**	**%49**

(*) It consists of short-term and long-term liabilities, trade payable to related parties and trade payables to other parties.

NOTE 21 - EVENTS AFTER THE BALANCE SHEET DATE

1- As of August 16, 2018 the company has reduced its capacity by 20% in production activities due to excessive increase in raw material prices and narrowing of the market.

2- As of June 30, 2018 and as of the date of approved financial statements August 14, 2018 the Turkish Lira has lost significant value against certain foreign currencies. This depreciation is 44% regarding USD and 41% regarding Euro.