

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2020
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 2.8)**

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

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FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2020**

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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2020 AND 31 DECEMBER 2019**

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

	Notes	30 June 2020 USD (*)	Reviewed 30 June 2020 TRY	Audited 31 December 2019 TRY
Current assets		319.983	2.189.392	2.179.759
Cash and cash equivalents		123.913	847.837	635.091
Financial investments	4	1.059	7.246	-
Trade receivables				
- Due from unrelated parties	7	57.796	395.453	467.086
- Due from related parties	22	34.361	235.108	254.046
Other receivables				
- Due from related parties	22	2.330	15.945	13.843
- Due from unrelated parties		330	2.257	2.211
Derivative financial assets	14	-	-	323
Inventories	8	77.655	531.332	672.302
Prepayments		2.450	16.766	28.578
Current tax assets	20	1.231	8.423	-
Other current asset		18.858	129.025	106.279
Non-current assets		327.443	2.240.420	2.008.162
Financial investments	4	3.021	20.673	20.173
Trade receivables				
- Due from unrelated parties	7	17.154	117.371	130.005
Derivative financial assets	14	-	-	323
Investment accounted for using equity method	5	51.738	353.999	302.846
Investment properties	9	19.734	135.022	43.371
Property, plant and equipment	10	209.199	1.431.379	1.389.903
Right of use assets	11	5.787	39.595	14.804
Intangible assets and goodwill				
- Goodwill		875	5.989	5.989
- Other intangible assets	12	11.450	78.341	72.406
Prepayments		8.485	58.051	28.342
Total assets		647.426	4.429.812	4.187.921

(*) United States Dollar (“USD”) amounts presented above have been translated from Turkish Lira (“TRY”) for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey (“CBRT”) at 30 June 2020, and therefore do not form part of these interim condensed consolidated financial statements (Note 2.9).

This interim condensed consolidated financial statements for the period ended 30 June 2020 have been approved for issue by the Board of Directors on 14 August 2020.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2020 AND 31 DECEMBER 2019**

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

	Notes	30 June 2020 USD (*)	Reviewed 30 June 2020 TRY	Audited 31 December 2019 TRY
Current liabilities		278.522	1.905.697	2.071.596
Current borrowings	6	166.520	1.139.361	855.406
Current borrowings from unrelated parties				
- Bank loans	6	26.249	179.604	217.816
- Lease liabilities	6	920	6.293	2.207
Trade payables				
- Due to unrelated parties		63.476	434.318	877.748
- Due to related parties	22	5.804	39.710	38.380
Derivative instruments	14	5.311	36.338	-
Payables related to employee benefits		1.039	7.109	4.072
Other payables				
- Other payables to unrelated parties		153	1.047	1.186
Deferred income other than contract liabilities		8.235	56.343	54.766
Current tax liabilities	20	-	-	6.198
Current provisions				
- Current provisions for employee benefits		815	5.574	13.103
- Other current provisions		-	-	714
Non-current liabilities		159.901	1.094.080	581.105
Long term borrowings				
- Bank loans	6	147.270	1.007.649	505.382
- Lease liabilities	6	4.872	33.336	13.378
Non-current provisions				
- Non-current provisions for employee benefits		5.058	34.606	30.780
Deferred tax liabilities	20	446	3.054	18.247
Other non-current liabilities		2.255	15.435	13.318
Total liabilities		438.423	2.999.777	2.652.701
EQUITY		209.003	1.430.035	1.535.220
Equity attributable to owners of parent		209.003	1.430.035	1.535.220
Issued capital	15	47.317	323.750	185.000
Inflation adjustments on capital	15	8.253	56.469	195.175
Treasury shares (-)	15	(918)	(6.279)	(34.106)
Share premium		-	-	44
Other accumulated comprehensive income/loss that will not be reclassified in profit or loss				
- Gains/(losses) on remeasurement of defined benefit plans		(1.798)	(12.304)	(10.930)
- Share of other comprehensive income of investments accounted for using equity method		422	2.886	2.409
Other comprehensive income/loss that will be reclassified in profit or loss				
- Exchange differences on translation		52.094	356.436	300.883
- Gains/(losses) on hedge		(4.487)	(30.699)	(18.384)
Restricted reserves appropriated from profits		31.392	214.787	179.838
Prior years’ profits or losses		69.807	477.634	457.609
Current period net profit or loss		6.921	47.355	277.682
Non-controlling interests		-	-	-
Total liabilities and equity		647.426	4.429.812	4.187.921

(*) United States Dollar (“USD”) amounts presented above have been translated from Turkish Lira (“TRY”) for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey (“CBRT”) at 30 June 2020, and therefore do not form part of these interim condensed consolidated financial statements (Note 2.9).

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM
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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED
30 JUNE 2020 AND 2019**

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

	Notes	Reviewed		Not reviewed	Reviewed	Not reviewed
		1 January - 30 June 2020 USD (*)	1 January - 30 June 2020 TRY	1 April - 30 June 2020 TRY	1 January - 30 June 2019 TRY	1 April - 30 June 2019 TRY
Profit or loss						
Revenue		247.628	1.602.600	540.560	1.868.813	943.388
Cost of sales (-)	16	(204.041)	(1.320.514)	(472.098)	(1.558.791)	(782.476)
Gross profit (loss)		43.587	282.086	68.462	310.022	160.912
General administrative expenses (-)	16	(5.385)	(34.850)	(18.851)	(31.117)	(16.009)
Marketing expenses (-)	16	(6.551)	(42.398)	(13.668)	(48.331)	(27.094)
Research and development expenses (-)	16	(554)	(3.585)	(1.524)	(2.849)	(1.304)
Other income from operating activities	17	22.918	148.321	52.521	146.630	59.789
Other expense from operating activities (-)	17	(18.856)	(122.031)	(36.041)	(98.775)	(38.030)
Profit/(loss) from operating activities		35.159	227.543	50.899	275.580	138.264
Investment activity income		431	2.787	1.657	2.170	1.187
Share of profit (loss) from investments accounted for using equity method	5	(152)	(985)	(1.342)	(19.819)	(11.800)
Profit/(loss) before financing income/(expense)		35.438	229.345	51.214	257.931	127.651
Finance income	18	11.141	72.105	52.064	120.447	81.709
Finance costs (-)	19	(38.735)	(250.686)	(135.271)	(195.308)	(110.176)
Profit/(loss) from continuing operations, before tax		7.844	50.764	(31.993)	183.070	99.184
Tax (expense) / income continuing operations						
- Current period tax (expense)/income	20	(2.375)	(15.370)	7.774	(34.333)	(21.753)
- Deferred tax (expense)/income	20	1.848	11.961	6.448	(11.687)	(4.627)
Profit/(loss) from continuing operations		7.317	47.355	(17.771)	137.050	72.804
Attributable to:						
Owners of parent		7.317	47.355	(17.771)	137.050	72.804
Non-controlling interests		-	-	-	-	-
		7.317	47.355	(17.771)	137.050	72.804
Basic earnings/(loss) per share from continuing operations (Kr)	21	0,02	0,15	(0,05)	0,42	0,22

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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED
30 JUNE 2020 AND 2019**

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

Notes	Reviewed		Not reviewed		
	1 January - 30 June 2020 USD (*)	1 January - 30 June 2020 TRY	1 April - 30 June 2020 TRY	1 January - 30 June 2019 TRY	1 April - 30 June 2019 TRY
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss					
Gains/(losses) on remeasurements of defined benefit plans	(265)	(1.717)	(1.717)	(1.190)	(1.190)
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss					
- Gains/(losses) on remeasurement of defined benefit plans of associates and joint ventures accounted for using equity method	74	477	297	113	128
Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	53	343	343	238	238
Other comprehensive income that will be reclassified to profit or loss					
Other comprehensive income/(loss) related with cash flow hedges	(2.440)	(15.788)	9.332	(34.094)	(11.181)
Currency translation differences	8.584	55.553	(4.042)	31.682	11.435
Taxes relating to other comprehensive income to be reclassified to profit or loss	537	3.473	(2.053)	7.501	2.460
Total comprehensive income/(loss)	13.860	89.696	(15.611)	141.300	74.694
Attributable to:					
Owners of parent	13.860	89.696	(15.611)	141.300	74.694
Non-controlling interests	-	-	-	-	-
	13.860	89.696	(15.611)	141.300	74.694

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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2020 AND 2019**

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

Attributable to equity owners of parent														
Reviewed	Issued capital	Inflation adjustments on share capital	Treasury shares	Share premiums or discounts	Reserve of gains or losses on hedge ⁽¹⁾	Restricted reserves appropriated from profits	Income from investments accounted for using equity method ⁽²⁾	Exchange differences on translation ⁽¹⁾	Gains/(losses) on remeasurement of defined benefit plans ⁽²⁾	Prior years' profits or losses	Net profit or loss	Total	Non-controlling interests	Total equity
1 January 2019	185.000	195.175	(31.464)	44	-	160.293	2.459	258.664	(4.546)	457.561	224.296	1.447.482	-	1.447.482
Increase/(decrease) through treasury share transactions	-	-	(5.505)	-	-	-	-	-	-	-	-	(5.505)	-	(5.505)
Transfers	-	-	-	-	-	19.545	-	-	-	204.751	(224.296)	-	-	-
Dividens paid	-	-	3.921	-	-	-	-	-	-	(204.703)	-	(200.782)	-	(200.782)
Total comprehensive income/(loss)	-	-	-	-	(26.593)	-	113	31.682	(952)	-	137.050	141.300	-	141.300
30 June 2019	185.000	195.175	(33.048)	44	(26.593)	179.838	2.572	290.346	(5.498)	457.609	137.050	1.382.495	-	1.382.495
Attributable to equity owners of parent														
Reviewed	Issued capital	Inflation adjustments on share capital	Treasury shares	Share premiums or discounts	Reserve of gains or losses on hedge ⁽¹⁾	Restricted reserves appropriated from profits	Income from investments accounted for using equity method ⁽²⁾	Exchange differences on translation ⁽¹⁾	Gains/(losses) on remeasurement of defined benefit plans ⁽²⁾	Prior years' profits or losses	Net profit or loss	Total	Non-controlling interests	Total equity
1 January 2020	185.000	195.175	(34.106)	44	(18.384)	179.838	2.409	300.883	(10.930)	457.609	277.682	1.535.220	-	1.535.220
Increase/(decrease) through treasury share transactions	-	-	26.936	-	-	-	-	-	-	16.867	-	43.803	-	43.803
Issue of equity	138.750	(138.706)	-	(44)	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	34.949	-	-	-	242.733	(277.682)	-	-	-
Dividens paid	-	-	891	-	-	-	-	-	-	(239.575)	-	(238.684)	-	(238.684)
Total comprehensive income/(loss)	-	-	-	-	(12.315)	-	477	55.553	(1.374)	-	47.355	89.696	-	89.696
30 June 2020	323.750	56.469	(6.279)	-	(30.699)	214.787	2.886	356.436	(12.304)	477.634	47.355	1.430.035	-	1.430.035

- (1) Items to be reclassified to profit and loss
(2) Items not to be reclassified to profit and loss

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**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 JUNE 2020 AND 2019**

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

Notes	1 January - 30 June 2020 USD (*)	<i>Reviewed</i> 1 January - 30 June 2020 TRY	<i>Reviewed</i> 1 January - 30 June 2019 TRY
A. Cash flows from (used in) operating activities	15.959	103.275	268.956
Profit/(loss)	7.317	47.355	137.050
Adjustments to reconcile profit/(loss):	39.546	255.932	152.187
- Adjustments for depreciation and amortization expense	16 9.176	59.383	55.492
- Adjustments for impairments loss (reversal of impairment loss)	2.146	13.889	(8.541)
- Adjustments for provisions	454	2.937	2.445
- Adjustments for interest (income)/expenses	18, 19 4.657	30.141	13.914
- Adjustments for unrealised foreign exchange losses/ (gains)	16.580	107.301	18.411
- Adjustments for fair value gains (losses)	14 5.715	36.984	3.921
- Adjustments for undistributed profits of investments accounted for using equity method	5 152	985	19.819
- Adjustments for tax (income)/expenses	20 527	3.409	46.020
- Adjustments for losses/ (gains) on disposal of non-current assets	(74)	(476)	(194)
- Other adjustments to reconcile profit/ (loss)	213	1.379	900
Changes in working capital	(32.052)	(207.438)	(31.301)
- Adjustments for decrease/(increase) in inventories	22.465	145.387	63.776
- Adjustments for decrease/(increase) in trade accounts receivable	23.827	154.201	(50.180)
- Adjustments for increase/(decrease) in trade accounts payable	(71.643)	(463.656)	(19.080)
- Adjustments for increase/(decrease) in other operating payables	(21)	(139)	(54)
- Other adjustments for other increase/(decrease) in working capital	(6.680)	(43.231)	(25.763)
Cash flows from (used in) operations	14.811	95.849	257.936
Interest paid	(582)	(3.767)	(5.935)
Interest received	1.858	12.022	18.380
Payments related with provisions for employee benefits	(128)	(829)	(1.425)
B. Cash flows from (used in) investing activities	(34.461)	(223.016)	(67.400)
Proceeds from sales of property, plant, equipment and intangible assets	74	480	323
Purchase of property, plant, equipment and intangible assets	(28.862)	(186.787)	(61.048)
Cash advances and loans made to other parties	(4.591)	(29.709)	(6.675)
Cash outflows from participation (profit) shares or other financial instruments	(1.082)	(7.000)	-
C. Cash flows from (used in) financing activities	50.970	329.870	(533.504)
Payments to acquire entity's shares	(1.108)	(7.170)	(5.505)
Cash inflows from sale of acquired entity's shares	7.876	50.973	-
Proceeds from borrowings	192.379	1.245.038	585.563
Repayments of borrowings	(104.231)	(674.563)	(891.561)
Dividends paid	(36.881)	(238.684)	(200.782)
Payments of lease liabilities	(436)	(2.822)	(2.081)
Interest received	1.608	10.407	23.004
Interest paid	(8.237)	(53.309)	(42.142)
Net decrease in cash and cash equivalents before the effect of exchange change rates	32.468	210.129	(331.948)
D. Effect of exchange rate changes on cash and cash equivalents	405	2.624	3.422
Net increase/(decrease) in cash and cash equivalents	32.873	212.753	(328.526)
E. Cash and cash equivalents at the beginning of the period	98.123	635.030	834.738
Cash and cash equivalents at the end of the period	130.996	847.783	506.212

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2020**

(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 (together 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 rental of real estate.

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 30 June 2020, 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 30 June 2020, 37,63% of the Aksa shares are traded on BIST and 0,37% of the shares are owned by the Company in the scope of treasury share buyback program.

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinçök family members. As of 30 June 2020, the number of employees employed by the Company is 1.223 (31 December 2019: 1.216).

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 as fibers, energy and other (Note 3):

- Fibers
- Energy
- Other

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2020**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

Subsidiary	Country	Nature of business	Segment
Aksa Egypt Acrylic Fiber Industry SAE (“Aksa Egypt”)	Egypt	Textile	Fiber
Joint ventures		Country	Nature of business
DowAksa Advanced Composites Holdings BV (“DowAksa Holdings”)		Netherlands	Investment

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial reporting standards applied

The condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards (“TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on 13 June 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial Reporting Standards (“IFRS”) by the communiqués.

The interim condensed consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

Interim condensed consolidated financial statements of the Group do not include all information and disclosures required in the annual financial statements, therefore, it should be read in conjunction with consolidated financial statements of the Group as of 31 December 2019.

The Company 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 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 TFRS.

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.

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

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in TRY, which is the functional currency of Aksa and the presentation currency of the Group.

Amendments in Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at 30 June 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and its interpretations effective as of 1 January 2020. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

a) *Amendments in TFRS which affect the reported amounts and notes in consolidated financial statements*

None.

b) *Standards, amendments and interpretations applicable as at 30 June 2020:*

Amendments to TAS 1 and TAS 8 on the definition of material;

Effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, ‘Presentation of financial statements’, and TAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:

- i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- ii) clarify the explanation of the definition of material; and
- iii) incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to TFRS 3 - definition of a business;

Effective from annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. This change has no material impact on the financial position and performance of the Group.

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

Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform;

Effective from annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. This change has no material impact on the financial position and performance of the Group.

c) Standards, amendments and interpretations that are issued but not effective as at 30 June 2020

Amendments to TAS 1, Presentation of financial statements’ on classification of liabilities;

Effective from 1 January 2022. These narrow-scope amendments to TAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the ‘settlement’ of a liability. The impact on the Group’s financial position and performance is being evaluated.

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 17 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;

Effective from Annual periods beginning on or after 1 January 2022.

Amendments to IFRS 3 ‘Business combinations’ update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to TAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to TAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, ‘First-time Adoption of TFRS’, TFRS 9, ‘Financial instruments’, TAS 41, ‘Agriculture’ and the Illustrative Examples accompanying TFRS 16, ‘Leases’.

The impact on the Group’s financial position and performance is being evaluated.

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

2.2 Changes in accounting policies, estimates and errors

If there are any material changes or errors in accounting policies or accounting estimates, these are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

Comparatives and restatement of prior period’s financial statements

The condensed interim consolidated financial statements of the Group are prepared comparatively to enable the determination of the trends of the financial position and performance. The Group presented the consolidated interim statement of financial position at 30 June 2020 comparatively with the consolidated statement of financial position at 31 December 2019. The Group presented the consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2020 comparatively with the consolidated interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2019.

2.3 Summary of significant accounting policies

The interim condensed consolidated financial information for the period ended 30 June 2020 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 2020 are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2019 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.

2.4 Significant accounting judgements 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. Estimates are regularly reviewed, necessary adjustments are made and reflected in the income statement of the period they occur. As of 30 June 2020, critical accounting estimates and assumptions in the interim consolidated financial statements are consistent with the explained in detail in the consolidated financial statements for the year ended 31 December 2019.

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

2.5 Seasonality of operations

Seasonality has no material impact on the Group’s operations. However, as explained in Note 2.6 COVID-19 had negative impacts on Group’s operations in the second quarter of the year.

2.6 Significant changes in the current period

The impact of COVID-19 (Coronavirus) pandemic to the Group’s operations and financial results has been monitored and actions have been immediately taken for the Company to mitigate the impacts of the pandemic. In connection with the Covid-19 pandemic and parallel to the current conditions/slowdown in the global economy, there have been disruptions in the supply and sales processes and especially during the lockdowns the manufacturing capacity was reduced in April 2020. As of 26 June 2020, manufacturing capacity was gradually increased to regular operating levels with the increasing demand. In the meantime, the Group has taken measures for investment expenditures, stock optimization and for savings on operational and capital expenditures. As of 30 June 2020, in preparation of the condensed interim consolidated financial statements, the Group has assessed the possible impacts of Covid-19 pandemic on the financial statements and reviewed the critical estimates and assumptions. Within this scope, the Group has tested the financial assets, inventories, tangible assets, goodwill and investment properties for a possible impairment and no impairments were identified.

2.7 Going concern

The Group prepared its interim condensed consolidated financial statements in accordance with the going concern assumption.

2.8 Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2.1 (defined as Turkish Financial Reporting Standards) to the interim condensed consolidated 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.

2.9 EUR and USD amounts presented in the financial statements

USD amounts shown in the consolidated statement of financial position prepared in accordance with the TFRS have been translated from TRY, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 30 June 2020 of TRY 6,8422 = USD1 and USD amounts shown in the consolidated statements of profit or loss and other comprehensive income and cash flow have been translated from TRY, as a matter of arithmetic computation only, at the average USD bid rate calculated from the official daily bid rates announced by the CBRT for the six month period ended 30 June 2020 of TRY 6,4718 = USD1, and do not form part of these interim condensed consolidated financial statements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

	1 January - 30 June 2020			Total
	Fibers	Energy	Other	
Total segment revenue	1.485.349	106.886	10.365	1.602.600
Revenue from external customers	1.485.349	106.886	10.365	1.602.600
Adjusted EBITDA (*)	270.512	19.514	2.133	292.159
Unallocated corporate expenses (**)				(31.523)
EBITDA				260.636
Amortization and depreciation	(43.258)	(8.342)	(7.783)	(59.383)
Other operating income, net	-	-	-	26.290
Income from investment activities	-	-	-	2.787
Share of profit/(loss) of investment accounted for using equity method	(985)	-	-	(985)
Financial income/(expenses), net	-	-	-	(178.581)
Profit before tax				50.764

(*) Adjusted earnings before interest, taxes, depreciation, amortization (“Adjusted EBITDA”), is not a financial performance measurement published on TFRS 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 2020.

	1 April - 30 June 2020			Total
	Fibers	Energy	Other	
Total segment revenue	477.518	57.260	5.782	540.560
External revenues	477.518	57.260	5.782	540.560
Adjusted EBITDA	69.895	9.196	1.210	80.301
Unallocated corporate expenses (***)	-	-	-	(17.654)
EBITDA				62.647
Amortization and depreciation	(19.510)	(4.548)	(4.170)	(28.228)
Other operating income, net	-	-	-	16.480
Income from investment activities	-	-	-	1.657
Loss of investment accounted for using equity method	(1.342)	-	-	(1.342)
Financial income / (expenses), net	-	-	-	(83.207)
Profit before tax				(31.993)

(***) Unallocated corporate expenses for the period between 1 April - 30 June 2020, consists of unallocated part of general administrative expenses.

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NOTE 3 - SEGMENT REPORTING (Continued)

	1 January - 30 June 2019			Total
	Fibers	Energy	Other	
Total segment revenues	1.775.223	84.382	9.208	1.868.813
External revenues	1.775.223	84.382	9.208	1.868.813
Adjusted EBITDA (*)	305.075	6.532	506	312.113
Unallocated corporate expenses (**)				(28.896)
EBITDA	-	-	-	283.217
Amortization and depreciation	(44.006)	(6.714)	(4.772)	(55.492)
Other operating income, net	-	-	-	47.855
Income from investment activities	-	-	-	2.170
Loss of investments				
accounted for using equity method	(19.819)	-	-	(19.819)
Financial income/(expenses), net	-	-	-	(74.861)
Profit before tax				183.070

(*) Unallocated corporate expenses for the period between 1 January - 30 June 2019, consists of unallocated part of general administrative expenses.

	1 April - 30 June 2019			Total
	Fibers	Energy	Other	
Total segment revenues	893.287	44.355	5.746	943.388
External revenues	893.287	44.355	5.746	943.388
Adjusted EBITDA	157.750	1.262	132	159.144
Unallocated corporate expenses (***)	-	-	-	(14.872)
EBITDA				144.272
Amortization and depreciation	(21.547)	(3.701)	(2.519)	(27.767)
Other operating income, net	-	-	-	21.759
Income from investment activities	-	-	-	1.187
Loss of investments				
accounted for using equity method	(11.800)	-	-	(11.800)
Financial income/(expenses), net	-	-	-	(28.467)
Profit before tax				99.184

(**) Unallocated corporate expenses for the period between 1 April - 30 June 2019, consists of unallocated part of general administrative expenses.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 - FINANCIAL INVESTMENTS

Financial Investments Held to Maturity

	30 June 2020		31 December 2019	
	Simple annual interest rate %	TRY	Simple annual interest rate %	TRY
Financial investments held to maturity				
- Less than one (1) year	11,47	7.246	-	-
- Longer than one (1) year	10,87	20.673	15,961	20.173

As of the balance sheet date, the Group has invested in corporate bonds with a maturity date of 8 September 2021, coupon payments at a floating rate TRLIBOR+300, in every three (3) months amounting to TRY 20.000 and; amounting to TRY 7.000 with a coupon payments in every three (3) months at a floating rate BIST TLREF+200, both issued by Akiş Gayrimenkul Yatırım Ortaklığı A.Ş. (“Akiş”).

NOTE 5 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Joint Ventures

	30 June 2020	31 December 2019
DowAksa Holdings	353.999	302.846

Summarized financial information of DowAksa Holdings is presented below:

	30 June 2020	31 December 2019		
Current assets	662.332	542.138		
Non-current assets	1.365.231	1.260.421		
Total Assets	2.027.563	1.802.559		
Short-term liabilities	467.753	400.321		
Long-term liabilities	851.812	796.546		
Equity	707.998	605.692		
Total Liabilities	2.027.563	1.802.559		
Equity corresponding to Group’s shares of 50%	353.999	302.846		
	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Revenue	254.883	133.976	170.742	95.022
Net loss	(1.970)	(2.684)	(39.638)	(23.600)
Net loss corresponding to Group’s shares of 50%	(985)	(1.342)	(19.819)	(11.800)

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NOTE 5 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

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

	2020	2019
1 January	302.846	286.658
Net loss corresponding to Group's shares of 50%	(985)	(19.819)
Currency translation differences	51.661	26.909
Gains/(losses) on remeasurements of defined benefit plans	477	113
30 June	353.999	293.861

NOTE 6 - BORROWINGS

Group's financial liabilities are as follows:

	30 June 2020	31 December 2019
Short-term bank borrowings	1.139.361	855.406
Short-term portion of long-term bank borrowings	179.604	217.816
Lease liabilities	6.293	2.207
Total short-term borrowings	1.325.258	1.075.429
Long-term bank borrowings	1.007.649	505.382
Lease liabilities	33.336	13.378
Total long-term borrowings	1.040.985	518.760
Total borrowings	2.366.243	1.594.189

Bank Borrowings

	30 June 2020		31 December 2019	
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY
a) Short-term bank borrowings:				
USD borrowings	2,30	752.642	3,47	742.526
TRY loans	8,51	406.282	19,75	121.946
Prepaid interest		(19.563)		(9.066)
Total short-term bank borrowings		1.139.361		855.406
b) Short-term portion of long-term bank borrowings				
USD borrowings	3,27	128.709	4,08	112.252
EUR borrowings	3,15	50.895	2,48	105.564
Lease liabilities		6.293		2.207
Total short-term portion of long-term bank borrowings		185.897		220.023
Total		1.325.258		1.075.429

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NOTE 6 - BORROWINGS (Continued)

	30 June 2020		31 December 2019	
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY
c) Long-term bank borrowings				
USD borrowings	2,80	805.835	4,70	309.491
EUR borrowings	3,15	201.814	3,15	195.891
Lease liabilities		33.336		13.378
Total long-term borrowings		1.040.985		518.760

According to the contractual terms, the maturity distribution of the financial borrowings of the Group are as follows:

	30 June 2020	31 December 2019
Less than 3 months	542.178	472.684
Between 3-12 months	783.080	602.745
Between 1-2 years	665.746	156.163
Between 2-3 years	121.106	101.606
Between 3-4 years	120.532	100.833
4 years and longer	133.601	160.158
	2.366.243	1.594.189

There are no blocked deposits for borrowings which are in scope of general loan agreement (31 December 2019: None).

The movement of financial borrowings for the six months periods ended at 30 June 2020 and 2019 are as follows:

	2020	2019
1 January	1.594.189	1.900.858
Additions	1.271.904	602.666
Principal payments	(677.385)	(893.642)
Change in interest accrual	(1.463)	3.314
Currency translation differences	178.998	88.151
30 June	2.366.243	1.701.347

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NOTE 6 - BORROWINGS (Continued)

The movement of lease liabilities for the six-months periods ended at 30 June 2020 and 2019 are as follows:

30 June 2020	Site Rents	Buildings	Vehicles	Total
Opening balance as of 1 January 2020	9.676	1.443	4.466	15.585
Additions	1.383	-	25.483	26.866
Interest expenses	1.283	181	508	1.972
Payments	(2.746)	(366)	(1.682)	(4.794)
Closing balance as of 30 June 2020	9.596	1.258	28.775	39.629
30 June 2019	Site Rents	Buildings	Vehicles	Total
Opening balance as of 1 January 2019	-	-	-	-
Effect of change in accounting policies	9.547	1.331	2.761	13.639
Additions	134	-	3.331	3.465
Interest expenses	638	88	171	897
Payments	(1.926)	(195)	(857)	(2.978)
Closing balance as of 30 June 2019	8.393	1.224	5.406	15.023

NOTE 7 - TRADE RECEIVABLES

Details of trade receivables are as follows:

a) Trade receivables:

	30 June 2020	31 December 2019
Trade receivables	321.962	326.667
Notes receivable and cheques	93.712	190.137
Less: Provision for doubtful receivables	(19.324)	(46.663)
Less: Unearned finance income on credit sales	(897)	(3.055)
Total short-term trade receivables, net	395.453	467.086

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NOTE 7 - TRADE RECEIVABLES (Continued)

b) Long-term trade receivables:

Long-term trade receivables	84.533	84.814
Notes receivable and cheques	77.926	49.027
<hr/>		
Less: Unearned finance income on credit sales	(1.683)	(3.836)
Less: Provision for doubtful receivables	(43.405)	-
<hr/>		
Total long-term trade receivables, net	117.371	130.005

As of 30 June 2020, trade receivables which are denominated in TRY and foreign currency have an average maturity of 110 days (31 December 2019: 110 days) and they are discounted with an average annual interest rate of 2,3% (31 December 2019: 3,7%) in TRY basis.

The movements of the provision for doubtful trade receivables during the periods ending on 30 June 2020 and 2019 are as follows:

	2020	2019
1 January	46.663	27.681
Provisions for the period (Note 17)	16.066	-
<hr/>		
30 June	62.729	27.681

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NOTE 8 - INVENTORIES

	30 June 2020	31 December 2019
Raw materials and supplies	253.705	450.874
Work in progress	29.574	23.770
Finished goods	212.874	167.779
Other inventories and spare parts	38.699	35.576
Less: Provision for impairment of inventories	(3.520)	(5.697)
Total	531.332	672.302

Provision for impairment of inventories is related to other inventories and finished goods. As of 30 June 2020 and 31 December 2019, the Group has included movements in the amount of impairment in inventory to cost of goods sold.

As of 30 June 2020 and 31 December 2019, the Group has insurance on all of its inventories.

Cost of the raw materials and supplies which are related to goods sold in current period is shown in Note 16.

NOTE 9 - INVESTMENT PROPERTIES

	2020	2019
Net book value at 1 January	43.371	44.631
Additions	93.214	-
Current period depreciation	(1.563)	(630)
Net book value at 30 June	135.022	44.001

Current period depreciation expense is classified under general administrative expenses.

Land and Buildings

Comprise land and buildings located at the city of Çiftlikköy/Yalova, Denizçalı Köyü, Taşköprü Mevkii, Yalkim OSB, on Yalova-İzmit highway at city block no: 151, no: 6 and 7, and at Zeytinburnu/İstanbul, Merkezefendi Mahallesi at city block 2953 parcel no 25. The fair value of the investment properties is TRY 168.900 (30 June 2019: TRY 78.000) according to the report received from the independent valuation institution in December 2019 and it is rented at a monthly price of TRY 103 (30 June 2019: TRY 111)

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NOTE 9 - INVESTMENT PROPERTIES (Continued)

Independent Units

Comprise of offices of the Company located at Gümüşsuyu and Maçka. According to the valuation report dated 31 December 2019, the fair value of the units is TRY 28.920 (30 June 2019: TRY 27.380) and it provides rent income amounting to TRY 118 (30 June 2019: TRY 97) per month.

Rent income from investment properties has been disclosed as income from investment activities and is amounting to TRY 2.044 (30 June 2019: TRY 1.216) as of 30 June 2020.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

The movement of property plant and equipment for the six-months periods ended 30 June 2020 and 2019 are as follows;

	2020	2019
Net book value at 1 January	1.389.903	1.328.532
Additions	95.976	67.091
Current period depreciation	(55.721)	(52.018)
Currency translation differences	1.225	1.302
Transfers	-	(251)
Disposals	(4)	(129)
Net book value at 30 June	1.431.379	1.344.527

Depreciation expenses for the six months ended 30 June 2020 amounting to TRY 52.005 (30 June 2019: TRY 50.096) are recognized in cost of goods sold, TRY 252 (30 June 2019: TRY 263) are recognized in research and development expenses, TRY 961 (30 June 2019: TRY 992) are recognized in general administrative expenses, TRY 11 (30 June 2019: TRY 13) are recognized in marketing expenses, TRY 252 (30 June 2019: TRY 284) are recognized in construction in progress as the projects which has not completed and TRY 2.240 (30 June 2019: TRY 370) are recognized in inventories.

TRY 91.914 (30 June 2019: TRY 64.292) of current period additions in property, plant and equipment derive from construction-in-progress. Carrying value of construction-in-progress is amounting to TRY 229.261 (30 June 2019: TRY 129.465) and these assets are not subjected to depreciation until capitalized.

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NOTE 11 - RIGHT OF USE ASSETS

The movement of right-of-use assets for the six-months periods ended 30 June 2020 and 2019 are as follows:

30 June 2020	Site Rent	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2020	9.680	1.577	6.085	17.342
Additions	-	-	25.459	25.459
Rental condition changes	1.383	-	24	1.407
	11.063	1.577	31.568	44.208
Accumulated Depreciation				
Balance at 1 January 2020	(243)	(287)	(2.008)	(2.538)
Charge for the period	(141)	(164)	(1.770)	(2.075)
	(384)	(451)	(3.778)	(4.613)
Net book value	10.679	1.126	27.790	39.595
30 June 2019				
Cost				
Balance at 1 January 2019	-	-	-	-
Effect of changes in accounting policies	9.547	1.331	2.761	13.639
Additions	134	-	3.331	3.465
	9.681	1.331	6.092	17.104
Accumulated Depreciation				
Balance at 1 January 2019	-	-	-	-
Charge for the period	(121)	(133)	(960)	(1.214)
	(121)	(133)	(960)	(1.214)
Net book value	9.560	1.198	5.132	15.890

Depreciation expense for the six months ended 30 June 2020 amounting to TRY 1.911 (30 June 2019:TRY 1.080) are recognized in cost of goods sold, TRY 155 (30 June 2019:TRY 125) are recognized in general administrative expenses and TRY 9 (30 June 2019:TRY 9) are recognized in marketing expenses.

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NOTE 12 - INTANGIBLE ASSETS

The movement of intangible assets for the six-months periods ended 30 June 2020 and 2019 are as follows:

	2020	2019
Net book value at 1 January	72.406	64.753
Additions	8.408	5.701
Current period amortization	(2.516)	(2.285)
Transfers	-	251
Currency translation differences	43	49
Net book value at 30 June	78.341	68.469

Amortization expenses for the six months ended 30 June 2020 amounting to TRY 962 (30 June 2019: TRY 963) are recognized in cost of goods sold, TRY 882 (30 June 2019: TRY 832) are recognized in research and development expenses, TRY 648 (30 June 2019: TRY 474) are recognized in general administrative expenses, TRY 24 (30 June 2019: TRY 15) are recognized in marketing, expenses and TRY 1 (30 June 2019: TRY 1) are recognized in construction in progress as the projects which has not completed.

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

	30 June 2020	31 December 2019
Letters of guarantees given	403.122	347.249
Letters of credit commitments	329.852	556.050
Total	732.974	903.299

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

	30 June 2020	31 December 2019
Credit insurance	550.322	573.765
Pledge of shares	136.844	118.804
Mortgages received	135.766	124.486
Guarantee cheques and notes received	50.414	104.922
Confirmed/unconfirmed letters of credit	29.590	25.597
Limits of direct debiting system (“DDS”)	11.630	11.999
Guarantee letters received	3.459	3.130
Total	918.025	962.703

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Collaterals, Pledges and Mortgages given by the Group (“CPM”):

	30 June 2020	31 December 2019
A. CPM given on behalf of the Group’s legal personality	732.974	903.299
- USD	666.613	757.501
-EUR	39.582	125.196
-TRY	26.779	20.602
-Other	-	-
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM given	-	-
i) Total amount of CPM given on behalf of the parent company	-	-
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	732.974	903.299

As of 30 June 2020, the ratio of other CPMs’ given by the Company (D) to equity is 0% (31 December 2019: 0%).

NOTE 14 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognized at their acquisition cost and re-measured at their fair value in the following periods. The derivative financial instruments of the Group mainly consist of currency forward contracts and interest rate swap instruments.

	30 June 2020		31 December 2019	
	Asset	Liability	Asset	Liability
Derivatives used for hedging	-	-	36.338	646

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NOTE 14 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives used for hedging:

	30 June 2020		31 December 2019	
	Contract amount USD thousand	Fair value Asset TRY	Contract amount USD thousand	Fair value Asset TRY
Interest rate swaps	10.000	406	13.333	646
Cross currency swaps	23.582	21.894	-	-
Total	33.582	22.300	13.333	646

	30 June 2020		31 December 2019	
	Contract amount (thousand)	Fair value Liability TRY	Contract amount (thousand)	Fair value Liability TRY
Cross currency swaps	15.106	14.038	-	-

Derivative financial instruments are initially recognized at their acquisition cost and re-measured at their fair value in the following periods and the Group implement this policy. The derivative financial instruments of the Group mainly consist of currency forward contracts and interest rate swap instruments.

At the date of the derivative contract, the Group determines that there are transactions that provide hedging against changes in cash flows arising from a certain risk and that may affect profit / loss (cash flow hedges) for a registered asset or liability or transactions that may be associated with a certain risk and are likely to occur.

These derivative financial instruments are recognized as derivative financial instruments for hedging purposes in the consolidated financial statements, since they provide effective protection against risks for the Group and meet the necessary conditions in terms of risk accounting.

If the hedging instrument fails to meet the terms of the hedge accounting, selling, expiring, or if one of the promised or probable future transactions is not expected to occur, the contractual or probable future transaction will be the hedging instrument continues to be classified separately under equity. When the committed or probable future transaction is realized or predicted future transaction will not to be happen, it is recognized in profit or loss and the accumulated gains or losses related to the transaction are reflected to the consolidated financial statements as profit or loss.

As of 30 June 2020, the fixed interest rate is 1.13% (31 December 2019: 1.13%). The main variable interest rate is LIBOR.

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NOTE 15 - EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the Capital Markets Board and set a limit on its registered share capital representing type of registered shares with a nominal value of Kr 1. As of 30 June 2020 and 31 December 2019, the historical, authorized and issued capital of Aksa is presented below:

	30 June 2020	31 December 2019
Limit on registered share capital	425.000	425.000
Issued share capital	323.750	185.000

The Group’s shareholders and their shares is shareholding structure as follows:

	Share %	30 June 2020	Share %	31 December 2019
Akkök Holding	39,59	128.166	39,59	73.237
Emniyet Ticaret ve Sanayi A.Ş.	18,72	60.618	18,72	34.638
Other	41,69	134.966	41,69	77.125
	100,00	323.750	100,00	185.000
Adjustments to share capital		56.469		195.175
Share premium		-		44
Total		380.219		380.219

The Company has 32.375.000.000 shares (31 December 2019: 18.500.000.000) with a nominal value of 1 Kr (31 December 2019: 1 Kr). All shareholders have same rights and there are not issued different type of shares such as privilege. 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.

As of 14 February 2020, the Company has completed capital increase by bonus, share issue and the paid-up capital has reached to TRY 323.750.

Treasury shares

In accordance with the decision taken by the Board of Directors on 9 May 2018, a treasury share buyback process was initiated. In scope of treasury share buyback process, the 3.675.059 shares corresponding to 1.99% of the Company’s capital were repurchased with TRY 38.027, until 31 December 2019. Financing of treasury shares was provided by the Company's internal resources. As of 23 January 2020, all of the treasury shares were sold each to TRY 13,87, and excluding dividends, TRY 12.947 profit recognized. The related amount and dividend paid for owned shares by the Company with TRY 16.867 have been recognized under equity.

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NOTE 15 - EQUITY (Continued)

The 1.203.928 shares, which corresponding to 0,93% of the Company's capital were repurchased with TRY 7.170, until 30 June 2020.

As of report date, 774.833 treasury shares sold at a price of TRY 8,00-8,18 on 8 July 2020 and TRY 1.637 profit recognised. The 394.261 treasury shares purchased on 6-7 August 2020 and the total 823.356 treasury shares corresponding to 0,25% of the company's capital costing to TRY 5.257.

NOTE 16 - EXPENSES BY NATURE

Cost of sales, marketing expenses and general administrative expenses by nature for the six-and three-months ended at 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Raw materials and goods	1.152.179	393.848	1.390.574	695.128
Employee benefit expenses	74.314	35.789	74.612	39.603
Depreciation and amortization	59.383	28.228	55.492	27.767
Consumable materials	23.191	8.664	24.623	11.494
Commission expenses	18.870	4.007	24.905	12.929
Export expenses	14.254	6.161	13.455	8.619
Maintenance, repair, and cleaning expenses	13.987	6.840	11.726	6.302
Information technologies expenses	6.766	3.675	5.470	2.887
Insurance expenses	4.248	1.978	4.108	2.035
Consultancy expenses	3.466	1.679	3.235	1.644
Rent expenses	1.749	367	2.742	1.338
Other	28.940	14.905	30.146	17.137
Total	1.401.347	506.141	1.641.088	826.883

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NOTE 17 - OTHER OPERATING INCOME/(EXPENSE)

Other operating income for the six- and three-months ended at 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Foreign exchange gains	134.672	47.224	124.377	46.685
Interest income on credit sales	12.022	4.660	18.380	10.208
Gain on sale of scraps	1.249	489	1.499	780
Other	378	148	2.374	2.116
Total	148.321	52.521	146.630	59.789

Other operating income for the six and three-months ended at 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Foreign exchange loss	100.964	31.705	91.931	35.038
Provision for doubtful receivables	16.066	2.061	-	-
Interest expense from credit purchases	3.767	1.324	5.935	2.866
Other	1.234	951	909	126
Total	122.031	36.041	98.775	38.030

NOTE 18 - FINANCE INCOME

Finance income for the six- and three-months ended at 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Foreign exchange gains	60.959	46.818	100.365	73.322
Interest income	11.146	5.246	20.082	8.387
Total	72.105	52.064	120.447	81.709

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NOTE 19 - FINANCE COSTS

Finance costs for the six- and three-months ended at 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Foreign exchange expense	209.399	110.838	161.312	92.537
Interest and commission expenses	41.287	24.433	33.996	17.639
Total	250.686	135.271	195.308	110.176

NOTE 20 - TAX ASSETS AND LIABILITIES

Tax expenses for the six- and three-months ended at 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Current income tax expense	(15.370)	7.774	(34.333)	(21.753)
Deferred tax income/(expense), net	11.961	6.448	(11.687)	(4.627)
Total tax (expense)/income	(3.409)	14.222	(46.020)	(26.380)

Deferred Income Tax Assets and Liabilities

As of 30 June 2020 and 31 December 2019, the breakdown of cumulative temporary differences and deferred income tax assets and liabilities with using the statutory tax rates are as follows:

	Temporary Taxable Differences		Deferred Income Tax Asset/Liability	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Property, plant and equipment and intangible assets	(172.539)	(168.890)	(34.063)	(33.393)
Right-of-use assets	(39.595)	(14.804)	(7.988)	(3.013)
Inventories	(21.975)	(34.864)	(4.835)	(7.670)
Trade payables	(163)	(2.657)	(36)	(585)
Derivative financial instruments	-	(646)	-	(142)
Deferred tax liabilities			(46.922)	(44.803)
Trade receivables	43.560	21.756	9.583	4.786
Lease liabilities	39.629	15.585	8.718	3.429
Derivative financial instruments	36.338	-	7.994	-
Employee termination benefits	37.089	31.882	7.496	6.433
Deferred income	25.820	46.877	5.680	10.313
Other short-term liabilities	19.986	7.249	4.397	1.595
Deferred tax assets			43.868	26.556
Deferred tax liability, net			(3.054)	(18.247)

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

Movement for the deferred income tax liabilities for the six-months periods ended at 30 June 2020 and 2019 are as follows:

	2020	2019
1 January	18.247	16.658
Deferred tax expenses for the period, net	(11.961)	11.687
Recognized under the equity	(3.816)	(7.739)
Currency translation differences	584	(86)
30 June	3.054	20.520
	30 June 2020	31 December 2019
Income tax	(15.370)	(61.369)
Prepaid taxes	23.793	55.171
Current income tax assets	8.423	(6.198)

NOTE 21 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements is determined by dividing net profit for the period by the weighted average number of shares issued within the relevant period. Calculating of earnings per share for the six and three-months ended at 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Net profit attributable to the equity holders of the parent (TRY) (*) (A)	47.355.196	(17.770.507)	137.049.990	72.803.702
Weighted average number of shares (B)	32.375.000.000	32.375.000.000	32.375.000.000	32.375.000.000
Earnings per share (Kr) (A/B)	0,15	(0,05)	0,42	0,22

(*) Amounts expressed in full Turkish Lira.

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NOTE 22 - RELATED PARTY DISCLOSURES

a) Short-term trade receivables:

As of 30 June 2020 and 31 December 2019, trade receivables from related parties are as follows:

	30 June 2020	31 December 2019
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (“Ak-Pa”) (*) ⁽¹⁾	180.730	212.492
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. (“DowAksa”) ⁽²⁾	40.932	29.460
Akkim Kimya San. ve Tic. A.Ş. (“Akkim”) ⁽¹⁾	9.950	10.091
Sakarya Elektrik Perakende Satış A.Ş. (“Sepaş”) ⁽¹⁾	2.006	2.118
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş. (“Akenerji”) ⁽¹⁾	1.425	-
Other	689	1.115
Less: Unearned finance income on credit sales (-)	(624)	(1.230)
Total	235.108	254.046

(*) Foreign sales are made through Ak-Pa, the foreign trade company of the Group, and the balance consists of trade receivables arising from these exporting transactions.

As of 30 June 2020 and 31 December 2019, the foreign currency denominated trade receivables have 3 months maturity on average and are discounted with annual average discount rate of 2,3% (31 December 2019: 3,7%) based on USD.

b) Short-term trade payables:

As of 30 June 2020 and 31 December 2019, short-term trade payables to related parties are as follows:

	30 June 2020	31 December 2019
Ak-Pa ⁽¹⁾	17.191	15.824
Akkim ⁽¹⁾	14.651	15.654
Dinkal Sigorta Acenteliği A.Ş. (**) ⁽¹⁾	3.879	1.785
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. ⁽¹⁾	2.214	1.292
Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi (“Yalkim OSB”) ⁽⁴⁾	884	2.744
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. (“Akgirişim”) ⁽⁴⁾	442	848
Other	449	233
Total	39.710	38.380

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

As of 30 June 2020 and 31 December 2019, trade payables have an average maturity of one (1) month.

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

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

c) Other receivables:

As of 30 June 2020 and 31 December 2019, other receivables from related parties are as follows:

	30 June 2020	31 December 2019
DowAksa ⁽²⁾ - Leasing receivables	15.945	13.843
Other short-term receivables	15.945	13.843

As of 30 June 2020 and 31 December 2019, the collection period of leasing receivables are as follows:

	30 June 2020			31 December 2019		
	Leasing Receivables	Interest	Total	Leasing Receivables	Interest	Total
Between 3-12 Months	15.945	-	15.945	13.843	-	13.843
	15.945	-	15.945	13.843	-	13.843

d) Advances given

As of 30 June 2020 and 31 December 2019, advances given to related parties are as follows:

	30 June 2020	31 December 2019
Yalkim OSB ⁽⁴⁾	3.520	1.291
Akgirişim ⁽⁴⁾	2.139	1.836
Total	5.659	3.127

Advances given are consists of advance payments for various investment projects in Yalova facility.

e) Sales:

Sales to related parties for the six- and three-months ended at 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Ak-Pa ^(*) (1)	673.564	172.907	877.018	440.429
Akkim ⁽¹⁾	51.224	25.098	45.812	24.228
DowAksa ⁽²⁾	36.078	20.406	29.813	16.147
Sepaş ⁽¹⁾	9.051	3.983	7.959	7.959
Akenerji ⁽¹⁾	7.203	4.219	1.972	1.236
Other	2.872	1.602	2.060	1.153
Total	779.992	228.215	964.634	491.152

(*) Foreign sales are made through Ak-Pa, the foreign trade company of the Group, and the balance consists of trade receivables arising from these exporting transactions.

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

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

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

f) Purchases of goods and services:

Purchases for the six-and three months ended at 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Akkim ⁽¹⁾	57.350	20.979	50.838	27.044
Ak-Pa ⁽¹⁾	16.770	9.033	13.863	6.978
Akgirişim ⁽⁴⁾	15.983	9.473	9.743	4.969
Yalkim OSB ⁽⁴⁾	14.063	7.453	12.973	7.409
Dinkal Sigorta Acenteliği A.Ş. ^(*) (1)	10.761	370	9.835	368
Aktek ⁽¹⁾	9.231	6.071	5.981	3.787
Other	2.682	1.558	3.692	2.089
Total	126.840	54.937	106.925	52.644

(*) Insurance service purchases from various insurance companies through Dinkal Sigorta Acenteliği A.Ş.

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

g) Interest Income:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Akiş ⁽¹⁾	2.402	1.381	-	-

The Group has purchased private sector bonds with floating interest coupon payments issued by Akiş, and interest income has been recognized during the period.

h) Key management compensation:

The Group defined its key management personnel as member of executive committee and board members. Benefits provided to these key management personnel for the six-and three months ended at 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Wages and other short term employee benefits	7.994	2.067	6.350	1.572
Provision for employment termination benefits	90	51	53	21
Total	8.084	2.118	6.403	1.593

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

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Benefits provided to board members for the six- three-months ended at 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Salary and other short term employee benefits	778	424	701	419
Provision for employment termination benefits	-	-	-	-
Total	778	424	701	419

NOTE 23 - FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group’s principal financial instruments are cash and cash equivalents, trade receivables and financial liabilities. The main purpose of these financial instruments is to raise financing for the Group’s operations. The Group has also other financial instruments such as trade debtors and trade creditors, those are directly arising 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. This risk is managed by balancing the amounts and maturities of interest rate sensitive assets and liabilities, using on-balance sheet methods or using derivative financial instruments when necessary. In this scope, Group consider to same interest renewal periods besides maturities. 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 are considered in line with each other and with their assets structure.

Credit risk

Ownership of financial assets brings along the risk of contractual non-performance by the counter party, defined as credit risk. The Group controls credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. In line with the Group policy, all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains guarantees and collaterals from customers. Guarantees received mainly consist of mortgages, Direct Debiting System provided by banks, letters of guarantee and guarantee cheques and notes. The Group regularly evaluates the collateral values of mortgages. In addition, the receivables are constantly examined and the risk of doubtful credit / receivables of the Group is minimized. Trade receivables are evaluated by management based on their past experiences and current economic condition, then presented in financial statements after necessary provisions recognized for doubtful receivables (Note 7).

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NOTE 23 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities to the translation of the Turkish Lira. The exchange rate risk is monitored by the analysing 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 TRY is as follows:

	30 June 2020		31 December 2019	
	TRY Equivalent	USD Equivalent(*)	TRY Equivalent	USD Equivalent(*)
Assets	1.509.986	220.687	1.205.343	202.913
Liabilities	2.404.926	351.484	2.353.169	396.143
Net balance sheet position	(894.940)	(130.797)	(1.147.826)	(193.230)
Foreign currency denominated net position of derivative financial assets / (liabilities)	(277.793)	(40.600)	-	-
Net Foreign Currency Asset / (Liability) Position	(1.172.733)	(171.397)	(1.147.826)	(193.230)
Inventories considered under natural hedge (**)	492.633	71.999	636.726	107.189
Cash flow hedge (***)	325.051	47.507	368.528	62.040
Net foreign currency position after hedge	(355.049)	(51.891)	(142.572)	(24.001)

(*) US Dollar equivalent amounts are calculated by dividing the TRY positions by the US dollar exchange rates as of the balance sheet date and unless otherwise stated, they are expressed in thousand US Dollar.

(**) The Group limits the foreign currency risk arising from net foreign currency financial liabilities and trade payables by reflecting changes to product sales prices. The amount consist of the Group's total raw material, semi-finished and finished product stocks.

(***) As of 30 June 2020, principal amount of loans amounting to USD 32.759 thousand and EUR 13.091 thousand (hedging instruments), were matched to the amount of future highly probable sales transactions (hedged items) to apply cash flow hedge accounting. As a result of the effectiveness test performed within this scope, the Group has determined that the entire transaction is effective. As of the reporting period, amounting to TRY 15.788 before tax is recognized under “Other Comprehensive Income”. Amounting to TRY 29.505 is realized during the period and transferred from other comprehensive income to the income statement. The ineffective portion arises when sales and credit payments are not realized on the same date and as of the reporting period, the ineffective portion is insignificant.

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NOTE 23 - FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2020 and 31 December 2019, the foreign currency positions are as follows:

	30 June 2020			
	TRY equivalent	USD	EUR	Other
1. Trade Receivables	604.403	73.374	9.519	28.990
2a. Monetary Financial Assets (including cash and bank accounts)	772.267	73.620	34.498	2.626
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	15.945	2.330	-	-
4. Current Assets (1+2+3)	1.392.615	149.324	44.017	31.616
5. Trade Receivables	117.371	17.154	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	117.371	17.154	-	-
9. Total Assets (4+8)	1.509.986	166.478	44.017	31.616
10. Trade Payables	447.838	63.157	2.021	133
11. Financial Liabilities	933.409	128.811	6.753	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	1.381.247	191.968	8.774	133
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.008.263	117.774	26.262	-
16 a. Other Monetary Liabilities	15.416	-	2.000	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	1.023.679	117.774	28.262	-
18. Total Liabilities (13+17)	2.404.926	309.742	37.036	133
19. Off Balance Sheet Derivative Items’ Net Asset/(Liability) Position (19a-19b)	(277.793)	(23.582)	(15.106)	-
19a. Net Assets of Statement of Financial Position	-	-	-	-
19b. Net Liabilities of Statement of Financial Position	277.793	23.582	15.106	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(1.172.733)	(166.846)	(8.125)	31.483
21. Net Foreign Currency Monetary Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(910.885)	(145.594)	6.981	31.483
22. Fair Value of Financial Instruments Used for Foreign Hedge	-	-	-	-
23. Amount of Hedged Foreign Currency Assets	492.633	71.999	-	-
24. Amount of Hedged Foreign Currency Liabilities	325.051	32.759	13.091	-

As of 30 June 2020, the Company has TRY 355.049 (31 December 2019 : TRY 142.572 foreign currency deficit, net) foreign currency surplus, net after derivative financial instruments (page 35).

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NOTE 23 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2019			
	TRY equivalent	USD	EUR	Other
1. Trade Receivables	568.309	82.315	8.894	20.192
2a. Monetary Financial Assets (including cash and bank accounts)	493.186	45.908	32.700	3.009
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	13.843	2.330	-	-
4. Current Assets (1+2+3)	1.075.338	130.553	41.594	23.201
5. Trade Receivables	130.005	21.886	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	130.005	21.886	-	-
9. Total Assets (4+8)	1.205.343	152.439	41.594	23.201
10. Trade Payables	872.610	140.451	5.684	501
11. Financial Liabilities	961.346	143.897	16.023	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	1.833.956	284.348	21.707	501
14. Trade Payables	-	-	-	-
15. Financial Liabilities	505.912	52.101	29.535	-
16 a. Other Monetary Liabilities	13.301	-	2.000	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	519.213	52.101	31.535	-
18. Total Liabilities (13+17)	2.353.169	336.449	53.242	501
19. Off Balance Sheet Derivative Items'				
Net Asset/(Liability) Position (19a-19b)	-	-	-	-
19a. Net Assets of Statement of Financial Position	-	-	-	-
19b. Net Liabilities of Statement of Financial Position	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(1.147.826)	(184.010)	(11.648)	22.700
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.161.669)	(186.340)	(11.648)	22.700
22. Fair Value of Financial Instruments Used for Foreign Hedge	-	-	-	-
23. Amount of Hedged Foreign Currency Assets	636.726	107.189	-	-
24. Amount of Hedged Foreign Currency Liabilities	368.528	37.308	22.090	-

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NOTE 23 - FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2020 and 31 December 2019, the analysis of the foreign currency sensitivity are as follows:

30 June 2020	<u>Profit / Loss</u>		<u>Equity</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
In case 10% appreciation of USD against TRY				
USD net asset/ (liability)	(98.024)	98.024	35.400	(35.400)
Amount hedged for USD risk	22.414	(22.414)	(22.414)	22.414
USD Net effect	(75.610)	75.610	12.986	(12.986)
In case 10% appreciation of EUR against TRY				
EUR net asset/ (liability)	5.381	(5.381)	-	-
Amount hedged for EUR risk	10.091	(10.091)	(10.091)	10.091
EUR Net effect	15.472	(15.472)	(10.091)	10.091
30 June 2019				
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
In case 10% change of USD against TRY				
USD net asset/ (liability)	(109.306)	109.306	30.285	(30.285)
Amount hedged for USD risk	22.162	(22.162)	(22.162)	22.162
USD net effect	(87.144)	87.144	8.123	(8.123)
In case 10% change of EUR against TRY				
EUR net asset/ (liability)	(7.747)	7.747	-	-
Amount hedged for EUR risk	14.691	(14.691)	(14.691)	14.691
EUR net effect	6.944	(6.944)	(14.691)	14.691

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 based on 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.

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NOTE 23 - FINANCIAL RISK MANAGEMENT (Continued)

The ratio of net debt to equity is as follows:

	30 June 2020	31 December 2019
Total monetary liabilities (*)	2.840.271	2.510.317
Less: Cash and cash equivalents	(847.837)	(635.091)
Net debt	1.992.434	1.875.226
Total shareholders' equity	1.430.035	1.535.220
Total capital	3.422.469	3.410.446
Debt/equity ratio	58%	55%

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

NOTE 24 - EVENTS AFTER THE REPORTING PERIOD

The Company sold 774.833 treasury shares at a price of TRY 8,00-8,18 between 30 June 2020 and 14 August 2020. As of the report date, along with the 394.261 treasury shares repurchased during the same period, the Company has 823.356 treasury shares corresponding to 0,25% of the Company's capital.
