AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2014
TOGETHER WITH AUDITOR’S REVIEW REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Aksa Akrilik Kimya Sanayi A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2014 and the related condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this consolidated interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of Aksa Akrilik Kimya Sanayi A.Ş. is not prepared, in all material respects, in accordance with TAS 34.

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

ORIGINAL TURKISH VERSION WAS SIGNED OFF

Baki Erdal,SMMM
Partner

Istanbul,18 August 2014

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2014

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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2014 AND 31 DECEMBER 2013
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	30 June 2014 USD (*)	*Reviewed* 30 June 2014 TL	*Audited* 31 December 2013 TL
ASSETS				
Current Assets		**364,107**	**773,147**	**857,189**
Cash and cash equivalents		26,554	56,389	233,208
Trade receivable				
- Other trade receivables	7	124,104	263,522	218,386
- Due from related parties	22	73,588	156,256	147,010
Other receivables				
- Other receivables	8	80	169	212
- Due from related parties	22	519	1,101	-
Inventories	9	102,346	217,322	185,194
Prepaid expenses	13	9,051	19,219	18,533
Other current assets	13	27,865	59,169	54,646
Non-current Assets		**457,569**	**971,600**	**954,416**
Financial investments	4	1,109	2,355	2,355
Investment in joint ventures	5	109,081	231,622	245,108
Property, plant and equipment	10	336,576	714,685	678,511
Intangible assets				
- Goodwill		2,820	5,989	5,989
- Other intangible assets	11	4,056	8,612	9,931
Prepaid expenses	13	3,921	8,325	11,986
Derivative financial instruments	14		-	524
Other non-current assets	13	6	12	12
TOTAL ASSETS		**821,676**	**1,744,747**	**1,811,605**

(*) USD amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the CBRT at 30 June 2014, and therefore do not form part of this condensed consolidated financial information (Note 2.4).

This condensed consolidated interim financial information as of and for the period ended 30 June 2014 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 18 August 2014.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH (NOTE 2.4)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2014 AND 31 DECEMBER 2013

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

	Notes	30 June 2014 USD (*)	*Reviewed* 30 June 2014 TL	*Audited* 31 December 2013 TL
LIABILITIES				
Current Liabilities		**284,156**	**603,374**	**616,554**
Financial liabilities	6	90,363	191,876	159,468
Short term portion of long term financial liabilities	6	23,388	49,662	66,393
Trade payables				
- Other trade payables	7	141,619	300,714	308,130
- Due to related parties	22	17,960	38,137	32,976
Other payables				
- Other payables	8	1,238	2,629	3,259
Deferred income	13	1,707	3,624	24,468
Taxes on income	20	4,375	9,289	10,437
Provisions				
- Provision for employee benefits		789	1,675	1,035
- Other provisions	12	2,099	4,457	6,653
Derivative financial instruments	14	606	1,286	3,312
Other current liabilities	13	12	25	423
Non-current Liabilities		**63,148**	**134,090**	**147,565**
Financial liabilities	6	51,693	109,764	124,616
Derivative financial instruments	14	149	317	-
Long-term provisions				
- Provision for employee benefits		7,672	16,291	15,338
Deferred income	13	148	315	366
Deferred tax liabilities	20	3,486	7,403	7,245
Total Liabilities		**347,304**	**737,464**	**764,119**
EQUITY		**474,372**	**1,007,283**	**1,047,486**
Attributable to Equity Holders of the Parent		**474,348**	**1,007,231**	**1,047,436**
Share capital	15	87,124	185,000	185,000
Adjustment to share capital	15	91,916	195,175	195,175
Share premium		21	44	44
Other comprehensive income/expense not to be reclassified to profit or loss				
-Remeasurement gain/loss arising from defined benefit plans		(1,474)	(3,129)	(3,129)
Other comprehensive income/expense to be reclassified to profit or loss				
- Currency translation differences		19,376	41,142	43,481
- Hedge funds		(156)	(331)	195
Restricted reserves		45,167	95,907	82,764
Retained earnings		197,663	419,718	403,221
Net income		34,077	73,705	140,685
Non-controlling Interests		**24**	**52**	**50**
TOTAL LIABILITIES AND EQUITY		**821,676**	**1,744,747**	**1,811,605**

(*) USD amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the CBRT at 30 June 2014, and therefore do not form part of this condensed consolidated financial information (Note 2.4).

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2014 AND 2013

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

	Notes	1 January - 30 June 2014 USD (*)	*Reviewed* 1 January - 30 June 2014 TL	*Not reviewed* 1 April - 30 June 2014 TL	*Reviewed* 1 January - 30 June 2013 TL	*Not reviewed* 1 April - 30 June 2013 TL
Revenue		468,896	1,014,175	510,526	799,450	411,230
Cost of sales (-)	16	(403,845)	(873,476)	(442,708)	(668,056)	(343,439)
Gross profit		**65,051**	**140,699**	**67,818**	**131,394**	**67,791**
General administrative expenses (-)	16	(9,784)	(21,161)	(10,628)	(22,698)	(12,133)
Marketing, selling and distribution expenses (-)	16	(9,390)	(20,309)	(9,759)	(15,342)	(8,496)
Research and development expenses (-)	16	(825)	(1,784)	(896)	(3,644)	(2,543)
Other operating income	17	14,546	31,462	14,392	24,610	13,155
Other operating expenses (-)	17	(10,967)	(23,721)	(11,943)	(26,157)	(17,400)
Operating profit		**48,631**	**105,186**	**48,984**	**88,163**	**40,374**
Share of loss of investment in joint venture	5	(5,399)	(11,678)	(4,272)	(11,908)	(4,590)
Operating profit before finance income/(expense)		**43,232**	**93,508**	**44,712**	**76,255**	**35,784**
Financial income	18	24,947	53,958	18,582	46,371	28,872
Financial expenses (-)	19	(24,203)	(52,348)	(14,803)	(37,418)	(22,694)
Profit before tax from continuing operations		**43,976**	**95,118**	**48,491**	**85,208**	**41,962**
Continuing operations tax expense:						
- Current period tax expense (-)	20	(9,748)	(21,084)	(9,429)	(20,756)	(10,837)
- Deferred tax income/(expense)	20	(151)	(327)	(1,172)	721	550
Net income for the period		**34,077**	**73,707**	**37,890**	**65,173**	**31,675**
Earnings per share (KR)		0.18	0.40	0.20	0.35	0.17

(*) USD amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the average official TL bid rate announced by the CBRT for the period between 1 January 2014-30 June 2014, and therefore do not form part of this condensed consolidated financial information.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2014 AND 2013

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

	Notes	1 January - 30 June 2014 USD (*)	*Reviewed* 1 January - 30 June 2014 TL	*Not reviewed* 1 April - 30 June 2014 TL	*Reviewed* 1 January - 30 June 2013 TL	*Not reviewed* 1 April - 30 June 2013 TL
Other comprehensive income/ (expense):						
Items not to be reclassified under profit or loss						
Remeasurement gain/loss arising from defined benefit plans		-	-	-	1,123	1,123
Taxation on other comprehensive income For items not to be reclassified to profit or loss		-	-	-	(225)	(225)
Items to be classified under profit or loss						
Fair value changes on derivative financial instruments		(304)	(658)	618	(323)	(829)
Currency translation differences		(1,081)	(2,339)	(6,573)	18,446	15,791
Taxation on other comprehensive income for items to be reclassified to profit or loss		61	132	(124)	65	166
Total comprehensive income		**32,753**	**70,842**	**31,811**	**84,259**	**47,701**
Net Income Attributable to:						
Equity holders of the parent		34,077	73,705	37,888	63,644	30,637
Non-controlling interest		1	2	2	1,529	1,038
		34,078	**73,707**	**37,890**	**65,173**	**31,675**
Total comprehensive income attributable to:						
Equity holders of the parent		32,752	70,840	31,809	82,730	46,663
Non-controlling interest		1	2	2	1,529	1,038
		32,753	**70,842**	**31,811**	**84,259**	**47,701**
Earnings per share for equity holders of the parent (Kr)	21	0,18	0,40	0,20	0,34	0,17

(*) USD amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the average official TL bid rate announced by the CBRT for the period between 1 January 2014 - 30 June 2014, and therefore do not form part of this condensed consolidated financial information.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2014 AND 2013

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

	Attributable to equity holders of the parent											
Reviewed	**Share capital**	**Adjustments to share capital**	**Share premium**	**Restricted reserves**	**Currency translation differences(1)**	**Hedge funds(1)**	**Remeasurement loss arising from defined benefit plans(2)**	**Retained earnings**	**Net income for the period**	**Total**	**Non-controlling interest**	**Total equity**
1 January 2013	**185,000**	**195,175**	**44**	**60,644**	**(1,098)**	**(993)**	**(4,220)**	**357,562**	**168,509**	**960,623**	**10,297**	**970,920**
Transfers	-	-	-	22,120	-	-	-	146,389	(168,509)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(89,550)	-	(89,550)	(2,959)	(92,509)
Total comprehensive income	-	-	-	-	18,446	(258)	898	-	63,644	82,730	1,529	84,259
30 June 2013	**185,000**	**195,175**	**44**	**82,764**	**17,348**	**(1,251)**	**(3,322)**	**414,401**	**63,644**	**953,803**	**8,867**	**962,670**

	Attributable to equity holders of the parent											
Reviewed	**Share capital**	**Adjustments to share capital**	**Share premium**	**Restricted reserves**	**Currency translation differences(1)**	**Hedge funds(1)**	**Remeasurement loss arising from defined benefit plans(2)**	**Retained earnings**	**Net income for the period**	**Total**	**Non-controlling interest**	**Total equity**
1 January 2014	**185,000**	**195,175**	**44**	**82,764**	**43,481**	**195**	**(3,129)**	**403,221**	**140,685**	**1,047,436**	**50**	**1,047,486**
Transfers	-	-	-	13,143	-	-	-	127,542	(140,685)	-	-	-
Dividends	-	-	-	-	-	-	-	(111,045)	-	(111,045)	-	(111,045)
Total comprehensive income	-	-	-	-	(2,339)	(526)	-	-	73,705	70,840	2	70,842
30 June 2014	**185,000**	**195,175**	**44**	**95,907**	**41,142**	**(331)**	**(3,129)**	**419,718**	**73,705**	**1,007,231**	**52**	**1,007,283**

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

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2014 AND 2013

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

	Notes	1 January - 30 June 2014 USD (*)	1 January - 30 June 2014 TL	1 January - 30 June 2013 TL
A. Cash Flows From Operating Activities		**(3,630)**	**(7,852)**	**153,355**
Profit/loss		**34,078**	**73,707**	65,173
Adjustments to reconcile profit/loss		**28,925**	**62,561**	**71,824**
Adjustments related to depreciation and amortization	10,11	12,474	26,980	23,924
Adjustments related to impairment / (reversal of impairment)		4	8	(83)
Adjustments related to provisions		825	1,785	(275)
Adjustments related to interest income and expense	18,19	785	1,697	(1,122)
Adjustments related to unrealized exchange differences		(644)	(1,393)	15,216
Adjustments related to undistributed loss of associates	5	5,399	11,678	11,908
Adjustments related to tax income/expense		9,899	21,411	20,035
Other adjustments related to profit/loss reconciliation		183	395	2,221
Changes in working capital		**(69,623)**	**(150,588)**	**14,855**
Adjustments related to increase / decrease in inventory		(14,439)	(31,231)	950
Adjustments related to increase / decrease in trade receivables		(29,661)	(64,153)	(28,741)
Adjustments related to increase / decrease in other receivables arising from operating activities		20	43	(2)
Adjustments related to increase / decrease in trade payables		633	1,370	62,135
Adjustments related to increase / decrease in other payables arising from operating activities		(293)	(633)	320
Other adjustments related to increase / decrease in working capital		(25,884)	(55,984)	(19,807)
Net cash generated from operating activities		**6,621**	**14,320**	**151,852**
Interest paid		(1,676)	(3,625)	(2,805)
Interest received		4,790	10,361	4,706
Taxes paid / returns		(124)	(268)	(398)
B.Cash Flows From Investing Activities		**(28,975)**	**(62,670)**	**(45,563)**
Cash inflow from disposal of tangible and intangible assets		135	292	2,882
Cash outflow due to purchase of tangible and intangible assets		(29,110)	(62,962)	(48,445)
C. Cash Flows From Financing Activities		**(51,323)**	**(111,007)**	**(65,086)**
Cash inflow arising from borrowings		12,769	27,618	43,494
Cash outflows arising from repayment of borrowings		(11,744)	(25,401)	(19,248)
Dividends paid		(51,341)	(111,045)	(89,550)
Interest received		1,508	3,262	2,866
Interest paid		(2,516)	(5,441)	(2,648)
Net increase in cash and cash equivalents before currency translation differences		**(83,929)**	**(181,529)**	**42,706**
D. Effect of Currency Translation Differences on Cash and Cash Equivalents		**(121)**	**(261)**	**59**
Net (decrease) / increase in cash and cash equivalents		**(84,049)**	**(181,790)**	**42,765**
E. Cash and Cash Equivalents at The Beginning of The Period		**106,191**	**229,681**	**138,706**
Cash and cash equivalents at the end of the period		**22,142**	**47,891**	**181,471**

(*) USD amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the average official TL bid rate announced by the CBRT for the period between 1 January 2014 - 30 June 2014, and therefore do not form part of this condensed consolidated financial information.

The accompanying notes form an integral part of this consolidated financial information.

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

Aksa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in the Borsa İstanbul A.Ş. ("BİST") since 1986.The principle shareholders and their respective shareholding rates in the Company are as follows (Note 15):

	%
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 2014, 37.21% of the Aksa's shares is traded on BİST.

Company's largest shareholder Akkök Holding is kept under control of Dinçkök family members.

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

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

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

- Fibers
- Energy
- Other

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

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

Company has merged on 31 December 2013 with Ak-Tops Tekstil A.Ş. ("Ak-Tops"), which was being reported as subsidiary, until this date.

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

(*) The joint ventures are joined to DowAksa Holdings structure on 24 January 2014 in exchange for RUB134 million (approximately USD4.3 million).

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION

2.1 Basis of preparation

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.

Group prepared its condensed consolidated interim financial information for the period ended 30 June 2014 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 format recommended by CMB, including its mandatory information.

The entities are allowed to prepare a complete or condensed set of interim financial information in accordance with IAS 34. In this respect, the Group has preferred to prepare condensed consolidated interim financial information for the interim period ended 30 June 2014.

Group's interim condensed consolidated financial information does not include all disclosures and notes that should be included at year-end financial information. Therefore the interim condensed consolidated financial information should be examined together with the year-end financial statements.

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

In accordance with the decision taken in the CMB meeting held on 7 June 2013, and in compliant with the announcement related to the format of financial information and its accompanying notes, comparative figures have been reclassified to conform to the changes in presentation in the current period.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial information in accordance with the accounting and financial reporting principles issued by the CMB. Accordingly, the Company did not apply TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") issued by POAASA in its financial information for the accounting periods starting 1 January 2005.

Group and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial information in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB for listed companies. This condensed consolidated interim financial information are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

The condensed consolidated interim financial information are prepared in Company's functional currency, Turkish Lira ("TL") based on the historical cost convention except for the financial assets and liabilities which are expressed with their fair values. The functional currency of the company's equity method of investment is USD.

Amendments in International Financial Reporting Standards

Group has applied standards and interpretations which is published in International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") and valid after 1 January 2013.

New Accounting Standards and Comments

The new and updated standards and comments below were applied by the Company and this affected the amounts reported and explanations given in the interim condensed consolidated financial information. These standards and comments were applied to the interim condensed consolidated financial information, but details of other standards and comments which do not have any impact on the reported amounts were also explained in the following parts of this section.

a) Changes in TAS that effected to notes and amounts which are reported in financial information

None.

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

b) Standards, amendments and interpretations effective from 30 June 2014 that are relevant and applied to the consolidated financial information of the Group:

- TAS/IAS 32 (amendment), "Financial instruments: Presentation", on offsetting financial assets and financial liabilities, is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in TAS/IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- TFRS/IFRS 10, TFRS/IFRS 12 and TAS/IAS 27 (amendments), "Consolidated financial information": 'exceptions for the consolidation of subsidiaries'; is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics.

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

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

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

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

(c) Not yet entered into force by the Group but not early adopted the standards to existing standards, amendments and interpretations:

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

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

  - TFRS/IFRS 2, "Share Based Payment"
  - TFRS/IFRS 3, "Business Combination"
  - TFRS/IFRS 8, "Operating Segments"
  - TFRS/IFRS 13, "Fair value measurement"
  - TAS/IFRS 16, "Tangible Assets and TAS/IAS 38, Intangible Assets"
  - TFRS/IFRS 9, "Financial Instruments: TAS/IAS 37, Provisions, Contingent Assets and Liability"
  - TFRS/IFRS 39, "Financial Instruments-Recognition and Measurement

- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from 2011-2-13 cycle of the annual improvements project that affect 4 standards:

  - TFRS/IFRS 1, "First Adoption of IFRS"
  - TFRS/IFRS 3, "Business Combinations"
  - TFRS/IFRS 13, "Fair Value Measurement"
  - TAS/IAS 40, "Investment Properties

- TFRS/IFRS 11 (amendments), "Joint Arrangements", is effective for annual periods beginning on or after 1 July 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- TAS /IAS 16 and TAS/IAS 38 (amendments), "Tangible Assets", "Intangible Assets", is effective for annual periods beginning on or after 1 July 2016. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

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

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

- TFRS/IFRS 15, "Revenue from contracts with customers", is effective for annual periods beginning on or after 1 July 2017. the International Accounting Standards Board (IASB) and the US national standard-setter, the Financial Accounting Standards Board (FASB), initiated a joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and US GAAP. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new model employs an asset and liability approach, rather than current revenue guidance focuses on an 'earnings process'.

- TFRS/IFRS 9 "Financial instruments" - classification and measurement; is effective for annual periods beginning on or after 1 January 2018. This standard on classification and measurement of financial assets and financial liabilities will replace TAS/IAS 39, "financial instruments: Recognition and measurement". TFRS/IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the TAS/IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.

- Amendments to TFRS/IFRS 9, "Financial instruments", regarding general hedge, is effective for annual periods beginning on or after 1 January 2018. These amendments to TFRS/IFRS 9, "Financial instruments", bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial information.

Resolutions published by POA

In addition to the foregoing, POA published the following resolutions regarding to the implementation of Turkish Accounting Standards. The "Financial Information Examples and User's Manual" entered into is forced as of the date of publication however the other decisions became effective in the annual reporting periods which started as of 31 December 2012.

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

a) **2013- 1 Financial Information Examples and User's Manual**

On 20 May 2013, POA published the "Financial Information Examples and User's Manual" in order to make financial information uniform and facilitate auditing. Examples of financial information included in this regulation were published as examples of financial information for the Groups required to apply TAS except the entities in banking, insurance, personal insurance, or capital markets sectors. The Group made the reclassifications stated under Note 2.2 in order to meet the requirements of this regulation.

b) **2013- 2 Accounting of Business Combinations under Common Control**

The decision stipulated that i) it is required to account for business combinations under common control with the pooling of interest method, (ii) therefore it is required to exclude the goodwill in the financial information, and (iii) in the application of the pooling of interest method, it is required to adjust the financial information as if the combination occurred as of the beginning of the reporting period in which the common control has occurred and to present them in a comparative way as of the beginning of the reporting period in which the common control has occured. The related decision did not make any impact on the financial position and performance of the Group.

c) 2013-4 Accounting of Dividend Right Rertificates

The circumstances in which dividend right certificates are to be accounted for as financial payables and in which beneficial interest certificates are to be accounted for as financial instruments based on equity were clarified. The related decision did not make any impact on the financial position and performance of the Group.

d) 2013-4 Accounting of Treasury Shares

Treasury shares relationship was defined as a business having its own shares in a business which has an investment in an associate and accounting of treasury shares were assessed based on the type of investment and the different accounting standards applied. For the resolution in question, this subject was assessed under three main titles and accounting principles for each were identified.

i) The circumstance, in which subsidiary holds financial instruments based on equity of the parent.
ii) The circumstance, in which associates or joint ventures hold financial instruments based on equity of the company.
iii) The circumstance a business, in which the company recognizes an investment that accounting in accordance to TAS 39 and TFRS 9, holds financial instruments based on equity of the company

The related decision did not make any impact on the financial position and performance of the Group.

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

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

2.1.2 Basis of Consolidation

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

b) Subsidiaries are companies in which Aksa has the power to control the financial and operating policies for the benefit of itself, either (1) through the power to exercise more than 50% of voting rights related to shares in the companies as a result of shares owned directly and/or indirectly by itself or (2) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

The table below sets out all subsidiaries and demonstrates their shareholding structure as of 30 June 2014 and 31 December 2013:

	Direct and indirect ownership interest Aksa and its subsidiaries (%)	
Subsidiary	**30 June 2014**	**31 December 2013**
Fitco	100.00	100.00
Aksa Egypt	99.57	99.57

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

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

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

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

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

c) Joint ventures

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

Joint venture is accounted for using the equity method of accounting in accordance with IFRS 11 "Joint Arrangements" (Note 5).

The financial information of the joint ventures is prepared considering the uniform accounting principles and practices accounting policies and methods of computation adopted in the preparation of the latest annual financial statements.

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

	Direct and indirect ownership interest by Aksa and its subsidiaries (%)	
Joint venture	**30 June 2014**	**31 December 2013**
DowAksa Holdings	50.00	50.00
DowAksa İleri Kompozit Malzemeler San, Ltd, Şti,	50.00	50.00
DowAksa Switzerland Gmbh	50.00	50.00
DowAksa USA LLC	50.00	50.00
Nanotechnology Centre of Composites (*)	16.66	-
LLC NCC-ACM (*)	16.66	-
LLC NCC-Alabuga (*)	16.66	-
LLC NCC-Neftemehanika (*)	4.17	-

(*) The joint ventures are joined to DowAksa Holding structure on 24 January 2014.

(d) Financial investments

Groups share of the net assets of the unquoted financial investment is considered as its fair value and accounted accordingly.

	Direct and indirect ownership interest by Aksa and it's subsidiaries (%)	
Unquoted Financial Investments	**30 June 2014**	**31 December 2013**
Ak-Pa	13.47	13.47

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

2.2 Changes in Accounting Policies, Accounting Estimates and Errors

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

2.3 Summary of Significant Accounting Policies

The condensed consolidated interim financial information for the period ended 30 June 2014 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of this condensed consolidated interim financial information for the period ended 30 June 2014 are consistent with those used in the preparation of annual consolidated financial information for the year ended 31 December 2013 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.
Summarized consolidated financial information for the interim period 01 January -30 June 2014, must be considered together with the 31 December 2013 period for the balance sheet. The income statement, cash flow statement, and statement of changes in equity must be considered together with the interim period of 01 January - 30 June 2013.

When preparing the consolidated financial information according to CMB Financial Reporting Standards, Group Management must make some assumptions and estimations which identify the amount of income and expenses as of the reporting period and the liabilities and commitments which are likely to occur as of the balance sheet date and which may affect the amount of assets and liabilities which are reported. These estimations and assumptions may differ from actual results even though they are based on Group Management's best information regarding current events and transactions. Estimations are reviewed regularly and the necessary adjustments are applied and reflected on the income statements for the relevant period. As of 30 June 2014, major accounting estimations and assumptions on the summarized interim consolidated financial information are consistent with the major accounting estimations and assumptions which are explained in detail in the consolidated financial statements for the year ending on 31 December 2013.

2.4 Convenience Translation Into English of Condensed Consolidated Financial Information

USD amounts shown in the consolidated balance sheet prepared in accordance with CMB Financial Reporting Standards have been translated from TL, as a matter of arithmetic computation only, at the official USD bid rates announced by the Central Bank of the Republic of Turkey on 30 June 2014 of TL2,1234 = USD1 and USD amounts shown in the consolidated statements of income, comprehensive income and cash flow have been translated from TL, as a matter of arithmetic computation only, at the average official USD bid rates calculated from the official daily bid rates announced by the Central Bank of the Republic of Turkey for the period ended 30 June 2014 of TL2,1629 = USD1, and do not form part of this interim condensed consolidated financial information.

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

NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

	1 January - 30 June 2014			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	957,513	53,269	3,393	1,014,175
External revenues	**957,513**	**53,269**	**3,393**	**1,014,175**
Adjusted EBITDA (**)	**139,140**	**6,305**	**633**	**146,078**
Unallocated corporate expenses (*)	-	-	-	(21,653)
Amortization and depreciation	(15,933)	(10,260)	(787)	(26,980)
Other operating income, net	-	-	-	7,741
Share of loss of investment in joint ventures	(11,678)	-	-	(11,678)
Financial income / (expenses), net	-	-	-	1,610
Profit before tax				**95,118**

(*) Unallocated corporate expenses for the period between 1 January- 30 June 2014, consists of general administrative expenses amounting to TL20,991 and research and development expenses amounting to TL662.

(**) Adjusted earnings before interest, taxes, depreciation, amortization.

	1 April - 30 June 2014			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	481,707	27,384	1,435	510,526
External revenues	**481,707**	**27,384**	**1,435**	**510,526**
Adjusted EBITDA	**67,556**	**3,988**	**124**	**71,668**
Unallocated corporate expenses (*)	-	-	-	(10,911)
Amortization and depreciation	(8,839)	(4,969)	(414)	(14,222)
Other operating income, net	-	-	-	2,449
Share of loss of investment in joint ventures	(4,272)	-	-	(4,272)
Financial income / (expenses), net	-	-	-	3,779
Profit before tax				**48,491**

(*) Unallocated corporate expenses for the period between 1 April – 30 June 2014, consists of general administrative expenses amounting to TL10,657 and research and development expenses amounting to TL344.

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

NOTE 3 - SEGMENT REPORTING (Continued)

	30 June 2014				
	Fibers	**Energy**	**Other**	**Unallocated**	**Total**
Total segment assets	1,041,887	324,099	5,989	-	1,371,975
Investment in joint ventures	231,622	-	-	-	231,622
Unallocated corporate assets	-	-	-	141,150	141,150
Total assets	**1,273,509**	**324,099**	**5,989**	**141,150**	**1,744,747**

Segmental information of the Group is as follows:

	1 January - 30 June 2013			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	746,395	51,854	3,076	799,450
External revenues	**746,395**	**51,854**	**3,076**	**799,450**
Adjusted EBITDA	**129,859**	**9,147**	**20**	**139,026**
Unallocated corporate expenses (*)	-	-	-	(25,392)
Amortization and depreciation	(13,854)	(8,210)	(1,860)	(23,924)
Other operating expense, net	-	-	-	(1,547)
Share of loss of investment in joint ventures	(11,908)	-	-	(11,908)
Financial income/(expense), net	-	-	-	8,953
Profit before tax				**85,208**

(*) Unallocated corporate expenses for the period between 1 April – 30 June 2014, consists of general administrative expenses amounting to TL22,410, research and development expenses amounting to TL2,982.

	1 April - 30 June 2013			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	384,429	26,133	1,595	411,230
External revenues	**384,429**	**26,133**	**1,595**	**411,230**
Adjusted EBITDA	**67,472**	**4,843**	**(133)**	**72,182**
Unallocated corporate expenses (*)	-	-	-	(14,858)
Amortization and depreciation	(7,560)	(4,236)	(909)	(12,705)
Other operating expense, net	-	-	-	(4,245)
Share of loss of investment in joint ventures	(4,590)	-	-	(4,590)
Financial income/(expense), net	-	-	-	6,178
Profit before tax				**41,962**

(*) Unallocated corporate expenses for the period between 1 April – 30 June 2014, consists of general administrative expenses amounting to TL12,314, research and development expenses amounting to TL2,544.

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

NOTE 3 - SEGMENT REPORTING (Continued)

	30 December 2013				
	Fibers	**Energy**	**Other**	**Unallocated**	**Total**
Total segment assets	861,131	372,230	-	-	1,233,361
Investment in joint ventures	245,108	-	-	-	245,108
Unallocated corporate assets	-	-	-	333,136	333,136
Total assets	**1,106,239**	**372,230**	**-**	**333,136**	**1,811,605**

NOTE 4 - FINANCIAL INVESTMENTS

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

NOTE 5 - INVESTMENT IN JOINT VENTURES

Joint Ventures

	30 June 2014	31 December 2013
DowAksa Holdings	231,622	245,108

Summary of DowAksa Holding's financial information is as follows;

	30 June 2014	31 December 2013
Current assets	217,422	298,444
Non-current assets	442,525	410,485
Total Assets	**659,947**	**708,929**
Short term liabilities	66,982	90,673
Long term liabilities	129,721	128,041
Equity	463,244	490,215
Total Liabilities	**659,947**	**708,929**
Equity For 50% Share of the Group	**231,622**	**245,108**

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

NOTE 5 -INVESTMENT IN JOINT VENTURES (Continued)

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Revenues	35,679	20,826	29,942	16,927
Net loss	(23,356)	(8,544)	(23,815)	(9,179)
Shareholders' Net Loss for 50% Share of the Group	**(11,678)**	**(4,272)**	**(11,908)**	**(4,590)**

Movements of the investment in joint ventures during the period are as below:

	2014	2013
1 January	245,108	227,742
Net loss for 50% share of the Group	(11,678)	(11,908)
Currency translation differences	(1,955)	18,455
Change in hedge funds	147	(772)
30 June	**231,622**	**233,517**

NOTE 6 - FINANCIAL LIABILITIES

Group's financial liabilities are as follows:

	30 June 2014	31 December 2013
Short term bank borrowings	191,876	149,451
Short term factoring liabilities	-	10,017
Current portion of long-term bank borrowings	49,662	66,393
Short term financial liabilities	**241,538**	**225,861**
Long term bank borrowings	109,764	124,616
Long term financial liabilities	**109,764**	**124,616**
Total financial liabilities	**351,302**	**350,477**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

	30 June 2014		31 December 2013	
	Yearly weighted average interest rate %	TL	Yearly weighted average interest rate %	TL
a) Short-term bank borrowings:				
USD borrowings	1.72	191,106	1.40	149,401
TL borrowings	-	770	-	50
Total short term bank borrowings		**191,876**		**149,451**
Factoring liabilities (*)	-	-	4.13	10,017
b) Current portion of long term bank borrowings				
USD bank borrowings	3.07	39,213	2.88	60,944
EUR bank borrowings	3.93	10,449	3.83	5,449
Total current portion of long term financial liabilities		**49,662**		**66,393**
c) Long-term bank borrowings:				
USD bank borrowings	3.85	79,399	3.84	88,644
EUR bank borrowings	3.93	30,365	3.83	35,972
Total long-term financial liabilities		**109,764**		**124,616**

(*) All costs of factoring transactions are reflected to customers.

Group has no breach of contract concerning borrowings.

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

	30 June 2014	31 December 2013
Less than 3 months	43,181	52,696
Between 3-12 months	198,357	173,165
Between 1-2 years	27,760	28,007
Between 2-3 years	27,760	28,007
Between 3-4 years	27,760	28,007
The payment within 4 year and over	26,484	40,595
Total	**351,302**	**350,477**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables and payables are as follows:

a) Short-term trade receivables:

	30 June 2014	**31 December 2013**
Trade receivables	206,133	152,521
Notes receivable and cheques	101,435	109,321
Less: Provision for doubtful receivables	(40,981)	(40,981)
Less: Unearned finance income on term based sales	(3,065)	(2,475)
Total	**263,522**	**218,386**

Trade receivables as of 30 June 2014 and 31 December 2013 have an average maturity of 3 months (31 December 2013: 3 months) and they are discounted with an average annual interest rate of 7% (31 December 2013:6%) in TL 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 2014	**31 December 2013**
Suppliers	303,044	310,222
Less: Unincurred finance costs on purchases (-)	(2,330)	(2,092)
Total	**300,714**	**308,130**

Trade payables as of 30 June 2014 and 31 December 2013 have an average maturity of 3 months and they are discounted with an average annual interest rate of 3% in USD terms (31 December 2013: 3%).

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

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

a) Short-term other receivables:

	30 June 2014	31 December 2013
Deposits and guarantees given	169	212

b) Short-term other payables:

	30 June 2014	31 December 2013
Taxes and funds payable	2,309	3,152
Other	320	107
Total	**2,629**	**3,259**

NOTE 9 - INVENTORIES

	30 June 2014	31 December 2013
Raw materials	156,160	120,014
Semi-finished goods	10,054	9,736
Finished goods	33,420	40,533
Other stocks and spare parts	17,783	14,998
Less: Provision for impairment on inventories	(95)	(87)
Total	**217,322**	**185,194**

The inventory impairment provision is related with the finished goods.

Group has recognized the movements in the provision for impairment in cost of goods sold for the periods ended at 30 June 2014 and 31 December 2013. (The reason of increase on impairment is due to increasing amount of inventory level and changes in sales price.).

Group has USD 65 million worth insurance on inventories (except raw materials in transit) amounting to TL 134,742 as of 30 June 2014 (31 December 2013: TL 152,627).

As of 30 June 2014, raw materials include goods in transit amounting to TL 82,580 (31 December: TL 32,567).

Raw materials and supplies' costs of goods sold in current period are presented in Note 16.

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

The movement of property plant and equipment dated 30 June 2014 and 2013 is as follows;

	2014	2013
Net book value at 1 January	**678,511**	**618,035**
Additions	62,870	40,421
Current period depreciation	(26,497)	(24,705)
Currency translation differences	(100)	(53)
Disposals	(99)	(2,293)
Net book value at 30 June	**714,685**	**631,405**

TL24,966 (30 June 2013: TL22,198) of the current period depreciation expenses is included in "cost of goods sold", TL276 (30 June 2013: TL195) is included in "research and development expenses", TL319 (30 June 2013: TL520) is included in "general administrative expenses", TL16 (30 June 2013: TL5) is included in "marketing, selling and distribution expenses, TL15 (30 June 2013: TL510) is included in construction in progress and TL905 (30 June 2013: TL1.277) is included in inventory.

TL 60,249 (30 June 2013: TL38,257) of current period additions of property, plant and equipment is related to construction in progress. Net book value of construction in progress is amounting to TL126,712 (30 June 2013: TL79,968) and is not depreciated until it is capitalized.

NOTE 11 - INTANGIBLE ASSETS

The movement of intangible assets dated 30 June 2014 and 2013 is as follows:

	2014	2013
Net book value at 1 January	**9,931**	**4,821**
Additions	107	8,534
Current period depreciation	(1,403)	(1,006)
Currency translation differences	(23)	(15)
Disposals	-	(2,163)
Net book value at 30 June	**8,612**	**10,171**

TL424 (30 June 2013: TL110) of the current period amortization expense is included in "cost of goods sold", TL846 (30 June 2013: TL790) is included in "research and development expenses", TL133 (30 June 2013: TL106) is included in "general administrative expenses".

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

NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	30 June 2014	31 December 2013
Provision for bonus	2,469	5,310
Provision for lawsuits	1,988	1,343
Total	**4,457**	**6,653**

Contingent assets and liabilities:

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

	30 June 2014	31 December 2013
Collaterals given	283,773	278,491
Letter of credit commitments	236,034	242,993
Total	**519,807**	**521,484**

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

	30 June 2014	31 December 2013
Credit insurance	416,767	412,222
Guarantee notes and cheques received	53,807	64,444
Pledges received	44,306	76,779
Letter of credits	21,293	35,216
Limits of Direct Debit System ("DDS")	18,442	21,324
Guarantee letters received	4,334	3,429
Total	**558,949**	**613,414**

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

NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

		30 June 2014	31 December 2013
A,	CPM given on behalf of the Company's legal personality	494,740	521,484
	-USD	*355,546*	*358,881*
	- Turkish Lira	*136,185*	*155,476*
	- Euro	*2,478*	*6,834*
	- Other	*531*	*293*
B,	CPM given on behalf of fully consolidated subsidiaries	-	-
C,	CPM given for continuation of its economic activities on behalf of third parties	25,067	-
	- USD	*25,067*	*-*
D,	Total amount of other CPM given	-	-
	i) Total amount of CPM given on behalf of the equity holders of the parent	-	-
	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		**519,807**	**521,484**

(*) As of 30 June 2014, the ratio of CPMs given by the Company to equity is 52% (31 December 2013: 50%).

NOTE 13 - OTHER ASSETS AND LIABILITIES

a) Short Term Prepaid Expenses:

	30 June 2014	31 December 2013
Purchase advances given	11,609	13,722
Prepaid expenses	7,533	4,775
Job advances	77	36
Total	**19,219**	**18,533**

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

NOTE 13 - OTHER ASSETS AND LIABILITIES (Continued

b) Other current assets:

	30 June 2014	31 December 2013
VAT receivables	58,905	54,477
Personnel advances	264	169
Total	**59,169**	**54,646**

c) Long Term Prepaid Expenses:

	30 June 2014	31 December 2013
Advances given for purchase of property, plant and equipment	8,030	11,460
Prepaid expenses	295	526
Total	**8,325**	**11,986**

d) Other current liabilities:

	30 June 2014	31 December 2013
Expense accruals	25	423
Total	**25**	**423**

e) Deferred income:

	30 June 2014	31 December 2013
Short term received advances	3,517	24,361
Deferred income - Short term	107	107
Deferred income - Long term	315	366
	3,939	**24,834**

Government incentives received for research and development projects are demonstrated as deferred revenue on balance sheet and associate to consolidated comprehensive income statement based on useful lives.

Incentives received as cash from TÜBİTAK and T.C, Prime Ministry Undersecretariat of Foreign Trade on research and development plant investment in 2008 and 2009 have associated to comprehensive income statement based on useful lives.

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

NOTE 14 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial 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 2014		31 December 2013	
	Asset	Liabilities	Asset	Liabilities
Held for hedging	-	317	524	-
Held for trading	-	1,286	-	3,312
Total	**-**	**1,603**	**524**	**3,312**

Derivative instruments held for hedging:

	30 June 2014		31 December 2013	
	Contract Amount (USD*1,000)	Fair Value Liability TL	Contrat Amount (USD*1,000)	Fair Value Asset TL
Interest rate swap	55,833	317	70,000	524

On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognized asset or liability ("fair value hedge"), or a hedge of a forecasted transaction or a firm commitment ("cash flow hedge").

These derivative transactions provide effective economic hedges under the Group risk management position and qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for hedging. Changes in the fair value of derivatives that are designated as being and qualify as cash flow hedges and are highly effective, are recognized in equity as "hedging reserve".

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

At 30 June 2014, the fixed interest rates vary from 1,35% to 2,5% (31 December 2013: 1,35% to 2,5%), and the main floating rates are EURIBOR and LIBOR. Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts as of 30 June 2014 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 5).

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

NOTE 14 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Financial instruments held for trading:

As of 30 June 2014, Group has foreign exchange sales and purchase option contacts. 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 risk accounting and changes in the fair value of these derivatives are recognized in the income statement.

	30 June 2014		31 December 2013	
	Contrat Amount EUR 1,000	Fair Value Asset/(Liability) TL	Contrat Amount EUR 1,000	Fair Value Asset/(Liability) TL
Foreign exchange sales and purchase transactions		(1,286)		(3,312)
USD	35,000	(1,763)	10,000	(2,788)
EUR	27,711	477	19,222	(524)

NOTE 15 - EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the CMB and set a limit on its registered share capital representing type of registered shares with a nominal value of TL1. Historical, authorized and issued capital of Aksa as of 30 June 2014 and 31 December 2013 is presented below:

	30 June 2014	31 December 2013
Limit on registered share capital (historical)	425,000	425,000
Issued share capital	185,000	185,000

The Groups shareholders and their respective shareholding structure as follows:

	Share %	30 June 2014	Share %	31 December 2013
Akkök Holding	39.59	73,237	39.59	73,237
Emniyet Ticaret ve Sanayi A.Ş.	18.72	34,638	18.72	34,638
Other	41.69	77,125	41.69	77,125
	100.00	**185,000**	**100.00**	**185,000**
Adjustment to share capital		195,175		195,175
Total paid-in share capital		**380,175**		**380,175**

The approved and paid-in share capital of the Group consists of 18,500,000,000 (31 December 2013: 18,500,000,000) shares issued on bearer with a nominal value of Kr1 (31 December 2013: Kr1) each. All shareholders have same rights and there are not issued different type of shares such as privilege and common shares.

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

NOTE 16 - EXPENSES BY NATURE

Cost of sales, marketing, selling and distribution expenses and general administrative expenses by nature for the six-month periods ended at 30 June 2014 and 2013 are as follows:

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Raw materials and goods	784,904	400,216	596,073	305,549
Employee benefits	44,594	21,119	32,154	15,719
Depreciation and amortization	26,980	14,222	23,924	12,705
Commission expense	8,887	4,536	6,956	4,342
Export expenses	7,221	3,306	5,346	2,747
Repair, maintenance and cleaning expenses	7,155	3,417	9,564	5,761
Consultancy expenses	4,127	2,280	5,359	2,944
Information technologies expense	2,757	1,234	2,752	1,526
Travel expenses	1,714	669	1,843	915
Miscellaneous tax expenses	1,182	1,004	1,612	1,235
Other	27,209	11,988	24,157	13,168
Total	**916,730**	**463,991**	**709,740**	**366,611**

NOTE 17 - OTHER OPERATING INCOME / EXPENSE

Other operating income for the six-month periods ended at 30 June 2014 and 2013 are as follows:

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Foreign exchange gain on trading transactions	16,944	5,831	7,900	4,983
Interest income on credit sales	10,361	5,898	4,706	2,552
Dividend income	1,101	1,101	776	776
Provisions released	79	-	1,123	-
Insurance compensation gain	19	-	6,592	2,677
Other	2,958	1,562	3,513	2,167
Total	**31,462**	**14,392**	**24,610**	**13,155**

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

NOTE 17 - OTHER OPERATING INCOME / (EXPENSE) (Continued)

Other operating expense for the six-month periods ended at 30 June 2014 and 2013 are as follows:

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Foreign exchange loss on trading transactions	18,975	8,378	21,639	14,775
Interest expense on credit purchases	3,625	2,799	2,805	1,014
Other	1,121	766	1,713	1,611
Total	**23,721**	**11,943**	**26,157**	**17,400**

NOTE 18 - FINANCIAL INCOME

Financial income for the six-month periods ended at 30 June 2014 and 2013 is as follows:

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Foreign exchange gains	50,214	17,488	42,780	27,291
Interest income	3,744	1,094	3,591	1,581
Total	**53,958**	**18,582**	**46,371**	**28,872**

NOTE 19 - FINANCIAL EXPENSES

Financial expenses for the six-month periods ended at 30 June 2014 and 2013 are as follows:

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Foreign exchange expense	46,907	12,821	34,949	21,500
Borrowing costs	5,441	1,982	2,469	1,194
Total	**52,348**	**14,803**	**37,418**	**22,694**

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

NOTE 20 - TAX ASSETS AND LIABILITIES

Tax expenses for the six-month periods ended at 30 June 2014 and 2013 are as follows:

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Current period tax expense	(21,084)	(9,429)	(20,756)	(10,837)
Deferred tax income/(expense), net	(327)	(1,172)	721	550
Total tax expense	**(21,411)**	**(10,601)**	**(20,035)**	**(10,287)**

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 2014 and 31 December 2013 are as follows:

	Temporary Taxable Differences		Deferred Income Tax Asset/Liability	
	30 June 2014	**31 December 2013**	**30 June 2014**	**31 December 2013**
Property, plant and equipment and intangible assets	(59,661)	(56,524)	(11,932)	(11,305)
Trade payables	(3,014)	(2,180)	(603)	(436)
Other	-	(538)	-	(108)
Deferred income tax liabilities			**(12,535)**	**(11,849)**
Employee benefits	16,291	15,338	3,258	3,068
Trade receivables	3,084	2,534	617	507
Other current liabilities	3,071	1,339	614	268
Derivative financial instruments	1,603	2,787	321	557
Inventories	1,160	1,020	232	204
Other	450	-	90	-
Deferred income tax assets			**5,132**	**4,604**
Deferred income tax liabilities, net			**(7,403)**	**(7,245)**

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

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

Movement for the deferred income tax liabilities for the periods ended at 30 June 2014 and 2013 are as follows:

	2014	2013
1 January	7,245	8,443
Deferred tax expenses for the period, net	327	(721)
Equity related	(169)	129
30 June	**7,403**	**7,851**

	30 June 2014	31 December 2013
Taxes on income calculated	21,084	43,445
Amount deducted from VAT receivables and prepaid corporate taxes	(11,795)	(33,008)
Taxes on income	**9,289**	**10,437**

NOTE 21 - 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 ended of 30 June 2014 and 2013 are as follows:

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Net income attributable to the equity holders of the parent (TL) (*) (A)	73,704,636	37,888,432	63,644,224	30,637,066
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)	**0,40**	**0,20**	**0,34**	**0,17**

(*) Amounts expressed in Turkish Lira.

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

NOTE 22 - RELATED PARTY DISCLOSURES

Trade receivables on related party transactions at 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014	31 December 2013
Ak-Pa (*)	143,393	131,106
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	6,370	8,641
Akkim Kimya San. ve Tic. A.Ş.	4,470	4,247
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti.	2,040	2,968
Other	2	91
Less: Unearned finance income		
on term based sales (-)	(19)	(43)
Total	**156,256**	**147,010**

(*) Sales to Ak-Pa comprise of export sales made to third party customers by export register and the balance consists of trade receivables arising from these transactions.

As of 30 June 2014 and 31 December 2013 foreign currency denominated financial receivables have average 3 months maturity and as USD-based annually discounted with average 1% (31 December 2013: 1%) interest rate.

Group's other receivables from related parties as of 30 June 2014 and 31 December 2013 are as follows;

	30 June 2014	31 December 2013
Ak-Pa (*)	1,101	-

(*) Consists of dividend receivables.

Trade payables on related party transactions for the six-month periods ended at 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014	31 December 2013
Ak-Pa	27,704	19,953
Akkim Kimya San, ve Tic, A.Ş,	5,816	6,337
Dinkal Sigorta Acenteliği A.Ş	1,826	106
Akkon Yapı Taah.İnş.Müş.A.Ş	1,239	4,097
Akkök Holding	883	1,673
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	623	536
Other	88	348
Less: Unincurred finance costs		
on purchases (-)	(42)	(74)
Total	**38,137**	**32,976**

As of 30 June 2014 and 31 December 2013 foreign currency denominated financial liabilities have average 1 month maturity and annually discounted with average 4% (31 December 2013: 4%) interest rate.

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

NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Sales to related parties for the six-month periods ended at 30 June 2014 and 2013 are as follows:

	1 January - 30 June 2014	**1 April - 30 June 2014**	**1 January - 30 June 2013**	**1 April - 30 June 2013**
Ak-Pa (*)	356,088	173,211	265,876	159,535
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A,Ş.	22,369	11,920	16,431	4,562
Akkim Kimya San. ve Tic. A.Ş.	21,487	11,186	21,745	12,430
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti.	10,819	5,116	12,779	6,843
Other	292	137	277	104
Total	**411,055**	**201,570**	**317,108**	**183,474**

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

Sales to the related parties consists of mainly fibers, electricity and steam energy sales. Foreign exchange income from related parties for the six-month periods ended at 30 June 2014 and 2013 are as follows:

	1 January - 30 June 2014	**1 April - 30 June 2014**	**1 January - 30 June 2013**	**1 April - 30 June 2013**
Ak-Pa	12,021	922	3,504	2,394

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

NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Product and service purchases from related parties for the six-month periods ended 30 June 2014 and 2013 are as follows:

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Akkim Kimya San. ve Tic. A.Ş.	28,991	14,056	22,228	11,609
Akkon Yapı Taah.İnş.Müş.A.Ş	10,995	4,295	2,390	1,919
Ak-Pa	5,513	2,500	4,136	1,759
Dinkal Sigorta Acenteliği A.Ş.	5,387	159	3,188	191
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş.	3,699	1,787	3,022	1,760
Akkök Holding	2,882	1,453	3,433	2,212
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	759	249	842	443
Ak-Han Bakım Yönt. Serv.Hizm. Güven. Malz. A.Ş.	514	191	321	145
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti.	25	13	215	13
Other	347	35	211	184
Total	**59,112**	**24,738**	**39,986**	**20,235**

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

NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Purchases from related parties consist of energy, chemicals, service procurement, consulting and rent expenses.

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 2014 and 2013 are as follows:

	1 January - 30 June 2014	**1 April - 30 June 2014**	**1 January - 30 June 2013**	**1 April - 30 June 2013**
Salary and other short term employee benefits	1,450	719	1,286	692
Provision for employee termination benefit	20	11	35	4
Providing benefits after working period	-	-	-	-
Other long term benefits	-	-	-	-
Share payments	-	-	-	-
Total	**1,470**	**730**	**1,321**	**696**

The benefits provided to board of directors as of 30 June 2014 and 2013 are as follows:

	1 January - 30 June 2014	**1 April - 30 June 2014**	**1 January - 30 June 2013**	**1 April - 30 June 2013**
Salary and other short term employee benefits	800	352	583	341
Provision for employee termination benefit	-	-	-	-
Providing benefits after working period	-	-	-	-
Other long term benefits	-	-	-	-
Share based payments	-	-	-	-
Total	**800**	**352**	**583**	**341**

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

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVERED 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 ski

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 financial 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 TL/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 7).

Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities in the translation of the Turkish Lira. The exchange rate risk is monitored by the analyzing the foreign currency position. The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities.

Foreign currency position presented in TL is as follows:

	30 June 2014	**31 December 2013**
Assets	458,159	393,964
Liabilities	(666,818)	(622,126)
Net balance sheet position	**(208,659)**	**(228,162)**

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

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVERED FROM FINANCIAL INSTRUMENTS (Continued)

Net foreign currency exposure for the consolidated group companies as of 30 June 2014 and 2013 are as follows:

	30 June 2014			
	TL equivalent	**USD**	**EUR**	**Other**
1. Trade Receivables	416,050	172,205	17,424	-
2a. Monetary Financial Assets (Cash and cash equivalents included)	39,925	13,531	422	9,974
2b. Non- monetary Financial Assets	-	-	-	-
3. Other	2,184	-	-	2,184
4. Current Assets (1+2+3)	**458,159**	**185,736**	**17,846**	**12,158**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	**458,159**	**185,736**	**17,846**	**12,158**
10. Trade Payables	315,038	146,538	1,340	4
11. Financial Liabilities	240,768	108,467	3,613	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-monetary Other Liabilities	1,248	-	-	1,248
13. Current Liabilities (10+11+12)	**557,054**	**255,005**	**4,953**	**1,252**
14. Trade Payables	-	-	-	-
15, Financial Liabilities	109,764	37,392	10,500	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**109,764**	**37,392**	**10,500**	-
18. Total Liabilities (13+17)	**666,818**	**292,397**	**15,453**	**1,252**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position	**19,928**	**(3,692)**	**9,602**	-
19a. Net Assets of Off Statement of Financial Position	134,529	38,692	18,109	-
19b. Net Liabilities of Off Statement of Financial Position	154,457	35,000	27,711	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(228,587)**	**(102,969)**	**(7,209)**	**10,906**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(209,595)**	**(106,661)**	**2,393**	**9,970**
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	1,286	830	(165)	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-
24. Total value of Hedged Foreign Currency Liabilities	-	-	-	-

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

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVERED FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2013			
	TL equivalent	**USD**	**EUR**	**Other**
1. Trade Receivables	276,506	107,863	15,765	-
2a. Monetary Financial Assets (Cash and cash equivalents included)	116,412	47,005	2,924	7,503
2b. Non- monetary Financial Assets	-	-	-	-
3. Other	1,046	-	-	1,046
4. Current Assets (1+2+3)	**393,964**	**154,868**	**18,689**	**8,549**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	**393,964**	**154,868**	**18,689**	**8,549**
10. Trade Payables	280,704	129,925	1,160	-
11. Financial Liabilities	215,793	98,554	-	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-monetary Other Liabilities	1,013	-	-	1,013
13. Current Liabilities (10+11+12)	**497,510**	**228,479**	**1,160**	**1,013**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	124,616	41,533	14,106	-
16 a. Monetary Other Liabilities	-	-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**124,616**	**41,533**	**14,106**	-
18. Total Liabilities (13+17)	**622,126**	**270,012**	**15,266**	**1,013**
19. Off Statement of Financial Position Derivative Items’ Net Asset/(Liability) Position	**(21,458)**	**2,634**	**(9,222)**	-
19a. Net Assets of Off Statement of Financial Position	26,966	12,634	-	-
19b. Net Liabilities of Off Statement of Financial Position	48,424	10,000	9,222	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(249,620)**	**(112,510)**	**(9,219)**	**7,536**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(228,195)**	**(115,144)**	**3,423**	**7,503**
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	(3,312)	(1,306)	(178)	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-
24. Total value of Hedged Foreign Currency Liabilities	-	-	-	-

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

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVERED FROM FINANCIAL INSTRUMENTS (Continued)

The following table demonstrates the sensitivity to possible changes in the net position, on the Group's balance sheet as of 30 June 2014 and 31 December 2013:

30 June 2014	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 10% appreciation of USD against TL		
USD net asset/ (liability)	(22,648)	22,648
Amount hedged for USD risk	-	-
Net effect	**(22,648)**	**22,648**
In case 10% appreciation of EUR against TL		
EUR net asset/ (liability)	692	(692)
Amount hedged for EUR risk	-	-
Net effect	**692**	**(692)**

31 December 2013	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 10% appreciation of USD against TL		
USD net asset/ (liability)	(24,575)	24,575
Amount hedged for USD risk	-	-
USD net effect	**(24,575)**	**24,575**
In case 10% appreciation of EUR against TL		
EUR net asset/ (liability)	1,006	(1,006)
Amount hedged for EUR risk	-	-
EUR net effect	**1,006**	**(1,006)**

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

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVERED 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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including financial liabilities, trade payables and due to related parties, as shown in the condensed consolidated interim balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the condensed consolidated interim balance sheet, plus net debt.

The ratio of net debt to equity is as follows:

	30 June 2014	**31 December 2013**
Total liabilities (*)	690,153	691,583
Less: Cash and cash equivalents	(56,389)	(233,208)
Net debt	**633,764**	**458,375**
Total shareholders' equity	1,007,283	1,047,486
Total capital	**1,641,047**	**1,505,861**
Debt/equity ratio	**39%**	**30%**

(*) Short and long term liabilities consist of related party and other financial liabilities.

NOTE 24 - EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to the Ministerial Decree numbered 2014/6588 issued in Official Gazette dated August 6, 2014 in addition to the Ministerial Decree "About Subsidies for Investments" numbered 2012/3305 issued previously in Official Gazette dated June 15, 2012, "Investments for manufacture of carbon fibre or manufacture of composite materials made of carbon fibre along with the manufacture of carbon fibre" have been included in the scope of privileged investment areas according to which regional subsidies available for 5th Region shall be applicable to such investments.

Activity area of the Company's joint venture, Dow Aksa Ileri Kompozit Malzemeler San. Ltd. Şti., includes manufacture of carbon fibre and accordingly, it shall be able to benefit from regional subsidies pursuant to the abovementioned decree.

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