AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF AND FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2012 TOGETHER WITH REVIEW REPORT OF INDEPENDENT AUDITORS

(ORIGINALLY ISSUED IN TURKISH)

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

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

Introduction

1. We have reviewed the accompanying condensed interim balance sheet Aksa Akrilik Kimya Sanayii A.Ş., its subsidiaries and joint venture (collectively referred to as the "Group") as of 30 June 2012, and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. The Company management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with the financial reporting standards accepted by the Capital Market Board. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

2. We conducted our review in accordance with the principles and standards on the review of interim financial statements as set out in "Section 34 of the Comminuque No:X-22 on the auditing standards issued by the Capital Markets Board". A review of interim financial statements consists of making inquires, 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 independent auditing standards accepted by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an independent audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with financial reporting standards accepted by the Capital Markets Board (Note 2).

Additional paragraph for convenience translation into English:

4. The Financial Reporting Standards accepted by CMB as described in Note 2 to the accompanying condensed interim financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005 and the presentation of basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position, the financial performance and the cash flows of the Company in accordance with IFRS.

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

Cansen Başaran Symes, SMMM
Partner

İstanbul, 28 August 2012

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2012

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AT 30 JUNE 2012 AND 31 DECEMBER 2011
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	30 June 2012 USD	*Reviewed* 30 June 2012 TL	*Audited* 31 December 2011 TL
ASSETS				
Current Assets		**407.070**	**735.372**	**768.174**
Cash and cash equivalents		46.039	83.169	85.106
Trade receivable				
- Other trade receivables	7	142.472	257.376	266.464
- Due from related parties	22	51.273	92.625	134.832
Other receivables	8	93	168	223
Inventories	9	111.882	202.115	191.375
Other current assets	13	55.311	99.919	90.174
Non-current Assets		**467.856**	**845.181**	**884.391**
Trade receivables	7	2.725	4.923	1.074
Financial investments	4	735	1.327	1.385
Joint ventures accounted for by the equity method	5	131.650	237.825	-
Property, plant and equipment	10	324.600	586.390	838.915
Intangible assets	11	2.623	4.739	21.406
Goodwill		3.315	5.989	5.989
Other non-current assets	13	2.208	3.988	15.622
TOTAL ASSETS		**874.926**	**1.580.553**	**1.652.565**

These condensed consolidated interim financial statements as of and for the period ended 30 June 2012 have been approved for issue by the Board of Directors (2012/131 decision number, dated on 28 August 2012).

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AT 30 JUNE 2012 AND 31 DECEMBER 2011
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	30 June 2012 USD	*Reviewed* 30 June 2012 TL	*Audited* 31 December 2011 TL
LIABILITIES				
Current Liabilities		**259.315**	**468.453**	**432.974**
Financial liabilities	6	75.763	136.865	172.986
Trade payables				
- Other trade payables	7	145.978	263.709	226.135
- Due to related parties	22	10.163	18.360	26.628
Other payables	8	1.855	3.351	2.072
Taxes on income	20	24.303	43.903	369
Provisions	12	1.063	1.921	3.276
Other current liabilities	13	190	344	1.508
Non-current Liabilities		**105.502**	**190.590**	**368.644**
Financial liabilities	6	92.358	166.844	320.245
Derivative financial instruments	14	446	806	4.175
Provision for employment termination benefits		7.595	13.721	14.220
Deferred income tax liabilities	20	4.709	8.507	17.182
Other non-current liabilities	13	394	712	12.822
Total Liabilities		**364.818**	**659.043**	**801.618**
EQUITY		**510.108**	**921.510**	**850.947**
Attributable to Equity Holders of the Parent		**504.000**	**910.476**	**841.429**
Share capital	15	102.408	185.000	185.000
Adjustment to share capital	15	108.040	195.175	195.175
Share premium		24	44	44
Restricted reserves		33.317	60.187	52.542
Currency translation differences		342	618	1.185
Hedge funds		(344)	(622)	(3.340)
Retained earnings		197.241	356.315	313.774
Net income for the period		62.972	113.759	97.049
Non-controlling Interests		**6.108**	**11.034**	**9.518**
TOTAL LIABILITIES AND EQUITY		**874.926**	**1.580.553**	**1.652.565**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2012 AND 2011

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

	Notes	1 January - 30 June 2012 USD	*Reviewed* 1 January - 30 June 2012 TL	*Not reviewed* 1 April - 30 June 2012 TL	*Audited* 1 January - 30 June 2011 TL	*Not audited* 1 April - 30 June 2011 TL
Sales		463.493	837.300	426.382	821.275	436.792
Cost of sales (-)	16	(397.263)	(717.655)	(364.361)	(699.076)	(378.285)
Gross profit		**66.230**	**119.645**	**62.021**	**122.199**	**58.507**
Marketing, selling and distribution expenses (-)	16	(9.422)	(17.021)	(7.996)	(14.974)	(7.242)
General administrative expenses (-)	16	(15.680)	(28.326)	(15.758)	(24.722)	(12.555)
Research and development expenses (-)	16	(469)	(848)	(496)	(778)	(503)
Other operating income	17	50.704	91.597	90.528	6.628	4.222
Other operating expenses (-)	17	(160)	(289)	(76)	(3.112)	(2.081)
Operating profit		**91.203**	**164.758**	**128.223**	**85.241**	**40.348**
Financial income	18	38.188	68.987	14.745	69.179	23.406
Financial expenses (-)	19	(37.650)	(68.015)	(22.107)	(65.867)	(28.835)
Profit before tax		**91.741**	**165.730**	**120.861**	**88.553**	**34.919**
Taxation expense on income:						
- Income tax expense	20	(29.171)	(52.697)	(43.826)	(16.640)	(6.692)
- Deferred tax income/(charge)	20	1.241	2.242	(20)	(171)	255
Net income for the period		**63.811**	**115.275**	**77.015**	**71.742**	**28.482**
Other comprehensive income/(expense):						
Changes in fair value of derivative financial instruments		452	817	424	341	33
Currency translation differences		(3.879)	(7.007)	4.175	655	-
Fair value changes of derivative financial instruments and currency translation differences associated with profit loss statement due to subsidiary share sales		4.617	8.341	8.341	-	-
Total comprehensive income		**65.002**	**117.426**	**89.955**	**72.738**	**28.515**
Net income for the period attributable to:						
Equity holders of the parent		62.972	113.759	76.257	70.545	28.008
Non-controlling interests		839	1.516	758	1.197	474
		63.811	**115.275**	**77.015**	**71.742**	**28.482**
Total comprehensive income attributable to:						
Equity holders of the parent		64.163	115.910	89.197	71.541	28.736
Non-controlling interests		839	1.516	758	1.197	474
		65.002	**117.426**	**89.955**	**72.738**	**29.210**
Earnings per share for equity holders of the parent (TL)	21	0,34	0,61	0,41	0,38	0,15

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2012 AND 2011

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

	Attributable to equity holders of the parent										
	Share Capital	**Adjustments to share Capital**	**Share Premium**	**Restricted Reserves**	**Current translation differences**	**Hedge Reserve**	**Retained Earnings**	**Net income for the period**	**Total**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2011	**185.000**	**195.175**	**44**	**48.523**	**-**	**(4.000)**	**276.528**	**56.718**	**757.988**	**17.777**	**775.765**
Transfers	-	-	-	4.019	-	-	52.699	(56.718)	-	-	-
Changes in the scope of consolidation	-	-	-	-	-	-	2.025	-	2.025	(9.283)	(7.258)
Dividends paid	-	-	-	-	-	-	(17.478)	-	(17.478)	(1.394)	(18.872)
Total comprehensive income	-	-	-	-	655	341	-	70.545	71.541	1.197	72.738
Balances at 30 June 2011	**185.000**	**195.175**	**44**	**52.542**	**655**	**(3.659)**	**313.774**	**70.545**	**814.076**	**8.297**	**822.373**

	Attributable to equity holders of the parent										
	Share Capital	**Adjustments to share Capital**	**Share Premium**	**Restricted Reserves**	**Currency translation differences**	**Hedge Reserve**	**Retained Earnings**	**Net income for the period**	**Total**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2012	**185.000**	**195.175**	**44**	**52.542**	**1.185**	**(3.340)**	**313.774**	**97.049**	**841.429**	**9.518**	**850.947**
Transfers	-	-	-	7.645	-	-	89.404	(97.049)	-	-	-
Dividends paid	-	-	-	-	-	-	(46.863)	-	(46.863)	-	(46.863)
Total comprehensive income	-	-	-	-	(567)	2.718	-	113.759	115.910	1.516	117.426
Balances at 30 June 2012	**185.000**	**195.175**	**44**	**60.187**	**618**	**(622)**	**356.315**	**113.759**	**910.476**	**11.034**	**921.510**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2012 AND 2011

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

	Notes	1 January - 30 June 2012 USD	1 January - 30 June 2012 TL	1 January - 30 June 2011 TL
Profit before taxation		**91.741**	**165.730**	**88.553**
Adjustments to reconcile income before tax to net cash generated from operating activities:				
Depreciation and amortisation	16	15.940	28.796	22.141
Provision for employment termination benefits		1.441	2.604	1.834
Interest income	18	(7.120)	(12.863)	(10.928)
Interest expense	19	4.525	8.174	7.829
Income from government grants		(313)	(565)	(521)
Reversal of impairment on inventory		(565)	(1.020)	(1.255)
Unrealized exchange differences		(5.024)	(9.075)	9.957
Subsidiary share sales income	17	(48.807)	(88.169)	-
Currency translation differences		(3.920)	(7.082)	(112)
Other		(885)	(1.598)	958
Cash flows before changes in operating assets and liabilities		**47.015**	**84.932**	**118.456**
Changes in operating assets and liabilities:				
Taxes paid		333	602	584
Changes in restricted cash		(123)	(222)	(39)
Changes in trade receivables		21.272	38.428	(2.228)
Changes in other receivables		30	55	(49)
Changes in inventories		(20.901)	(37.757)	(102.944)
Changes in other receivables		(13.456)	(24.308)	(55.113)
Changes in trade payables		24.998	45.158	176.713
Changes in other payables		1.552	2.803	63
Changes in other liabilities		4.618	8.342	4.761
Employment termination benefits paid		(807)	(1.458)	(975)
Net cash generated from operating activities		**64.531**	**116.575**	**139.229**
Investing activities:				
Purchase of property, plant and equipment		(45.799)	(82.736)	(99.506)
Proceeds from sale of property, plant and equipment		899	1.624	275
Interest received		7.112	12.847	9.507
Proceeds from subsidiary share sales		12.541	22.656	-
Net cash used in investing activities		**(25.247)**	**(45.609)**	**(89.724)**
Financing activities:				
Bank loans received		-	-	48.906
Bank loans paid		-	-	(24.453)
Changes in revolving loans, net		(9.544)	(17.241)	(5.096)
Dividends paid to equity holders of the parent		(25.941)	(46.863)	(17.478)
Dividends paid to non-controlling interests		-	-	(1.394)
Changes in non-controlling interests		-	-	(9.283)
Interest paid		(4.965)	(8.970)	(9.847)
Net cash used in financing activities		**(40.451)**	**(73.074)**	**(18.645)**
Net (decrease) /increase in cash and cash equivalents		**(1.167)**	**(2.108)**	**30.860**
Cash and cash equivalents at 1 January		**46.328**	**83.691**	**64.017**
Cash and cash equivalents at 30 June		**45.161**	**81.583**	**94.877**

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

(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 9 October 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 Istanbul Stock Exchange (“ISE”) since 1986. As of 30 June 2012, the principle shareholders and their respective shareholding rates in the Company are as follows (Note 15):

	%
Akkök Sanayi Yatırım ve Geliştirme A.Ş. “Akkök”	39,59
Emniyet Ticaret ve Sanayi A.Ş.	18,72
Other (*)	41,69
Total	**100,00**

(*) As of 30 June 2012, %37,19 of the Group’s shares is traded on ISE.

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

Miralay Şefik Bey Sokak
No: 15 Akhan
Gümüşsuyu 34437 İstanbul

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

- Fibers
- Energy
- Other

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

Subsidiaries	**Country**	**Nature of business**	**Segment**
Ak-Tops Tekstil Sanayi A.Ş. (“Ak-Tops”)	Turkey	Textile	Other
Fitco BV (“Fitco”)	Holland	Investment	Other
Aksa Egypt Acrylic Fiber Industry SAE (“Aksa Egypt”)	Egypt	Textile	Fiber

(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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 2.1.1 Financial Reporting Standards Applied

The condensed consolidated interim financial statements of Aksa have been prepared in accordance with the accounting and reporting principles accepted by the Capital Markets Board ("CMB"), namely "CMB Financial Reporting Standards CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") accepted by the TASB which are in line with the aforementioned standards shall be considered.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards, the application of inflation accounting is no longer required Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting periods starting 1 January 2005.

In accordance with the serial No: XI-29 Communiqué by CMB, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with IAS 34, "Interim Financial Reporting". In this respect, the Group has preferred to prepare condensed consolidated interim financial statements for the interim period ended 30 June 2012 and prepared the condensed consolidated interim financial statements in compliance with CMB Financial Reporting Standards.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these condensed consolidated interim financial statements, the condensed interim consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The condensed consolidated interim financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the compulsory disclosures.

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

Aksa and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements 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. These condensed consolidated interim financial statements 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 statements are prepared in Turkish Lira ("TL") based on the historical cost convention except for the financial assets and liabilities which are expressed with their fair values.

Amendments in International Financial Reporting Standards

Company 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 2012.

a) Standards, amendments and IFRICs newly applicable for companies with 30 June 2012 year ends are set out below:

- IAS 24 (revised) (amendment), "Related party disclosures", is effective for annual periods beginning on or after 1 January 2011. The revised standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party. Earlier adoption is permitted either for the entire standard or for the reduced disclosures for government-related entities.
- IFRIC 14 (amendment), "IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction", is effective for annual periods beginning on or after 1 January 2011. The amendment removes unintended consequences arising from the treatment of pre-payments where there is a minimum funding requirement. The amendment also results in pre-payments of contributions in certain circumstances being recognised as an asset rather than an expense. It will apply from the beginning of the earliest comparative period presented. Earlier adoption is permitted.
- Annual Improvements to IFRSs 2010 (effective 1 January 2011) amendments effect six standards and one IFRIC: IFRS 1, IFRS 3, IFRS 7, IAS 27, IAS 34, IAS 1 and IFRIC 13.
- IFRS 7 (amendment), "Financial instruments: Disclosures on transfers of assets", is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Comparative information is not needed in the first year of adoption. Earlier adoption is permitted
- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2011. These amendments include two changes to IFRS 1. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. Earlier adoption is permitted.

These standards and interpretations have no significant impact on the Groups' financial statements.

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

b) New IFRS standards, amendments and IFRICs that are not effective yet:

- IAS 12 (amendment), "Income taxes" on deferred tax, is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.
- IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Early adoption is permitted.
- IAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Early adoption is permitted.
- IFRS 9, "Financial instruments: Classification and Measurement", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.
- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after
  1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.
- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- IFRIC 20, Stripping costs in the production phase of a surface mine

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

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

- IFRS 7 (amendment), "'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.
- 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. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- IFRS 1 (amendment), "'First time adoption', on government loans", is effective for annual periods beginning on or after 1 January 2013. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.
- Annual Improvements to IFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments affect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

According to Group management, the above standards and interpretations have no significant impact on the consolidated financial statements in the future.

2.1.2 Basis of Consolidation

a) The condensed consolidated interim financial statements include the accounts of the parent company, Aksa, and its subsidiaries on the basis set out in sections (b) to (c) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with 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 2012 and 31 December 2011:

	Direct and indirect ownership interest Aksa and its subsidiaries (%)	
Subsidiary	**30 June 2012**	**31 December 2011**
Ak-Tops (1)	60,00	60,00
Fitco (1)	100,00	100,00
Aksa Egypt (1)	99,14	99,14
Akgirişim (2)	-	58,00
DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti. (3)	-	-

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

(1) The financial statements of subsidiaries are consolidated on a line-by-line basis.

(2) The sales has occurred on 20 April 2012.Although the Group has the power to exercise more than 50% of the voting rights, this subsidiary is excluded from the scope of consolidation on the grounds of materiality. This subsidiary has been classified and accounted for as financial assets in the consolidated financial statements with a carrying value of their initial acquisition costs less impairment, if any.

(3) Established with partial spin off on 2 January 2012 (previously title was Aksa Karbon Elyaf Sanayi A.Ş.), and has been transferred to DowAksa as capital in kind on 29 June 2012, all financial results have been included in the scope of consolidation by this date.

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

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

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

c) Joint ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the 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 IAS 31 "Interest in joint ventures" alternative method (Note 5).

Eliminations that are not subjected to consolidation, are presented in balances and transactions with related parties note (Note 22).

The financial statements of the joint ventures, financial statements as of and considering the uniform accounting principles and practices adopted in the preparation of the latest annual financial statements are prepared using accounting policies and methods of computation.

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

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

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 2012**	**31 December 2011**
DowAksa Holdings	50,00	-

(d) Investment in Associates

Groups share of the net asstes of the associate considered as its fair value and accounted accordingly.

	Direct and indirect ownership interest by Aksa and it's subsidiaries (%)	
Associates	**30 June 2012**	**31 December 2011**
Ak-Pa	13,47	13,47

2.2 Changes in Accounting Policies, Accounting Estimates and Errors

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

2.3 Summary of Significant Accounting Policies

The condensed consolidated interim financial statements for the period ended 30 June 2012 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of these condensed consolidated interim financial statements for the period ended 30 June 2012 are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2011 except for the following:

Provision for taxation on income at interim periods is calculated by considering the effective tax rate on the annual results. Expenses that are incurred unevenly during the financial year are anticipated or deferred for interim reporting purposes if it is also appropriate to anticipate or defer that type of expenses as at the end of the financial year.

The condensed consolidated interim financial statements for the period ended 1 January- 30 June 2012 should be evaluated together with the fiscal year 31 December 2011 for balance sheet, and 1 January - 30 June 2011 with the interim period for income statements, statements of cash flow and statements of changes in equity.

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

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

2.4 Critical Accounting Judgments, Estimates and Assumptions

The preparation of condensed consolidated interim financial statements necessitates 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 Group management's best information regarding the current events and transactions, actual results may differ from those estimates and assumptions. Assumptions are re-evaluated on a regular basis; necessary adjustments are reflected accordingly and accounted for in the statement of income as they are incurred. Critical accounting estimates and assumptions in the interim condensed consolidated financial statements as of 30 June 2012 have been applied on a consistent basis with the critical accounting estimates and assumptions in the consolidated financial statements as of 31 December 2011.

2.5 Convenience Translation into English of Consolidated Financial Statements

As of 31 December 2011, the financial reporting standards described in Note 2.1 (defined as "CMB" Financial Reporting Standards) to the consolidated financial statements differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the periods betrween 1 January and 31 December 2005.Accordingly, these consolidated financial statements are not intended to present the financial position and the results of operations in accordance with IFRS

USD amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the CMB as at 30 June 2012.

NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

	1 January – 30 June 2012			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	807.453	38.550	22.777	868.780
Inter-segment revenue	-	(10.377)	(21.103)	(31.480)
External revenues	**807.453**	**28.173**	**1.674**	**837.300**
Adjusted EBITDA	**123.233**	**2.336**	**(964)**	**124.605**
Unallocated corporate expenses (*)				(22.359)
Amortization and depreciation	(18.359)	(8.494)	(1.943)	(28.796)
Other operating income, net (Note 17)				91.308
Financial income (Note 18-19)				972
Profit before tax				**165.730**

(*) As of 1 January- 30 June 2012, unallocated corporate expenses consists of general administrative expenses amounting to TL 21.801, research and development expenses amounting to TL 558.

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

NOTE 3 - SEGMENT REPORTING (Continued)

	1 April – 30 June 2012			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	408.397	22.509	11.630	442.536
Inter-segment revenue	-	(5.352)	(10.802)	(16.154)
External revenues	**408.397**	**17.157**	**828**	**426.382**
Adjusted EBITDA	**66.194**	**543**	**(184)**	**66.553**
Unallocated corporate expenses (*)				(13.017)
Amortization and depreciation	(10.484)	(4.342)	(939)	(15.765)
Other operating income, net (Note 17)				90.452
Financial expenses, net (Note 18-19)				(7.362)
Profit before tax				**120.861**

(*) As of 1 April - 30 June 2012, unallocated corporate expenses consists of general administrative expenses amounting to TL 12.811, research and development expenses amounting to TL 206.

	30 June 2012			
	Fibers	**Energy**	**Other**	**Total**
Total segment assets	791.731	321.068	40.728	1.153.527
Investment in a joint ventures	237.825	-	-	237.825
Inter-segment adjustments and classifications	-	(794)	(7.935)	(8.729)
Unallocated corporate assets				197.930
Total assets	**1.029.556**	**320.274**	**32.793**	**1.580.553**

	1 January - 30 June 2011			
	Fibers	**Energy**	**Other**	**Total**
Total segment assets	801.720	23.441	18.549	843.710
Inter-segment revenue	-	(3.940)	(18.495)	(22.435)
External revenues	**801.720**	**19.501**	**54**	**821.275**
Adjusted EBITDA	**119.182**	**6.909**	**(1.578)**	**124.513**
Unallocated corporate expenses (*)				(20.647)
Amortization and depreciation	(18.212)	(2.004)	(1.925)	(22.141)
Other operating income, net (Note 17)				3.516
Financial income net (Note 18-19)				3.312
Profit before tax				**88.553**

(*) As of 1 January - 30 June 2012, unallocated corporate expenses consists of general administrative expenses amounting to TL 20.177, research and development expenses amounting to TL 470.

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

NOTE 3 - SEGMENT REPORTING (Continued)

	1 April – 30 June 2011			
	Fibers	**Energy**	**Other**	**Total**
Total segment assets	428.854	10.211	8.837	447.902
Inter-segment revenue	-	(1.959)	(9.151)	(11.110)
External revenues	**428.854**	**8.252**	**(314)**	**436.792**
Adjusted EBITDA	**56.378**	**3.258**	**(785)**	**58.851**
Unallocated corporate expenses (*)				(10.070)
Amortization and depreciation	(8.422)	(1.133)	(1.019)	(10.574)
Other operating income, net (Note 17)				2.141
Financial expenses, net (Note 18-19)				(5.429)
Profit before tax				**34.919**

(*) As of 1 April - 30 June 2011, unallocated corporate expenses consists of general administrative expenses amounting to TL 9.875, research and development expenses amounting to TL 195.

	31 December 2011			
	Fibers	**Energy**	**Other**	**Total**
Total segment assets	1.100.686	330.687	34.458	1.465.831
Inter-segment adjustments and classifications	-	(348)	(6.276)	(6.624)
Unallocated corporate assets				193.358
Total assets	**1.100.686**	**330.339**	**28.182**	**1.652.565**

Segment Assets

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

	30 June 2012	**31 December 2011**
Reportable segment assets	**1.382.623**	**1.459.207**
Cash and cash equivalents	83.169	85.106
Other receivables	139	185
Other assets	88.881	86.638
Financial investments	1.327	1.385
Tangible and intangible assets	18.425	14.055
Goodwill	5.989	5.989
Total Assets	**1.580.553**	**1.652.565**

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

NOTE 4 - FINANCIAL INVESTMENTS

	30 June 2012	31 December 2011
Unquoted financial assets:		
Ak-Pa	1.327	1.327
Akgirişim (*)	-	58
Total	**1.327**	**1.385**

(*) Akgirişim, the subsidiary is not included in the scope of consolidation on the grounds of materiality due to the insignificance of their impact on the consolidated net assets, financial position and results of the Group. 58% shares of this Company is transferred to Ariş Sanayi ve Ticaret A.Ş. a group Company of Akkök, to a price of TL40 as of 20 April 2012 regarding to valuation report dated 26 March 2012.

NOTE 5 -INVESTMENT IN JOINT VENTURES

Joint Ventures

	30 June 2012	31 December 2011
DowAksa Holdings	237.825	-

In accordance with the article 20 and subparagraph (b) of paragraph 3 of article 19 of Corporate Tax Law no. 5520, article 19.2.2 of General Communiqué on Corporate Tax by Ministry of Finance dd. 3 April 2007 (Serial No: 1), Communiqué on the Regulation of Principles and Procedures of Partial Diverse Operations for Joint Stock and Limited Companies by Ministry of Finance and Ministry of Industry and Trade dd. 16.09.2003 and no. 25231 as published in Official Gazette, and the resolution of Capital Market Board dd. 25 November 2011 and no. 39/1065 and that the same was acknowledged by the shareholders in extraordinary general assembly held on 28 December 2011,It is hereby declared that it is appropriate for Aksa Akrilik Kimya Sanayii Anonim Şirketi to demerge into a new joint stock company to be established by means of partial diverse through transfer of the carrying amounts of all assets and liabilities of the carbon fiber and Aksa Karbon Elyaf Sanayi A.Ş. is established as of 2 January 2012

Before the establishment of 50%-50% international joint venture operations, Group acquired Celtic Pharma Holdings II B.V with the nominal value of Euro 18.000 capital as of 1 June 2012 and the title of the Company is amended as Aksa Netherlands Holding B.V. ("Aksa Netherlands").

As of 15 June 2012, Group has transferred 99,99% of Aksa Karbon Elyaf Sanayi A.Ş. shares, a subsidiary of the Group, to Aksa Netherlands as capital in kind with a nominal value of USD 185.000.000.

In the scope of establishment of 50%-50% international joint venture operations with Dow Europe Holdings B.V., Group sold 8,108% of Aksa Netherland shares to Dow Europe Holdings B.V. with a value of USD 15.000.000, following this operation, by capital and emission premium contribution of Dow Europe Holdings B.V., on Aksa Netherlands Holding B.V. amounting to USD 170.000.000 Dow Europe Holdings B.V. , 50% partnership is ensured and the title of the Company is amended as DowAksa Advanced Composites Holdings B.V.("DowAksa Holdings") at the same time.

According to IAS Interpretation 13 Jointly controlled entities - Non-participation of entrepreneurs common shares, this transaction is defined as a loss of control over subsidiaries, and TL 88,169 of gain from the 8.108% share sale and Dow Europe Holding B.V.'s capital increase and emission premium contribution is recognised as "other operating income" (Note 17). In addition, income and expense occurred by the date of the loss of control over a subsidiary, is accounted in consolidated income statement.

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

NOTE 5 - INVESTMENT IN JOINT VENTURES (Continued)

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

	30 June 2012
Current assets	362.642
Non-current assets	317.254
Total Assets	**679.896**
Short term liabilities	49.883
Long term liabilities	154.364
Equity	**475.649**
Shareholders' Equity For 50% Share of the Group	**237.825**

Since DowAksa Holdings became a joint venture as of 29 June 2012, transactions in the condensed statement of income between that day and 30 June 2012, is not presented separately based on the grounds of materiality.

Book value of the assets and liabilities related with the disposal of the subsidiary and the gain on sale as follows;

	29 June 2012
Cash and cash equivalents	4.574
Trade receivables	9.067
Inventories	31.923
Property, plant and equipments (Note 10)	290.731
Intangible asset (Note 11)	14.930
Other current and noncurrent assets	9.923
Trade payables	(20.488)
Other payables and liabilities	(1.526)
Short and long term financial liabilities	(162.413)
Derivative financial instruments	(2.182)
Provision for employment termination benefits	(1.570)
Deferred tax liabilities (Note 20)	(4.425)
Net book value of assets (A)	**168.544**
Share provided from the capital increase and emission premiums (50% of 170 million USD)	153.553
Cash proceeds from the sale of 8,108% share (15 million USD)	27.229
Less: Net book value of assets to the sale of 50% shares (A/2)	(84.272)
Subsidiary share sales income before hedge funds and currency differences associated with equity (B)	96.510
Hedge funds	*(1.901)*
Currency translation differences	*(6.440)*
Total(C)	(8.341)
Subsidiary share sales income (B+C)	**88.169**

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

NOTE 6 - FINANCIAL LIABILITIES

Group’s financial liabilities are as follows::

	30 June 2012	31 December 2011
Short term bank borrowings	90.510	114.227
Short term factoring liabilities	7.583	-
Current portion of long-term bank borrowings and interests	38.772	58.759
Short term financial liabilities	**136.865**	**172.986**
Long term factoring liabilities	4.630	-
Long term bank borrowings	162.214	320.245
Long term financial liabilities	**166.844**	**320.245**
Total financial liabilities	**303.709**	**493.231**

	30 June 2012		31 December 2011	
	Yearly weighted average interest rate %	TL	Yearly weighted average interest rate %	TL
Short term bank borrowings:				
USD borrowings	3,19	90.505	1,78	114.185
TL borrowings	-	5	-	42
		90.510		114.227
Factoring liabilities	5,96	7.583	-	-
Current portion of long term bank borrowings				
USD bank borrowings	3,05	38.772	3,54	58.759
Total short term financial liabilities		**136.865**		**172.986**
Long term bank borrowings:				
Factoring liabilities	5,96	4.630	-	-
USD bank borrowings	3,05	162.214	3,54	320.245
Total long term financial liabilities		**166.844**		**320.245**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of financial liabilities is as follows

	30 June 2012	31 December 2011
Less than 3 months	63.267	2.670
Between 3-12 months	73.598	170.316
Between 1-2 years	58.778	56.618
Between 2-3 years	25.546	72.291
Between 3-4 years	7.481	26.957
The payment with in 4 year and over	75.039	164.379
Total	**303.709**	**493.231**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables and payables are as follows:

Short term trade receivables:

	30 June 2012	31 December 2011
Trade receivables	161.668	149.555
Notes receivable and cheques	138.061	159.470
Less: Provision for doubtful receivables	(40.248)	(40.236)
Less: Unearned finance income on term based sales	(2.105)	(2.231)
Less: Provision for sales discount premium	-	(94)
Total short term trade receivables, net	**257.376**	**266.464**

Trade receivables as of 30 June 2012 and 31 December 2011 have an average maturity of 3 months and they are discounted with an average annual interest rate of 8%.

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.

Long term trade receivables:

	30 June 2012	31 December 2011
Notes receivable and cheques	5.006	1.090
Less: Unearned finance income on term based sales	(83)	(16)
Total long term trade receivables, net	**4.923**	**1.074**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES(Continued)

Short term trade payables:

	30 June 2012	31 December 2011
Suppliers	264.596	228.040
Less: Unincurred finance costs on purchases (-)	(887)	(1.905)
Total	**263.709**	**226.135**

Trade payables as of 30 June 2012 have an average maturity of 45 days (31 December 2011:75 days) and they are discounted with an average annual interest rate of 3% (31 December 2011: 4%).

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

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

Short term other receivables:

	30 June 2012	31 December 2011
Deposits and guarantees given	168	223

Short term other payables:

	30 June 2012	31 December 2011
Taxes and funds payable	3.260	1.931
Other	91	141
Total	**3.351**	**2.072**

NOTE 9 - INVENTORIES

	30 June 2012	31 December 2011
Raw materials	118.588	124.882
Semi-finished goods	15.760	20.272
Finished goods	53.891	35.005
Other stocks and spare parts	14.099	12.459
Less: Provision for impairment in inventories	(223)	(1.243)
Total	**202.115**	**191.375**

The inventory impairment provision is related with the finished goods.

Group has included the movements in the provision for impairment to cost of goods sold between 30 June 2012 and 31 December 2011.

(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 2012 and 2011 is as follows;

	2012	**2011**
Net book value at 1 January	**838.915**	**658.942**
Additions	81.501	98.780
Current period depreciation	(30.841)	(23.446)
Changes in the scope of consolidation	-	807
Currency translation differences	(10.870)	(2)
Subsidiary share sales (Note 5)	(290.731)	-
Disposals	(1.584)	(250)
Net book value at 30 June	**586.390**	**734.831**

NOTE 11 - INTANGIBLE ASSETS

The movement of intangible assets dated 30 June 2012 and 2011 is as follows:

	2012	**2011**
Net book value at 1 January	**21.406**	**5.175**
Additions	1.235	726
Current period depreciation	(2.262)	(801)
Currency translation differences	(710)	7
Subsidiary share sales (Note 5)	(14.930)	-
Changes in the scope of consolidation	-	97
Net book value at 30 June	**4.739**	**5.204**

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

NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	30 June 2012	31 December 2011
Provision for unused vacation	1.378	1.061
Provision for lawsuits	538	538
Provision for other payables and expenses	5	1.677
Total	**1.921**	**3.276**

Contingent assets and liabilities:

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

	30 June 2012	31 December 2011
Collaterals given	310.775	249.213
Letter of credit commitments	176.300	149.914
Total	**487.075**	**399.127**

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

	30 June 2012	31 December 2011
Credit insurance	179.521	139.522
Pledges received	73.287	47.730
Guarantee notes and cheques received	72.253	95.007
Limits of Eximbank	69.045	78.444
Confirmed/unconfirmed letter of credits	30.831	42.190
Limits of Direct Debit System ("DDS")	29.249	29.464
Guarantee letters received	11.363	7.913
Total	**465.549**	**440.270**

As of 30 June 2012, guarantees received above amounting to TL 244.062 (31 December 2011: TL 195.471) is related with "Other Trade Receivables" and TL 73.928 (31 December 2011: TL 82.660) is related with "Due From Related Parties" .

(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 2012	31 December 2011
A.	CPM given on behalf of the Company's legal personality	325.106	397.151
	- Turkish Lira	*44.528*	*112.655*
	- USD	*278.309*	*275.643*
	- Euro	*1.865*	*3.519*
	- Other	*404*	*5.334*
B.	CPM given on behalf of fully consolidated subsidiaries	-	-
C.	CPM given for continuation of its economic activities on behalf of third parties	1.404	1.976
	- USD	*1.404*	*1.976*
D.	Total amount of other CPM given		-
	i) Total amount of CPM given on behalf of the majority shareholder		-
	ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	160.565	-
	- Turkish Lira	*142*	-
	- USD (*)	*158.124*	-
	- Euro	*287*	-
	- Other	*2.012*	-
	iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-
Total		**487.075**	**399.127**

(*) Amounting to TL 153.522 of bail is given on behalf of DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti, a subsidiary of Group's joint venture DowAksa Advanced Composites Holdings B.V, to the banks for the usage of 85 millions of credits.

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

NOTE 13 - OTHER ASSETS AND LIABILITIES

Other current assets:

	30 June 2012	31 December 2011
VAT receivables (*)	77.691	61.307
VAT to be transferred	11.858	17.168
Prepaid expenses	3.966	1.855
Job advances	3.722	1.598
Purchase advances given	2.303	2.024
Personnel advances	237	700
Prepaid taxes and funds	142	5.522
Total	**99.919**	**90.174**

(*) Company has deducted TL 43.247 of VAT receivables from corporate tax amount as declared in the second half pre-paid corporate tax declaration on 14 August 2012.

Other non current assets:

	30 June 2012	31 December 2011
Advances given for purchase of property, plant and equipment	3.832	15.527
Other	156	95
Total	**3.988**	**15.622**

Other current liabilities:

	30 June 2012	31 December 2011
Expense accrual	246	509
Advances received	71	21
Deferred income (*)	27	978
	344	**1.508**

Other non current liabilities:

	30 June 2012	31 December 2011
Deferred income (*)	669	12.771
Other	43	51
Total	**712**	**12.822**

(*) Government grants are received as a reimbursement of the investments conducted in the context of Research and Development projects. Such grants are accounted for under current and non-current liabilities as deferred revenue and they are recognized in the consolidated income statement on a systematic basis over the estimated useful life of the related assets.

Incentives, grants and benefits which have been obtained from TÜBİTAK and Undersecretaries of the Prime Ministry for Foreign Trade regarding to R&D projects and which have been received in cash, are amortised with useful lives.

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

NOTE 14 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised 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 2012		31 December 2011	
	Asset	**Liabilities**	**Asset**	**Liabilities**
Held for hedging	-	778	-	4.175
Held for trading	-	28	-	-
Total	**-**	**806**	**-**	**4.175**

Derivative instruments held for hedging:

	30 June 2012		31 December2011	
	Contract Amount (USD*1000)	**Fair value Liability TL**	**Contract Amount (USD*1000)**	**Fair value Liability TL**
Interest rate swap	32.593	778	90.747	4.175

On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognised 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 recognised 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 realised, accumulated gains or losses are recognised as income or loss in the consolidated financial statements.

At 30 June 2012, the fixed interest rates vary from 2.5% to 4.2% (31 December 2011: 2.5% to 4.2%), and the main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 March 2012 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 6).

(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 2012, Group has foreign exchange sales and purchase option contacts. Such option transactions are recognised as derivative instruments held for trading in the consolidated financial statements due to not holding the necessary conditions in terms of risk accounting and changes in the fair value of these derivatives are recognised in the income statement.

	30 June 2012		**31 December 2011**	
	Contract amount EUR	**Fair value Liability TL**	**Contract amount EUR**	**Fair value Liability TL**
Foreign exchange sales and purchase transactions	14.601	28	-	-

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, authorised and issued capital of Aksa as of 30 June 2012 and 31 December 2011 is presented below:

	30 June 2012	**31 December 2011**
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 2012**	**Share %**	**31 December 2011**
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	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 2011: 18.500.000.000) shares issued on bearer with a nominal value of Kr1 (31 December 2011: Kr1) each.

(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 2012 and 2011 are as follows:

	1 January - 30 June 2012	**1 April - 30 June 2012**	**1 January - 30 June 2011**	**1 April - 30 June 2011**
Raw materials and goods	641.169	324.119	637.342	346.674
Employee benefits	37.230	18.765	31.925	17.052
Depreciation and amortisation	28.796	15.765	22.141	10.574
Repair, maintenance and cleaning expenses	9.268	4.962	8.122	4.463
Commission expense	8.145	3.794	7.012	3.165
Consultancy expenses	6.657	4.269	4.656	2.496
Export expenses	4.939	2.417	4.683	2.414
Information technologies expense	2.639	1.385	3.982	1.828
Miscellaneous expenses	2.324	2.148	1.796	655
Travel expenses	2.111	1.064	1.874	802
Other	20.572	9.923	16.017	8.462
Total	**763.850**	**388.611**	**739.550**	**398.585**

NOTE 17 - OTHER OPERATING INCOME / (EXPENSE)

Other operating income for the six months period ended at 30 June 2012 and 2011 are TL 91.597 and TL 6.628 respectively, and for the last three months ended period are TL 90.528 and TL 4.222 respectively. For the six and last three months ended periods at 30 June 2012, other income balance is mainly comprised of "subsidiary share sales income" amounting to TL 88.169.

Other operating expense for the six months period ended at 30 June 2012 and 2011 are TL 289 and TL 3.112 respectively, and for the last three months ended period are TL 76 and TL 2.081 respectively. For the six and last three months ended periods at 30 June 2011, other expense balance is mainly comprised of "donation expenses" amounting to TL 2.962.

NOTE 18 - FINANCIAL INCOME

Financial income for the six-month periods ended at 30 June 2012 and 2011 is as follows:

	1 January - 30 June 2012	**1 April - 30 June 2012**	**1 January - 30 June 2011**	**1 April - 30 June 2011**
Foreign exchange gains	56.124	8.789	58.251	19.318
Interest income from term based sales	8.903	4.010	8.142	2.966
Interest income	3.960	1.946	2.786	1.122
Total	**68.987**	**14.745**	**69.179**	**23.406**

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

NOTE 19 - FINANCIAL EXPENSES

Financial expenses for the six-month periods ended at 30 June 2012 and 2011 are as follows:

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Foreign exchange expense	59.841	17.828	58.038	24.976
Borrowing costs	4.093	2.203	3.091	1.412
Due date charges on term purchases	4.081	2.076	4.738	2.447
Total	**68.015**	**22.107**	**65.867**	**28.835**

NOTE 20 - TAXATION

Tax expenses for the six-month periods ended at 30 June 2012 and 2011 are as follows:

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Current tax expense	(52.697)	(43.826)	(16.640)	(6.692)
Deferred tax income, net	2.242	(20)	(171)	255
Total tax expense	**(50.455)**	**(43.846)**	**(16.811)**	**(6.437)**

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 2012 and 31 December 2011 are as follows:

	Temporary Taxable Differences		Deferred Income Tax Asset/Liability	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Property, plant and equipment and intangible assets	(60.339)	(110.410)	(12.068)	(22.082)
Trade payables	(963)	(1.880)	(193)	(376)
Deferred income tax liabilities			**(12.261)**	**(22.458)**
Employee benefits	13.721	14.220	2.744	2.844
Trade receivables	2.148	2.312	430	462
Other current liabilities	1.099	2.485	220	497
Inventories	910	2.765	182	553
Derivative financial instruments	778	4.175	156	835
Other	112	423	22	85
Deferred income tax assets			**3.754**	**5.276**
Deferred income tax liabilities, net			**(8.507)**	**(17.182)**

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

NOTE 20 - TAXATION (Continued)

Movement for the deferred income tax liabilities for the periods ended at 30 June 2012 and 2011 are as follows:

	2012	**2011**
1 January	17.182	13.463
Deferred tax (income)/expenses for the period, net	(2.242)	171
Amounts recognised under equity	373	85
Currency translation differences	(2.381)	-
Changes in the scope of consolidation	-	89
Subsidiary share sales (Note 5)	(4.425)	-
30 June	**8.507**	**13.808**

	30 June 2012	**31 December 2011**
Taxes on income calculated	52.697	18.796
Amount deducted from Value Added Tax receivables and prepaid corporate taxes	(8.794)	(18.427)
Taxes on income (*)	**43.903**	**369**

(*) Company paid TL 43.247 amount of tax liability by deduction from VAT receivables on 14 August 2012.

The reconciliation of tax expenses stated in condensed consolidated interim income statements for the year ended 30 June 2012 and 2011 are as follows:

	2012	**2011**
Profit before tax	165.730	88.553
Expected tax expense of the Group (%20)	**33.146**	**17.711**
Subsidiary share sales (*)	88.453	-
Disallowable expenses	3.328	2.011
Research and development incentive	(2.744)	(4.290)
Dividend income	(2.405)	(2.405)
Discount premium expense	-	4.293
Other	(2.492)	(4.110)
Tax effect (%20)	17.309	(900)
Current period tax expense of the Group	**50.455**	**16.811**

(*) As discussed within the framework of partnership process in Note 5, as a result of transferring all shares of Aksa Karbon Elyaf Sanayi A.Ş. amounting to USD 185.000.000 as capital in kind to Aksa Netherlands (with new title DowAksa Advanced Composites Holdings BV) of the Group, corporate tax base according to legal regulation is TL 176.622. The difference such tax base and "Subsidiary share sales income" amounting to TL 88.169 which is reflected to Group's consolidated financial statements is taken in consideration in the reconciliation above.

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

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 2012 and 2011 are as follows:

	1 January - 30 June 2012	**1 April - 30 June 2012**	**1 January - 30 June 2011**	**1 April - 30 June 2011**
Net income attributable to the equity holders of the parent (TL) (*) (A)	113.758.838	76.256.461	70.544.923	28.007.921
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)	0,61	0,41	0,38	0,15

(*) Amounts expressed in Turkish Lira.

NOTE 22 - RELATED PARTY DISCLOSURES

Due from related parties of the Group are as follows:

	30 June 2012	**31 December 2011**
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (*) (1)	81.902	134.552
Akkim Kimya San. ve Tic. A.Ş. (2)	4.221	2.606
DowAksa İleri Kompozit Malzemeler San. Tic. Ltd. Şti. (3)	3.958	-
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş. (2)	2.551	-
Other	35	3
Less: Provision of sales discounts (-)	-	(2.231)
Less: Unearned finance income on term based sales (-)	(42)	(98)
Total	**92.625**	**134.832**

(*) 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.

(1) Akkök's subsidiary and Company's financial investment
(2) Akkök's subsidiary
(3) Subsidiary of Company's joint venture

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

NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Short-term trade payables due to related parties are as follows:

	30 June 2012	31 December 2011
Ak-Pa Tekstil İhracat Pazarlama A.Ş. [2]	11.725	22.504
Akkim Kimya San. ve Tic. A.Ş. [2]	4.435	2.898
Dinkal Sigorta Acenteliği A.Ş. [2]	948	87
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. [2]	761	496
Akkök [4]	388	659
Other	180	100
Less: Unincurred finance costs on purchases (-)	(77)	(116)
Total	**18.360**	**26.628**

Sales to related parties for the six-month periods ended at 30 June 2012 and 2011 are as follows:

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (*) [1]	278.444	128.199	271.020	129.593
Akkim Kimya San. ve Tic. A.Ş. [2]	20.023	10.406	17.018	8.456
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş. [2]	6.559	6.559	-	-
Ak-Al Tekstil Sanayii A.Ş. [2]	-	-	16.459	7.892
Other	292	144	812	701
Total	**305.318**	**145.308**	**305.309**	**146.642**

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

Foreing exchange income from related parties for the six-month periods ended at 30 June 2012 and 2011 are as follows:

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (*) [1]	2.798	1.777	12.386	2.755

(1) Akkök's subsidiary and Company's financial investment
(2) Subsidiary of Akkök
(3) Subsidiary of Company's joint venture
(4) Company's shareholder

(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 2012 and 2011 are as follows:

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Akkim Kimya San. ve Tic. A.Ş. (2)	21.231	11.141	16.587	8.603
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (1)	4.769	2.644	2.847	1.427
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. . (2)	4.082	2.126	4.659	2.028
Dinkal Sigorta Acenteliği A.Ş. (2)	2.579	284	1.875	252
Akkök (3)	2.385	1.125	5.914	3.061
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. . (2)	985	531	400	122
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. (2)	514	371	274	131
Ak-Al Tekstil Sanayii A.Ş. (2)	-	-	341	325
Other	58	31	67	27
Total	**36.603**	**18.253**	**32.964**	**15.976**

Purchases from related parties consist of fibers, 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 2012 and 2011 are as follows:

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Salary and other short term employee benefits	3.897	2.574	2.521	1.420
Provision for employee termination benefit	24	13	21	13
Providing benefits after working period	-	-	-	-
Other long term benefits	-	-	-	-
Share payments	-	-	-	-
Total	**3.921**	**2.587**	**2.542**	**1.433**

(1) Akkök’s subsidiary and Company’s financial investment
(2) Subsidiary of Akkök
(3) Company’s shareholder

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

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 give 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 statements 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.

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

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

Foreign currency position presented in TL is as follows:

	30 June 2012	31 December 2011
Assets	392.679	435.426
Liabilities	(529.757)	(723.383)
Net balance sheet position	**(137.078)**	**(287.957)**

Foreign currency position as of 30 June 2012 and 31 December 2011 is as follows:

	30 June 2012			
	USD position	**EURO position**	**Other foreign currency position**	**Total**
Assets:				
Cash and cash equivalents	33.618	31.430	1.041	66.089
Trade receivables	282.363	42.918	-	325.281
Other assets	-	104	1.205	1.309
Total assets	**315.981**	**74.452**	**2.246**	**392.679**
Liabilities:				
Financial liabilities	291.491	-	-	291.491
Trade payables	237.288	810	-	238.098
Other payables and liabilities	-	-	168	168
Total liabilities	**528.779**	**810**	**168**	**529.757**
Net foreign currency position	**(212.798)**	**73.642**	**2.078**	**(137.078)**

(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 2011			
	USD position	**EURO position**	**Other foreign currency position**	**Total**
Assets:				
Cash and cash equivalents	57.526	1.233	1.133	59.892
Trade receivables	335.236	39.329	57	374.622
Other assets	43	23	846	912
Total assets	**392.805**	**40.585**	**2.036**	**435.426**
Liabilities:				
Financial liabilities	493.189	-	-	493.189
Trade payables	226.065	2.400	1.528	229.993
Other liabilities	-	52	149	201
Total liabilities	**719.254**	**2.452**	**1.677**	**723.383**
Net foreign currency position	**(326.449)**	**38.133**	**359**	**(287.957)**

The following table demonstrates the sensitivity to possible changes in the net position, on the Group's balance sheet as of 30 June 2012 and 31 December 2011.

30 June 2012	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 10% appreciation of USD against TL		
USD net asset/ (liability)	(21.280)	21.280
Amount hedged for USD risk	-	-
Net effect	**(21.280)**	**21.280**
In case 10% appreciation of EUR against TL		
EUR net asset/ (liability)	7.364	(7.364)
Amount hedged for EUR risk	-	-
Net effect	**7.364**	**(7.364)**

(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 2011	**Appreciation of Foreign currency**	**Depreciation of Foreign currency**
In case 10% appreciation of USD against TL		
USD net asset/liability	(32.644)	32.644
Amount hedged for USD risk	-	-
Net effect	**(32.644)**	**32.644**
In case 10% appreciation of EUR against TL		
EUR net asset/liability	8.436	(8.436)
Amount hedged for EUR risk	-	-
Net effect	**8.436**	**(8.436)**

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 2012	**31 December 2011**
Total liabilities	585.778	745.994
Less: cash and cash equivalents	(83.169)	(85.106)
Net debt	**502.609**	**660.888**
Total shareholders' equity	921.510	850.947
Total capital	**1.424.119**	**1.511.835**
Debt/equity ratio	**35%**	**44%**

NOTE 24 - SUBSEQUENT EVENTS

1. Title of Aksa Karbon Elyaf Sanayi Ltd. Şti. a subsidiary of DowAksa Advanced Composites Holdings B.V, which is 50% joint venture of the Group, is amended to DowAksa İleri Kompozit Malzemeleri San. Ltd. Şti. and registered as of 12 July 2012.

2. For the purpose of using bank loans of DowAksa İleri Kompozit Malzemeleri San. Ltd. Şti, bails given to banks by Aksa, amounting to USD 85 million are launched for removal, related to the previously agreed-upon procedures relevant banks (issuing letters of good faith and submission of a business plan) however at the announment date of interim financial reports, it is still pending.

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