

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015
TOGETHER WITH AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)



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

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

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

Introduction

1. We have reviewed the accompanying consolidated statement of financial position of Aksa Akrilik Kimya Sanayii A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2015 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Company is responsible for the preparation and fair presentation of this condensed 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

2. 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

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

Emphasis of Matter

4. As explained in Note 2.4 to the condensed consolidated financial information, US Dollar ("USD") amounts shown in the accompanying condensed consolidated financial information have been translated from Turkish Lira "TL", as a matter of arithmetic computation only, at the official USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 30 June 2015 for consolidated statement of financial position; and the official USD average CBRT bid rates of the first six month period of 2015 for the consolidated statement of consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and they do not form part of these condensed consolidated financial information.

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

ORIGINAL TURKISH VERSION WAS SIGNED OFF

Ediz Günsel, SMMM
Partner

İstanbul, 14 August 2015

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2015 AND 31 DECEMBER 2014**

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

	Notes	30 June 2015 USD (*)	<i>Reviewed</i> 30 June 2015	<i>Audited</i> 31 December 2014
ASSETS				
Current assets		392,238	1,053,668	977,087
Cash and cash equivalents		85,400	229,411	192,492
Trade receivables				
- Trade receivables from third parties	6	118,222	317,580	297,347
- Trade receivables from related parties	16	87,549	235,184	184,959
Other receivables				
- Other receivables from related parties	16	3,401	9,137	6,952
- Other receivables from third parties		86	231	224
Inventories		73,823	198,310	236,368
Prepaid expenses		6,598	17,723	13,653
Derivative financial instruments	9	2,430	6,528	2,673
Other current assets		14,728	39,564	42,419
Non-current assets		395,517	1,062,477	1,021,411
Other receivables				
- Other receivables from related parties	16	28,851	77,502	70,439
Financial investments		-	-	2,355
Investment in joint ventures	4	94,848	254,789	242,588
Property, plant and equipment	7	262,583	705,378	678,535
Intangible assets				
- Goodwill		2,229	5,989	5,989
- Other intangible assets		2,640	7,093	7,417
Prepaid expenses		2,908	7,811	9,496
Derivative financial instruments	9	1,457	3,915	4,592
TOTAL ASSETS		787,755	2,116,145	1,998,498

(*) USD amounts presented above have been translated from Turkish Lira (“TRY”) for convenience purposes only, at the official TRY bid rate announced by the CBRT at 30 June 2015, 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 2015 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 14 August 2015.

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

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2015 AND 31 DECEMBER 2014**

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

	Notes	30 June 2015 USD (*)	<i>Reviewed</i> 30 June 2015	<i>Audited</i> 31 December 2014
Current liabilities		270,482	726,595	751,838
Short-term borrowings	5	106,065	284,922	252,781
Short-term portion of long-term borrowings	5	18,491	49,672	29,469
Trade payables				
- Trade payables to third parties		112,891	303,259	386,952
- Trade payables to related parties	16	19,398	52,110	44,494
Other payables				
- Other payables from third parties		196	526	756
Employee benefits obligations		838	2,251	2,066
Deferred income		3,154	8,473	12,256
Derivative financial instruments	9	10	26	87
Income tax payable	14	7,097	19,065	11,122
Short-term provisions				
- Short-term provision for employee benefits		1,609	4,321	9,802
- Other short-term provisions		733	1,970	2,053
Non-current liabilities		95,594	256,793	133,297
Long-term borrowings	5	86,278	231,768	101,978
Long-term provisions				
- Provision for employee termination benefits		7,326	19,679	21,587
Derivative financial instruments	9	34	92	346
Deferred tax liabilities	14	1,956	5,254	9,386
Total liabilities		366,075	983,388	885,135
EQUITY		421,679	1,132,757	1,113,363
Attributable to equity holders of the parent		421,659	1,132,703	1,113,306
Share capital		68,868	185,000	185,000
Adjustment to share capital		72,656	195,175	195,175
Share premium		16	44	44
Other comprehensive income/expense not to be reclassified to profit or loss				
- Remeasurement gain/loss arising from defined benefit plans		(1,874)	(5,034)	(6,591)
Other comprehensive income/expense to be reclassified to profit or loss				
- Currency translation differences		37,191	99,906	61,550
- Hedging reserve		(35)	(94)	(346)
Restricted reserves		40,018	107,501	95,907
Retained earnings		165,945	445,779	419,718
Net income		38,874	104,426	162,849
Attributable to non-controlling interests		20	54	57
TOTAL LIABILITIES AND EQUITY		787,755	2,116,145	1,998,498

(*) USD amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the CBRT at 30 June 2015, 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 interim financial information.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL INFORMATION
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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE SIX MONTH PERIODS ENDED
30 JUNE 2015 AND 2014**

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

		1 January- 30 June 2015	Reviewed 1 January - 30 June 2015	Not reviewed 1 April - 30 June 2015	Reviewed 1 January - 30 June 2014	Not reviewed 1 April - 30 June 2014
	Notes	USD (*)				
Revenue		407,525	1,043,276	553,648	1,014,175	510,526
Cost of sales (-)	10	(336,825)	(862,288)	(444,495)	(873,476)	(442,708)
Gross profit		70,700	180,988	109,153	140,699	67,818
General administrative expenses (-)	10	(8,503)	(21,767)	(11,770)	(21,161)	(10,628)
Marketing, selling and distribution expenses (-)	10	(9,348)	(23,930)	(12,340)	(20,309)	(9,759)
Research and development expenses (-)	10	(816)	(2,088)	(1,034)	(1,784)	(896)
Other operating income	11	38,442	98,411	36,013	31,462	14,392
Other operating expenses (-)	11	(21,459)	(54,930)	(12,264)	(23,721)	(11,943)
Operating profit		69,016	176,684	107,758	105,186	48,984
Share of loss of investments accounted for using the equity method	4	(9,790)	(25,063)	(14,039)	(11,678)	(4,272)
Operating profit before financial income / (expenses)		59,226	151,621	93,719	93,508	44,712
Financial income	12	31,511	80,668	25,887	53,958	18,582
Financial expenses (-)	13	(39,692)	(101,616)	(50,268)	(52,348)	(14,803)
Profit before tax from continuing operations		51,045	130,673	69,338	95,118	48,491
Tax expense form continuing operations:						
- Current income tax (-)	14	(12,048)	(30,843)	(19,659)	(21,084)	(9,429)
- Deferred income tax	14	1,794	4,593	4,888	(327)	(1,172)
Net income for the period from continuing operations		40,791	104,423	54,567	73,707	37,890
Earnings per share for equity holders of the parent (Kr)	15	0.22	0.56	0.29	0.40	0.20

(*) USD amounts presented above have been translated from Turkish Lira (“TRY”) for convenience purposes only, at the average official TL bid rate announced by the CBRT for the period between 1 January 2015 - 30 June 2015, 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 interim financial information.

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE SIX MONTH PERIODS ENDED
30 JUNE 2015 AND 2014**

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

	<i>Reviewed</i> 1 January - 30 June 2015 USD (*)	<i>Reviewed</i> 1 January - 30 June 2015	<i>Not reviewed</i> 1 April - 30 June 2015	<i>Reviewed</i> 1 January - 30 June 2014	<i>Not Reviewed</i> 1 April - 30 June 2014
Other comprehensive income/ (expense):					
Items not to be reclassified to profit or loss					
Remeasurement gain / loss arising from defined benefit plans	760	1,946	1,946	-	-
Taxation on other comprehensive income not to be reclassified to profit or loss	(152)	(389)	(389)	-	-
Items to be classified to profit or loss					
Fair value changes on derivatives financial instruments	123	315	455	(658)	618
Currency translation differences	14,983	38,356	9,752	(2,339)	(6,573)
Taxation on other comprehensive income to be reclassified to profit or loss	(25)	(63)	(91)	132	(124)
Total comprehensive income	56,480	144,588	66,240	70,842	31,811
Net income for the period attributable to:					
Equity holders of the parent	40,792	104,426	54,564	73,705	37,888
Non-controlling interest	(1)	(3)	3	2	2
	40,791	104,423	54,567	73,707	37,890
Total comprehensive income attributable to:					
Equity holders of the parent	56,481	144,591	66,237	70,840	31,809
Non-controlling interest	(1)	(3)	3	2	2
	56,480	144,588	66,240	70,842	31,811

(*) 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 2015 - 30 June 2015, 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 interim financial information.

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2015 AND 2014

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

<i>Reviewed</i>	Attributable to equity holders of the parent											
	Share capital	Adjustments to share capital	Share premium	Restricted reserves	Currency translation differences ⁽¹⁾	Hedging reserve ⁽¹⁾	Remeasurement loss arising from defined benefit plans ⁽²⁾	Retained earnings	Net income for the period	Total	Non-controlling 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 paid	-	-	-	-	-	-	-	(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

<i>Reviewed</i>	Attributable to equity holders of the parent											
	Share capital	Adjustments to share capital	Share premium	Restricted reserves	Currency translation differences ⁽¹⁾	Hedging reserve ⁽¹⁾	Remeasurement loss arising from defined benefit plans ⁽²⁾	Retained earnings	Net income for the period	Total	Non-controlling interest	Total equity
1 January 2015	185,000	195,175	44	95,907	61,550	(346)	(6,591)	419,718	162,849	1,113,306	57	1,113,363
Transfers	-	-	-	11,594	-	-	-	151,255	(162,849)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(125,194)	-	(125,194)	-	(125,194)
Total comprehensive income	-	-	-	-	38,356	252	1,557	-	104,426	144,591	(3)	144,588
30 June 2015	185,000	195,175	44	107,501	99,906	(94)	(5,034)	445,779	104,426	1,132,703	54	1,132,757

(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 interim financial information.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2015 AND 2014**

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

Notes	1 January- 30 June 2015 USD (*)	1 January - 30 June 2015	1 January - 30 June 2014
A. Cash Flows From Operating Activities	32,672	83,639	(14,320)
Net income for the period	40,791	104,423	73,707
Adjustments to reconcile net income before tax to net cash provided by operating activities	45,367	116,139	62,561
- Adjustments related to depreciation and amortization	11,797	30,200	26,980
- Adjustments related to impairment / (reversal of impairment)	(297)	(761)	8
- Adjustments related to provisions	428	1,095	1,785
- Adjustments related to interest income and expense	12, 13	266	682
- Adjustments related to unrealized exchange differences	17,933	45,907	(1,393)
- Adjustments related to losses of joint ventures	4	9,790	25,063
- Adjustments related to tax income/expense	10,254	26,250	21,411
- Adjustments related to income / expenses to dispose of fixed assets	(1,234)	(3,158)	(193)
- Adjustments related to other items that cause cash flow resulting from financing and investing activities	(3,635)	(9,305)	-
- Other adjustments related to profit / loss reconciliation	65	166	588
Changes in working capital	(53,486)	(136,923)	(150,588)
- Adjustments related to increase / decrease in inventory	15,125	38,720	(31,231)
- Adjustments related to increase / decrease in trade receivables	(26,384)	(67,544)	(64,153)
- Adjustments related to increase / decrease in other receivable arising from operating activities	(856)	(2,192)	43
- Adjustments related to increase / decrease in trade payables	(32,188)	(82,401)	1,370
- Adjustments related to increase / decrease in other payables arising from operating activities	(91)	(233)	(633)
- Other adjustments related to increase / decrease in working capital	(9,092)	(23,273)	(55,984)
Cash flows from operating activities	(3,564)	(9,124)	6,468
Interest paid	(1,163)	(2,978)	(3,625)
Interest received	2,102	5,382	10,361
Tax paid	(4,503)	(11,528)	(268)
B. Cash Flows From Investing Activities	(16,978)	(43,463)	(62,670)
Cash proceeds from the sale of shares of other entities or funds or debt instruments	4,555	11,660	-
Cash proceeds from disposal of property, plants and equipment and intangibles	1,823	4,667	292
Cash outflows from purchase of property, plants and equipment and intangibles	(23,356)	(59,790)	(62,962)
C. Cash Flows From Financing Activities	2,434	6,232	(111,007)
Cash inflows arising from borrowings	130,554	334,220	265,648
Cash outflows arising from repayment of borrowings	(79,307)	(203,026)	(263,431)
Dividends paid	(48,904)	(125,194)	(111,045)
Interest received	2,045	5,234	3,262
Interest paid	(-1,954)	(5,002)	(5,441)
Net increase in cash and cash equivalents before currency translation differences	14,564	37,284	(181,529)
D. Effect of currency translation differences on cash and cash equivalents	288	738	(261)
Net increase / (decrease) in cash and cash equivalents	14,852	38,022	(181,790)
E. Cash and cash equivalents at the beginning of the period	70,978	181,703	229,681
Cash and cash equivalents at the end of the period	85,830	219,725	47,891

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

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

(*) As of 30 June 2015, 36.84% of the Aksa’s shares is traded on BİST.

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

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

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 these companies are as follows:

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

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (“TRY”) 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-Alabuga	Russia	R&D / Chemical
Nanotechnology Centre of Composites c-m-p GmbH	Russia Germany	R&D / Chemical Chemical

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION

2.1 Basis of presentation

2.1.1 Financial Reporting Standards Applied

The accompanying consolidated financial information are prepared in accordance with the Communiqué Serial II, No: 14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial information are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) and its addendum and interpretations (“IFRIC”) issued by Public Oversight Accounting and Auditing Standards Authority (“POA”) Turkish Accounting Standards Boards.

The Group prepared its condensed consolidated interim financial information for the period ended 30 June 2015 in accordance with the TAS 34 “Interim financial reporting” in the framework of the Communiqué Serial: XII and numbered 14.1 and its related announcements. The interim condensed consolidated financial information and its accompanying notes are presented in compliance with the formats, including specific required disclosures, mandated by the CMB.

The entities are allowed to prepare a complete or condensed set of interim financial information in accordance with TAS 34. In this respect, the Group has preferred to prepare condensed consolidated interim financial information for the interim period ended 30 June 2015. While the Group selected to disclose certain explanatory notes to condensed consolidated financial information for the six-month period ended 30 June 2015 required by standards, not required explanatory notes were not disclosed.

The Group’s interim condensed consolidated financial information does not include all disclosures and notes that are included in the annual consolidated financial statements. Therefore the interim condensed consolidated financial information should be read together with the annual consolidated financial statements at 31 December 2014.

The consolidated financial statements and its accompanying notes of the Group are presented in compliance with formats, including specific required disclosures, announced by the CMB on 7 June 2013.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015**

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

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

The Company and its Turkish subsidiaries and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These condensed consolidated financial information have been prepared under historical cost conventions except for financial assets and liabilities which are carried at fair value and are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

These condensed interim consolidated financial information have been prepared as TRY which is the functional currency of the Group under historical cost conventions except for financial assets and financial liabilities which are expressed with the fair values. The functional currencies of joint ventures are USD, EUR and Ruble.

Amendments and Interpretations in Turkish Financial Reporting Standards

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

New Accounting Standards and Interpretations

The new and updated standards and interpretations below were applied by the Company and this affected the amounts reported and disclosures 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) *Amendments in TAS which affect the consolidated financial information and its related notes*

None.

b) *New standards, amendments and interpretations applicable to 30 June 2015:*

- Amendment to TAS 19, “Employee benefits”
- Annual improvements 2012, effective annual periods on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:
 - TFRS 2, ‘Share-based payment’
 - TFRS 3, ‘Business combinations’
 - TFRS 8, ‘Operating segments’
 - TFRS 13, ‘Fair value measurement’
 - TAS 16, ‘Property, plant and equipment and TAS 38, ‘Intangible assets’
 - Consequential amendments to TFRS 9, ‘Financial instruments’, TAS 37, ‘Provisions, contingent liabilities and contingent assets’, and
 - TAS 39, ‘Financial instruments - Recognition and measurement’.

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

- Annual improvements 2013, effective annual periods on or after 1 July 2014. The amendments include changes from the 2011-12-13 cycle of the annual improvements project that affect 4 standards:
 - TFRS 1, ‘First time adoption of TFRS’
 - TFRS 3, ‘Business combinations’
 - TFRS 13, ‘Fair value measurement’ and
 - TAS 40, ‘Investment property’.
- c) *Standards and amendments issued but not yet effective as of 30 June 2015:***
 - Amendment to TFRS 11, “Joint arrangements”
 - Amendments to TAS 16, “Property, plant and equipment”, and TAS 41
 - Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets’
 - TFRS 14 ‘Regulatory deferral accounts’
 - Amendments to TAS 27, ‘Separate financial statements’
 - Amendments to TFRS 10, ‘Consolidated financial statements’ and TAS 28, ‘Investments in associates and joint ventures’
 - Amendment to TAS 1, “Presentation of financial statements”
- Annual improvements 2014, effective annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - TFRS 5, ‘Non-current assets held for sale and discontinued
 - TFRS 7, ‘Financial instruments: Disclosures’, (with consequential amendments to IFRS 1) regarding servicing contracts.
 - TAS 19, ‘Employee benefits’ regarding discount rates.
 - TAS 34, ‘Interim financial reporting’ regarding disclosure of information.

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.

Comparative information and correction of prior period financial statements

On 7 June 2013, CMB released the “Illustrative Financial Statements and Application Guidance” in accordance with the decision taken in its meeting numbered 20/670, to be effective from 31 March 2014 onwards for companies subject to CMB regulations for financial reporting. In order to comply with the guidance, reclassifications were made to the comparative information as of 31 December 2014. These reclassifications to the consolidated statement of financial position of the Group are as follows:

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

- Social security premiums amounting to TRY2,039 which were presented under other payables to third parties; and payables to personnel amounting to TRY27 were presented under other short-term liabilities are reclassified to employee benefits obligations,
- Bonus provision amounting to TRY8,504 which was presented under other short-term liabilities is reclassified to short-term provision for employee benefits,
- Derivative financial instruments amounting to TRY87 and TRY346, respectively were presented under current and non-current assets are reclassified to short-term and long-term liabilities for the purpose of present at gross value.

2.3 Summary of Significant Accounting Policies

The condensed consolidated interim financial information for the period ended 30 June 2015 have been prepared in accordance with the TMS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of this condensed consolidated interim financial information for the period ended 30 June 2015 are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2014 except for the following:

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

The consolidated statement of financial position at 30 June 2015 should be considered with the comparative financial information at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, cash flows and changes in equity should be considered between 1 January and 30 June 2015.

2.4 Convenience Translation into English of Consolidated Financial Information

USD amounts shown in the consolidated statement of financial position prepared in accordance with Turkish Accounting Standards have been translated from TRY, 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 2015 of TRY2.6863 = USD1 and USD amounts shown in the consolidated statements of profit or loss and other comprehensive income and cash flows have been translated from TRY, 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 six-month period ended 30 June 2015 of TRY2.5600 = USD1, and do not form part of this condensed consolidated financial information.

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NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

	1 January - 30 June 2015			Total
	Fibers	Energy	Other	
Total segment revenue	977,627	62,261	3,388	1,043,276
External revenues	977,627	62,261	3,388	1,043,276
Adjusted EBITDA (*)	176,592	7,546	501	184,639
Unallocated corporate expenses (**)	-	-	-	(21,236)
EBITDA	-	-	-	163,403
Amortization and depreciation	(20,670)	(7,437)	(2,093)	(30,200)
Other operating income, net	-	-	-	43,481
Share of loss of investments	-	-	-	-
accounted for using the equity method	(25,063)	-	-	(25,063)
Financial income / (expenses), net	-	-	-	(20,948)
Profit before tax				130,673

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

(**) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January - 30 June 2015.

	1 April - 30 June 2015			Total
	Fibers	Energy	Other	
Total segment revenue	519,356	32,647	1,645	553,648
External revenues	519,356	32,647	1,645	553,648
Adjusted EBITDA	108,793	2,346	378	111,517
Unallocated corporate expenses (***)	-	-	-	(11,300)
EBITDA	-	-	-	100,217
Amortization and depreciation	(10,841)	(4,316)	(1,051)	(16,208)
Other operating income, net	-	-	-	23,749
Share of loss of investment	-	-	-	-
accounted for using the equity method	(14,039)	-	-	(14,039)
Financial income / (expenses), net	-	-	-	(24,381)
Profit before tax				69,338

(***) Unallocated corporate expenses for the period between 1 April - 30 June 2015, consists of unallocated part of general administrative expenses.

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NOTE 3 - SEGMENT REPORTING (Continued)

	1 January - 30 June 2014			
	Fibers	Energy	Other	Total
Total segment revenue	957,513	53,269	3,393	1,014,175
External revenue	957,513	53,269	3,393	1,014,175
Adjusted EBITDA	139,140	6,305	633	146,078
Unallocated corporate expenses (*)	-	-	-	(21,653)
EBITDA	-	-	-	124,425
Amortization and depreciation	(19,798)	(5,690)	(1,492)	(26,980)
Other operating income, net	-	-	-	7,741
Share of loss of investment				
accounted for using equity method	(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 TRY20,991 and research and development expenses amounting to TRY662.

	1 April - 30 June 2014			
	Fibers	Energy	Other	Total
Total segment revenue	480,998	27,384	2,144	510,526
External revenue	480,998	27,384	2,144	510,526
Adjusted EBITDA	67,572	3,988	108	71,668
Unallocated corporate expenses (**)	-	-	-	(10,911)
EBITDA	-	-	-	60,757
Amortization and depreciation	(10,141)	(3,296)	(785)	(14,222)
Other operating income, net	-	-	-	2,449
Share of loss of investment				
accounted for using equity method	(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 TRY10,567 and research and development expenses amounting to TRY344.

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NOTE 4 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Joint Ventures

	30 June 2015	31 December 2014
DowAksa Holdings	254,789	242,588

Summarized financial information of DowAksa Holding is presented below;

	30 June 2015	31 December 2014
Current assets	196,353	193,491
Non-current assets	738,483	644,950
Total Assets	934,836	838,441
Short term liabilities	177,922	101,997
Long term liabilities	247,336	251,268
Equity	509,578	485,176
Total Liabilities	934,836	838,441
Equity corresponding to the Group's interest of 50%	254,789	242,588

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Revenues	41,215	20,947	35,679	20,826
Net loss	(50,126)	(28,078)	(23,356)	(8,544)
Net Loss corresponding to the Group's interest of 50%	(25,063)	(14,039)	(11,678)	(4,272)

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

	2015	2014
1 January, opening balance	242,588	245,108
Net loss corresponding to the Group's interest of 50%	(25,063)	(11,678)
Currency translation differences	37,264	(1,955)
Change in hedging reserve	-	147
30 June, closing balance	254,789	231,622

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NOTE 5 - BORROWINGS

Group's financial liabilities are as follows:

	30 June 2015	31 December 2014
Short-term bank borrowings	282,232	227,609
Short-term factoring liabilities	2,690	25,172
Short-term borrowings	284,922	252,781
Short-term portion of long-term bank borrowings	49,672	29,469
Total short-term borrowings	334,594	282,250
Long-term bank borrowings	231,768	101,978
Long-term borrowings	231,768	101,978
Total borrowings	566,362	384,228

Bank borrowings

	<u>30 June 2015</u>		<u>31 December 2014</u>	
	Yearly weighted average interest rate %	TRY	Yearly weighted average interest rate %	TRY
a) Short-term bank borrowings:				
USD borrowings	1,40	268,630	1,51	227,252
EUR borrowings (*)	2,28	10,528	-	-
TRY borrowings	-	3,074	-	357
Total short-term bank borrowings		282,232		227,609
Factoring liabilities	1,50	2,690	1,60	25,172
b) Short-term portion of long-term bank borrowings:				
USD borrowings	3,85	22,386	3,85	19,519
EUR borrowings	2,69	27,286	3,68	9,950
Total short-term portion of long-term borrowings		49,672		29,469
Total short-term borrowings		334,594		282,250
c) Long-term bank borrowings:				
USD borrowings	3,85	78,350	3,85	77,297
EUR borrowings	2,33	153,418	3,68	24,681
Total long-term borrowings		231,768		101,978

Group has no breach of contract concerning its borrowings.

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NOTE 5 - BORROWINGS (Continued)

- (*) Short-term EUR denominated loans are related to sell and lease back agreement that comprises a part of real estate accounted under Property, plant and equipment made between the Company and the financial lease provider. The Company has evaluated this agreement within the scope of TAS Interpretation 27 “Evaluating Substance of Transactions Legally Recognized as Lease” and decided to consider this transaction out of the scope of TAS 17 “Leases” due to substance over form. In this context, the amount collected from the financial lease organization is recognized under “short-term borrowings” by fair value of real estate which is subject to this agreement.

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

	30 June 2015	31 December 2014
Less than 3 months	171,284	125,242
Between 3-12 months	163,310	157,008
Between 1-2 years	65,959	29,197
Between 2-3 years	65,959	29,197
Between 3-4 years	55,521	29,197
The payment within 4 year and over	44,329	14,387
	566,362	384,228

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables and payables are as follows:

a) Short-term trade receivables:

	30 June 2015	31 December 2014
Trade receivables	212,939	199,011
Notes receivable and cheques	147,694	144,396
Less: Provision for doubtful receivables	(40,958)	(42,973)
Less: Unearned finance income on credit sales	(2,095)	(3,087)
Total	317,580	297,347

Trade receivables as of 30 June 2015 and 31 December 2014 have an average maturity of 3 months (31 December 2014: 3 months) and they are discounted with an average annual interest rate of 5% (31 December 2014: 6%) in TRY basis.

The past experience of the Group in collecting receivables has been taken into consideration when determining the provision amount for doubtful receivables. Therefore, the Group believes that, there are no collection risks for trade receivables other than the provision taken for possible collection risks.

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movements of provision for doubtful receivables for the six month periods ended 30 June 2015 and 2014 are as follows:

	2015	2014
1 January	42,973	40,981
Collections and current period charge	(2,015)	-
30 June	40,958	40,981

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

The movement of property plant and equipment for the period ended 30 June 2015 and 2014 are as follows;

	2015	2014
Net book value at 1 January	678,535	678,511
Additions	58,707	62,870
Current period depreciation	(30,653)	(26,497)
Currency translation differences	298	(100)
Disposals	(1,509)	(99)
Net book value at 30 June	705,378	714,685

TRY28,049 (30 June 2014: TRY24,966) of the current period depreciation expenses is included in “cost of goods sold”, TRY252 (30 June 2014: TRY276) is included in “research and development expenses”, TRY395 (30 June 2014: TRY319) is included in “general administrative expenses”, TRY19 (30 June 2014: TRY16) is included in “marketing, selling and distribution expenses, TRY22 (30 June 2014: TRY15) is included in construction in progress and TRY1,916 (30 June 2014: TRY905) is included in inventory.

TRY56,629 (30 June 2014: TRY60,249) of current period additions of property, plant and equipment is related to construction-in-progress account. Carrying value of construction-in-progress account amounts to TRY98,291 (30 June 2014: TRY126,712) and these assets are not depreciated until they are ready for use in the intended manner.

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NOTE 8 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

	30 June 2015	31 December 2014
Collaterals given	283,304	332,414
Letter of credit commitments	244,454	285,434
Total	527,758	617,848

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

	30 June 2015	31 December 2014
Credit insurance	513,085	473,432
Guarantee notes and cheques received	57,065	73,204
Letter of credits	55,379	24,110
Pledges received	43,224	43,020
Limits of Direct Debit System (“DDS”)	15,986	16,054
Guarantee letters received	10,510	6,516
Total	695,249	636,336

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

	30 June 2015	31 December 2014
A. CPM given on behalf of the Company’s legal personality	495,925	590,369
- USD	361,850	394,137
-Turkish Lira	110,300	171,426
-Euro	23,634	24,634
-Other	141	172
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	31,833	27,479
- USD	31,833	27,479
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	527,758	617,848

- (*) As of 30 June 2015, the ratio of other CPMs given by the Company to equity is 0% (31 December 2014: 0%).

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NOTE 9 - 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 2015		31 December 2014	
	Asset	Liabilities	Asset	Liabilities
Subject to hedge accounting	-	118	-	433
Held for trading	10,443	-	7,265	-
Total	10,443	118	7,265	433

Derivative instruments held for hedging:

	30 June 2015		31 December 2014	
	Contract amount (thousand USD)	Fair value Liability TRY	Contract amount (thousand USD)	Fair value Liability TRY
Interest rate swap	37,500	118	41,667	433

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

The Group designates to transactions that protect against effect of profit/loss (protection of cash flow risk) and cash flows transactions, which are likely to happen and relation can be established with certain risk or registered asset or liability, caused with specific reason on the date of derivative contract is signed.

These derivative transactions provide effective economic hedges under the Group risk management position and qualify for hedge accounting. Changes in the fair value of such derivatives are recognized directly in equity under “hedging reserve”, net-off relevant deferred taxation impact.

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

At 30 June 2015, such arrangements fixed LIBOR and EURIBOR to 1.35% (31 December 2014: 1.35%). Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts as of 30 June 2015 will be gradually released to the income statement within finance cost until the repayment of the bank borrowings.

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NOTE 9 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments held for trading:

As of 30 June 2015, Group has foreign exchange sales and purchase option contracts. Such option transactions are recognized as derivative instruments held for trading in the consolidated financial information due to not holding the necessary conditions in terms of hedge accounting and consequently changes in the fair value of these derivatives are recognized in the income statement.

	30 June 2015		31 December 2014	
	Contract amount (thousand)	Fair value	Contract amount (thousand)	Fair value
		Asset TRY		Asset TRY
Foreign exchange sales and purchase transactions		10,443		7,265
- USD	28,750	3,226	30,833	3,025
- EUR	119,500	7,217	82,250	4,240

NOTE 10 - 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 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Raw materials and goods	754,741	389,486	784,904	400,216
Employee benefits	46,434	22,566	44,594	20,454
Depreciation and amortization	30,200	16,208	26,980	14,222
Repair, maintenance and cleaning expenses	11,934	7,602	7,155	3,417
Commission expenses	10,943	5,975	8,887	4,536
Export expenses	8,047	3,855	7,221	3,306
Consultancy expenses	4,230	2,282	4,127	2,280
Information technologies expenses	3,051	1,551	2,757	1,234
Travel expenses	1,487	409	1,714	669
Miscellaneous tax expenses	1,122	907	1,182	1,004
Other	37,884	18,798	27,209	12,653
Total	910,073	469,639	916,730	463,991

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NOTE 11 - OTHER OPERATING INCOME / EXPENSE

Other operating income for the six-month periods ended at 30 June 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Foreign exchange gain on trading transactions	76,777	20,679	16,944	5,831
Profit from sale of subsidiary shares (*)	9,305	9,305	-	-
Interest income on credit sales	5,382	1,952	10,361	5,898
Profit from sales of property, plant and equipment	3,157	3,095	261	261
Released provisions	2,015	33	79	-
Dividend income	-	-	1,101	1,101
Other	1,775	949	2,716	1,301
Total	98,411	36,013	31,462	14,392

(*) The mentioned profit is related to sales of 13,47% share of Ak- Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-pa"), as a financial investment, to Akkök Holding.

Other operating expenses for the six-month periods ended at 30 June 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Foreign exchange loss on trading transactions	51,099	10,375	18,975	8,378
Interest expense from credit purchases	2,978	1,464	3,625	2,799
Other	853	425	1,121	766
Total	54,930	12,264	23,721	11,943

NOTE 12 - FINANCIAL INCOME

Financial income for the six-month periods ended at 30 June 2015 and 2014 is as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Foreign exchange gains	51,726	23,819	47,773	15,109
Income from derivative financial instruments	24,622	-	2,441	2,379
Interest income	4,320	2,068	3,744	1,094
Total	80,668	25,887	53,958	18,582

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NOTE 13 - FINANCIAL EXPENSES

Financial expenses for the six-month periods ended at 30 June 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Foreign exchange expense	85,488	36,766	46,532	12,799
Expenses from derivative financial instrument	11,126	11,126	375	22
Borrowing costs and comission expenses	5,002	2,376	5,441	1,982
Total	101,616	50,268	52,348	14,803

NOTE 14 - TAX ASSETS AND LIABILITIES

Tax expenses for the six-month periods ended at 30 June 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Income tax expense	(30,843)	(19,659)	(21,084)	(9,429)
Deferred tax income/(expense), net	4,593	4,888	(327)	(1,172)
Total tax expense	(26,250)	(14,771)	(21,411)	(10,601)

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 2015 and 31 December 2014 are as follows:

	Temporary Taxable Differences		Deferred Income Tax Asset/Liability	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Property, plant and equipment and intangible assets	(43,790)	(66,799)	(8,758)	(13,360)
Derivative financial instruemnts	(10,325)	(6,832)	(2,065)	(1,366)
Trade payables	(1,730)	(2,745)	(346)	(549)
Deferred income tax liabilities			(11,169)	(15,275)
Employee benefits	21,531	22,885	4,306	4,577
Other current liabilities	3,576	500	715	100
Inventories	3,072	586	614	117
Trade receivables	1,402	5,477	280	1,095
Deferred income tax assets			5,915	5,889
Deferred income tax liabilities, net			(5,254)	(9,386)

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NOTE 14 - TAX ASSETS AND LIABILITIES (Continued)

Movement for the deferred income tax liabilities for the six-month periods ended at 30 June 2015 and 2014 are as follows:

	2015	2014
1 January	9,386	7,245
Deferred tax (expenses) / income for the period, net	(4,593)	327
Amounts recognized under the equity	452	(169)
Currency translation differences	9	-
30 June	5,254	7,403

	30 June 2015	31 December 2014
Calculated corporate income tax	30,843	42,076
Amount offset from VAT receivables and prepaid corporate taxes	(11,778)	(30,954)
Income tax payable	19,065	11,122

NOTE 15 - 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 periods ended at 30 June 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Net income attributable to the equity holders of the parent (TRY) (*) (A)	104,425,903	54,563,701	73,704,636	37,888,432
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)	0.56	0.29	0.40	0.20

(*) Amounts expressed in full Turkish Lira.

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NOTE 16 - RELATED PARTY DISCLOSURES

a) Short-term trade receivables:

As of 30 June 2015 and 31 December 2014, trade receivables from related parties are as follows:

	30 June 2015	31 December 2014
Ak-Pa (*)	228,725	170,109
Akkim Kimya San. ve Tic. A.Ş.	3,951	4,261
DowAksa	2,294	3,105
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	-	7,512
Other	258	-
Less: Unearned finance income on credit sales (-)	(44)	(28)
Total	235,184	184,959

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

Foreign currency denominated trade receivables have average 3 months maturity as of 30 June 2015 and are discounted with annual average discount rate of % 1 (31 December 2014:% 1) based on USD.

b) Short-term trade payables:

As of 30 June 2015 and 31 December 2014, short-term trade payables to related parties are as follows:

	30 June 2015	31 December 2014
Ak-Pa	39,223	28,289
Akkim Kimya San. ve Tic. A.Ş.	8,155	6,539
Dinkal Sigorta Acenteliği A.Ş.	2,108	1,372
Akkök Holding	1,656	1,932
Aktek Bilgi İşlem Tekn. San.ve Tic. A.Ş.	699	745
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim")	56	5,105
Other	221	616
Less: Unincurred finance costs on credit purchases (-)	(8)	(104)
Total	52,110	44,494

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NOTE 16 - RELATED PARTY DISCLOSURES (Continued)

c) Financial liabilities:

As of 30 June 2015 and 31 December 2014, short-term borrowings from related parties are as follows:

	30 June 2015	31 December 2014
Ak-Pa	2,690	25,172

Borrowings comprise cash received from factoring transactions (Note 5).

d) Other receivables:

Other receivables from joint ventures as of 30 June 2015 and 31 December 2014 are as follows:

	30 June 2015	31 December 2014
DowAksa - Receivables due from leasing contract	11,052	8,686
DowAksa - Less: Unearned finance income	(1,915)	(1,734)
Other short-term receivables	9,137	6,952
DowAksa - Receivables due from leasing contract	85,530	78,175
DowAksa - Less: Unearned finance income	(8,028)	(7,736)
Other long-term receivables	77,502	70,439
Total	86,639	77,391

In accordance with the Utilities Agreement signed between the Company and DowAksa Holdings dated 29 June 2012, the Company transferred the “505 Solvent Recovery Unit” at a consideration for its associated construction cost (including finance costs) plus a 5% margin, which is to be repaid in equal installments over the next 10 years; to DowAksa Holdings, who has an option to assure legal title to the asset for a nominal consideration at the end of the lease period.

Leasing receivables are shown as below in terms of period the collection as of 30 June 2015 and 31 December 2014:

	30 June 2015			31 December 2014		
	Leasing Receivables	Interest	Total	Leasing Receivables	Interest	Total
Less than 3 months	3,008	497	3,505	1,723	449	2,172
Between 3-12 months	6,129	1,418	7,547	5,229	1,285	6,514
Between 1-2 years	8,340	1,722	10,062	7,116	1,570	8,686
Between 2-3 years	8,537	1,525	10,062	7,284	1,402	8,686
Between 3-4 years	8,738	1,324	10,062	7,456	1,230	8,686
4 years and longer	51,887	3,457	55,344	48,583	3,534	52,117
	86,639	9,943	96,582	77,391	9,470	86,861

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NOTE 16 - RELATED PARTY DISCLOSURES (Continued)

e) Advances given

As of 30 June 2015 and 31 December 2014, advances given to related parties are as follows:

	30 June 2015	31 December 2014
Akgirişim	6,683	5,193

f) Sales to related parties

Sales to related parties for the six-month periods ended at 30 June 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Ak-Pa (*)	433,870	211,645	368,109	174,133
Akkim Kimya San. ve Tic. A.Ş.	21,819	10,969	21,487	11,186
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti.	14,237	4,332	10,819	5,116
Akkök Holding (**)	11,926	11,797	220	107
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	-	-	22,369	11,920
Other	286	70	72	30
Total	482,138	232,650	423,076	202,492

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

(**) This balance is related to income from sales of 13.47% shares of the Company on Ak-Pa which was accounted for financial investment amounting to TRY11,660.

Sales to related parties consist of export registered fiber, steam and energy sales.

h) Purchases from related parties

Product and service purchases from related parties for the six-month periods ended 30 June 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Akkim Kimya San. ve Tic. A.Ş.	33,958	18,674	28,991	14,056
Akgirişim	20,444	7,203	10,995	4,295
Dinkal Sigorta Acenteliği A.Ş.	6,592	447	5,387	159
Ak-Pa	6,416	3,431	5,513	2,500
Akkök Holding	2,942	1,692	2,882	1,453
Aktek Bilgi İşlem Tekn. San.ve Tic. A.Ş.	3,561	2,079	3,699	1,787
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	718	212	759	249
Ak-Han Bakım Yönt. Serv. Hiz.Güv. Malz. A.Ş.	520	283	514	191
Other	57	57	372	48
Total	75,208	34,078	59,112	24,738

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NOTE 16 - 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 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Salary and other short term employee benefits	1,766	964	1,450	719
Provision for employment termination benefits	11	(2)	20	11
Post-employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Share based payments	-	-	-	-
Total	1,777	962	1,470	730

The benefits provided to board of directors for the six month period ended as of 30 June 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Salary and other short term employee benefits	690	366	800	352
Provision for employment termination benefits	-	-	-	-
Post-employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Share based payments	-	-	-	-
Total	690	366	800	352

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**NOTE 17 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL
INSTRUMENTS**

Financial risk factors

The Groups principal financial instruments are cash and cash equivalents, trade receivables and financial liabilities. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The main risks arising from the Group’s financial instruments are liquidity risk, foreign currency risk and credit risk. The Group management reviews and agrees policies for managing each of the risks as summarized below.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative 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 TRY/foreign currency ratios should be in line with each other and with assets structure.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial informations net of provision for doubtful receivables (Note 6).

Foreign Exchange Risk

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

Foreign currency position presented in TRY is as follows:

	30 June 2015	31 December 2014
Assets	817,538	678,790
Liabilities	(893,405)	(781,952)
Net balance sheet position	(75,867)	(103,162)

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**NOTE 17 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**

Foreign currency position as of 30 June 2015 and 31 December 2014 are as follows:

	30 June 2015			
	TRY equivalent	USD	EUR	Other
1, Trade Receivables	532,574	176,419	19,670	-
2a, Monetary Financial Assets (Cash and cash equivalents included)	198,367	66,714	323	18,190
2b, Non- monetary Financial Assets	-	-	-	-
3, Other	9,095	3,386	-	-
4, Current Assets (1+2+3)	740,036	246,519	19,993	18,190
5, Trade Receivables	-	-	-	-
6a, Monetary Financial Assets	-	-	-	-
6b, Non-monetary Financial Assets	-	-	-	-
7, Other	77,502	28,851	-	-
8, Non-Current Assets (5+6+7)	77,502	28,851	-	-
9, Total Assets (4+8)	817,538	275,370	19,993	18,190
10, Trade Payables	330,117	121,208	1,514	-
11, Financial Liabilities	331,520	109,335	12,679	-
12a, Monetary Other Liabilities	-	-	-	-
12b, Non-monetary Other Liabilities	-	-	-	-
13, Current Liabilities (10+11+12)	661,637	230,543	14,193	-
14, Trade Payables	-	-	-	-
15, Financial Liabilities	231,768	29,167	51,445	-
16 a, Monetary Other Liabilities	-	-	-	-
16 b, Non-monetary Other Liabilities	-	-	-	-
17, Non-Current Liabilities (14+15+16)	231,768	29,167	51,445	-
18, Total Liabilities (13+17)	893,405	259,710	65,638	-
19. Off Statement of Financial Position				
Derivative Items' Net Asset/(Liability) Position				
(19a-19b)	(32,641)	108,175	(108,387)	-
19a, Net Assets of Off Statement of Financial Position	400,963	136,925	11,113	-
19b, Net Liabilities of Off Statement of Financial Position	433,604	28,750	119,500	-
20, Net Foreign Currency Asset / (Liability) Position (9-18+19)	(108,508)	123,835	(154,032)	18,190
21, Monetary Items Net Foreign Currency Asset / (Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(162,464)	(16,577)	(45,645)	18,190
22, Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	10,445	2,687	1,082	-
23, Total value of Hedged Foreign Currency Assets	-	-	-	-
24, Total value of Hedged Foreign Currency Liabilities	-	-	-	-

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**NOTE 17 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**

	31 December 2014			
	TRY equivalent	USD	EUR	Other
1, Trade Receivables	462,378	178,053	17,117	-
2a, Monetary Financial Assets (Cash and cash equivalents included)	139,021	51,845	3,274	9,332
2b, Non- monetary Financial Assets	-	-	-	-
3, Other	6,952	2,998	-	-
4, Current Assets (1+2+3)	608,351	232,896	20,391	9,332
5, Trade Receivables	-	-	-	-
6a, Monetary Financial Assets	-	-	-	-
6b, Non-monetary Financial Assets	-	-	-	-
7, Other	70,439	30,376	-	-
8, Non-Current Assets (5+6+7)	70,439	30,376	-	-
9, Total Assets (4+8)	678,790	263,272	20,391	9,332
10, Trade Payables	398,082	161,675	8,013	3
11, Financial Liabilities	281,892	117,272	3,441	-
12a, Monetary Other Liabilities	-	-	-	-
12b, Non-monetary Other Liabilities	-	-	-	-
13, Current Liabilities (10+11+12)	679,974	278,947	11,454	3
14, Trade Payables	-	-	-	-
15, Financial Liabilities	101,978	33,333	8,536	-
16 a, Monetary Other Liabilities	-	-	-	-
16 b, Non-monetary Other Liabilities	-	-	-	-
17, Non-Current Liabilities (14+15+16)	101,978	33,333	8,536	-
18, Total Liabilities (13+17)	781,952	312,280	19,990	3
19, Off Statement of Financial Position				
Derivative Items' Net Asset/(Liability) Position				
(19a-19b)	(11,096)	73,655	(62,909)	-
19a, Net Assets of Off Statement of Financial Position	298,221	104,488	19,341	-
19b, Net Liabilities of Off Statement of Financial Position	309,317	30,833	82,250	-
20, Net Foreign Currency Asset / (Liability) Position (9-18+19)	(114,258)	24,647	(62,508)	9,329
21, Monetary Items Net Foreign Currency Asset / (Liability) Position				
(=1+2a+5+6a-10-11-12a-14-15-16a)	(180,553)	(82,382)	401	9,329
22, Total Fair Value of Financial Instruments				
Used to Hedge the Foreign Currency Position	7,265	1,305	1,466	-
23, Total value of Hedged Foreign Currency Assets	-	-	-	-
24, Total value of Hedged Foreign Currency Liabilities	-	-	-	-

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NOTE 17 - NATURE AND LEVEL OF RISKS ARISING 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 2015 and 31 December 2014:

30 June 2015	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation of USD against TRY USD net asset/ (liability)	4,207	(4,207)	25,479	(25,479)
Amount hedged for USD risk	-	-	-	-
USD Net effect	4,207	(4,207)	25,888	(25,888)
In case 10% appreciation of EUR against TRY EUR net asset/ (liability)	(13,612)	13,612	-	-
Amount hedged for EUR risk	-	-	-	-
EUR Net effect	(13,612)	13,612	-	-
31 December 2014	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation of USD against TRY USD net asset/ (liability)	(13,868)	13,868	24,258	(24,258)
Amount hedged for USD risk	-	-	-	-
USD Net effect	(13,868)	13,868	24,258	(24,258)
In case 10% appreciation of EUR against TRY EUR net asset/ (liability)	324	(324)	-	-
Amount hedged for EUR risk	-	-	-	-
EUR Net effect	324	(324)	-	-