AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 30 JUNE 2011 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying interim consolidated financial statements of Aksa Akrilik Kimya Sanayii A.Ş. and its subsidiaries (collectively referred to as the "Group") which comprise the interim consolidated balance sheet as of 30 June 2011 and the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Group management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the financial reporting standards issued by the Capital Markets Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these interim consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the CMB. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group management, as well as evaluating the overall presentation of the consolidated financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. *a member of* ***PricewaterhouseCoopers***
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat 9 Akaretler Beşiktaş 34357 İstanbul-Turkey
www.pwc.com/tr Telephone: +90 (212) 326 6060 Facsimile: +90 (212) 326 6050

Opinion

4. In our opinion, the accompanying interim consolidated financial statements present fairly, in all material respects, the financial position of Aksa Akrilik Kimya Sanayii A.Ş. as of 30 June 2011, and its financial performance and its cash flows for the six-month period then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

Additional paragraph for convenience translation into English

5. The financial reporting standards described in Note 2 (defined as "CMB Financial Reporting Standards") to the interim consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying interim consolidated financial statements are not intended to present the financial position, financial performance and cash flows of the Group in accordance with IFRS.

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

Cansen Başaran Symes, SMMM
Partner

Istanbul, 25 August 2011

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2011 AND 31 DECEMBER 2010
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	30 June 2011	31 December 2010
ASSETS			
Current assets		**774.970**	**664.328**
Cash and cash equivalents	4	95.388	64.499
Trade receivables			
- Other trade receivables	7	218.513	307.143
- Due from related parties	25	116.694	16.349
Other receivables	8	210	36.918
Inventories	9	244.869	159.496
Other current assets	15	99.296	79.923
Non-current assets		**787.481**	**694.574**
Trade receivables	7	8.582	9.553
Financial investments	5	1.385	8.008
Property, plant and equipment	10	734.831	658.942
Intangible assets	11	5.204	5.175
Goodwill	12	5.989	5.989
Other non-current assets	15	31.490	6.907
TOTAL ASSETS		**1.562.451**	**1.358.902**

These consolidated financial statements as of and for the period ended 30 June 2011 have been approved for issue by the Board of Directors on 25 August 2011 and signed on behalf of the Board of Directors by Cengiz Taş, General Manager and by Mustafa Yılmaz, member of the Board of Directors.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2011 AND 31 DECEMBER 2010

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

	Notes	30 June 2011	31 December 2010
LIABILITIES			
Current liabilities		**507.376**	**398.730**
Financial liabilities	6	111.165	171.258
Trade payables			
- Other trade payables	7	364.476	175.294
- Due to related parties	25	17.446	36.429
Other payables	8	3.541	3.808
Taxes on income	23	6.794	3.839
Provisions	13	2.520	2.237
Other current liabilities	15	1.434	5.865
Non-current liabilities		**232.702**	**184.407**
Financial liabilities	6	187.590	139.307
Derivative financial instruments	16	4.574	5.000
Provision for employment termination benefits	14	13.656	13.168
Deferred income tax liabilities	23	13.808	13.463
Other non-current liabilities	15	13.074	13.469
Total liabilities		**740.078**	**583.137**
EQUITY		**822.373**	**775.765**
Attributable to equity holders of the parent		**814.076**	**757.988**
Share capital	17	185.000	185.000
Adjustment to share capital	17	195.175	195.175
Share premium		44	44
Restricted reserves		52.542	48.523
Currency translation differences		655	-
Hedge funds		(3.659)	(4.000)
Retained earnings		313.774	276.528
Net income for the period		70.545	56.718
Non-controlling interests		**8.297**	**17.777**
TOTAL LIABILITIES AND EQUITY		**1.562.451**	**1.358.902**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 30 JUNE 2011 AND 2010

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

	Notes	*Audited* 1 January - 30 June 2011	*Not reviewed/ audited* 1 April - 30 June 2011	*Reviewed* 1 January - 30 June 2010	*Not reviewed/ audited* 1 April - 30 June 2010
CONTINUING OPERATIONS					
Sales	18	821.275	436.792	657.549	361.425
Cost of sales (-)	18,19	(699.076)	(378.285)	(571.912)	(313.831)
GROSS PROFIT		**122.199**	**58.507**	**85.637**	**47.594**
Marketing, selling and distribution expenses (-)	19	(14.974)	(7.242)	(11.549)	(6.302)
General administrative expenses (-)	19	(24.722)	(12.555)	(26.044)	(14.273)
Research and development expenses (-)	19	(778)	(503)	(1.181)	(550)
Other operating income	20	6.628	4.222	3.675	1.994
Other operating expenses (-)	20	(3.112)	(2.081)	(3.469)	(3.155)
OPERATING PROFIT		**85.241**	**40.348**	**47.069**	**25.308**
Financial income	21	69.179	23.406	69.863	32.127
Financial expenses (-)	22	(65.867)	(28.835)	(75.988)	(33.627)
PROFIT BEFORE TAX		**88.553**	**34.919**	**40.944**	**23.808**
Taxation expense on income					
- Income tax expense	23	(16.640)	(6.692)	(10.677)	(5.969)
- Deferred tax income	23	(171)	255	2.974	1.444
NET INCOME FOR THE PERIOD		**71.742**	**28.482**	**33.241**	**19.283**
Other Comprehensive Income/ (Expense):					
Changes in fair value of derivative financial instruments		341	33	(1.271)	(503)
Currency translation differences		655	695	-	-
TOTAL COMPREHENSIVE INCOME		**72.738**	**29.210**	**31.970**	**18.780**
Net income for the period attributable to :					
Equity holders of the parent		70.545	28.008	30.752	17.917
Non-controlling interests		1.197	474	2.489	1.366
		71.742	**28.482**	**33.241**	**19.283**
Total comprehensive income attributable to:					
Equity holders of the parent		71.541	28.736	29.481	17.414
Non-controlling interests		1.197	474	2.489	1.366
		72.738	**29.210**	**31.970**	**18.780**
Earnings per share for equity holders of the parent (TL)	24	0,38	0,15	0,17	0,10

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS ENDED 30 JUNE 2011 AND 2010

(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**	**Currency translation differences**	**Hedge Reserve**	**Retained Earnings**	**Net income for the period**	**Total**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2010	**185.000**	**195.175**	**44**	**45.866**	**-**	**(3.029)**	**256.754**	**39.984**	**719.794**	**14.588**	**734.382**
Transfers	-	-	-	-	-	-	39.984	(39.984)	-	-	-
Dividends paid	-	-	-	-	-	-	(16.243)	-	(16.243)	(2.008)	(18.251)
Total comprehensive income	-	-	-	-	-	(1.271)	-	30.752	29.481	2.489	31.970
Balances at 30 June 2010	**185.000**	**195.175**	**44**	**45.866**	**-**	**(4.300)**	**280.495**	**30.752**	**733.032**	**15.069**	**748.101**

	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 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 (Note 2.1.3)	-	-	-	-	-	-	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**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 JUNE 2011 AND 2010

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

	Notes	*Audited* **1 January - 30 June 2011**	*Reviewed* **1 January - 30 June 2010**
Profit before taxation		**88,553**	**40.944**
Adjustments to reconcile income before tax to net cash generated from operating activities:			
Depreciation and amortisation	10,11	24.247	27.986
Provision for employment termination benefits		1.834	860
Interest income	21	(10.928)	(12.615)
Interest expense	22	9.079	13.541
Income from government grants		(521)	(485)
Provision (income)/expense for impairment on inventory		(1.255)	5.242
Provision for impairment on trade receivables	7	-	3.027
Other		846	418
Cash flows before changes in operating assets and liabilities		**111.855**	**78.918**
Changes in operating assets and liabilities:			
Changes in trade receivables		(2.228)	(30.239)
Changes in other receivables		(49)	(3.786)
Changes in inventories		(102.944)	(33.107)
Changes in other receivables		(56.684)	(2.829)
Changes in trade payables		176.713	54.418
Changes in other payables		63	392
Changes in other liabilities		4.761	2.070
Employment termination benefits paid		(975)	(933)
Net cash generated from operating activities		**130.512**	**64.904**
Investing activities:			
Purchase of property. plant and equipment	10,11	(99.506)	(68.532)
Proceeds from sale of property. plant and equipment		275	468
Interest received		9.507	7.938
Net cash used in investing activities		**(89.724)**	**(60.126)**
Financing activities:			
Bank loans received		48.906	56.620
Bank loans paid		(24.453)	(7.874)
Changes in revolving loans, net		4.861	13.725
Dividends paid to equity holders of the parent		(17.478)	(16.244)
Changes in non-controlling interests		(9.283)	-
Dividends paid to non-controlling interests		(1.394)	(2.008)
Interest paid		(11.097)	(13.013)
Net cash (used)/provided in financing activities		**(9.938)**	**31.206**
Net increase in cash and cash equivalents		**30.850**	**35.984**
Cash and cash equivalents as of 1 January	**4**	**64.049**	**102.212**
Cash and cash equivalents as of 30 June	**4**	**94.899**	**138.196**

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 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 the same date, the principle shareholders and their respective shareholding rates in the Company are as follows (Note 17):

	%
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	39,58
Emniyet Ticaret ve Sanayi A.Ş.	18,72
Other (*)	41,70
Total	**100,00**

(*) As of 30 June 2011 37.66% of the Group's shares are traded on ISE.

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

Miralay Şefik Bey Sokak
No: 15 Akhan
Gümüşsuyu 34437 Istanbul

<u>Subsidiaries</u>

The Company has the following subsidiaries (the "Subsidiaries"). The nature of the business of the Subsidiaries and their country of operations are as follows.

Subsidiaries	Country	Nature of business
Ak-Tops Tekstil Sanayi A.Ş. ("Ak-Tops")	Turkey	Textile
Fitco BV ("Fitco")	Holland	Investment
Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt")	Egypt	Textile
Akgirişim Kimya ve Ticaret A.Ş. ("Akgirişim")	Turkey	Chemical

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial Reporting Standards Applied

The interim consolidated 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.

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 consolidated 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 consolidated financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the compulsory disclosures.

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 complete consolidated financial statements for the interim period ended 30 June 2011 and prepared the complete consolidated financial statements in compliance with CMB Financial Reporting Standards.

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.

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 interim consolidated 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.

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

Amendments in International Financial Reporting Standards

a) Standards, amendments and interpretations effective from 1 January 2011 and applied by Group:

- IAS 24 (revised),"Related party disclosures", issued in November 2009. It supersedes IAS 24, "Related party disclosures", issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 01 January 2011. Earlier application, in whole or in part, is permitted.

- Annual improvements 2010 are effective for annual periods beginning 1 January 2011. This set of amendments includes changes to six standards and one IFRIC, namely:
  IFRS 7 "Financial Instruments: Disclosures"
  IAS 1 'Presentation of financial statements'
  IAS 27 "Consolidated and Separate Financial Statements"
  IAS 34 "Interim Financial Reporting"

b) Amendments and interpretations effective from 1 January 2011 but not has material impact on Group's financial statements:

- IFRIC 19, "Extinguishing financial liabilities with equity instruments", effective 01 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

- IAS 32 (Amendment), "Financial instruments: Presentation" The amendment applies to annual periods beginning on or after 1 February 2010. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

- IFRS 1(Amendment), "First time adoption of IFRS" effective 01 July 2010. Provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the amendments to IFRS 7. Also clarifies the transition provisions of the amendments to IFRS 7.

- IFRIC 14, "Prepayments of a minimum funding requirement" effective 01 January 2011. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions.

- Annual improvements 2010 are effective for annual periods beginning 1 January 2011. This set of amendments includes changes to six standards and one IFRIC, namely:

  IFRS 1, "First time adoption of IFRS"
  IFRS 3, 'Business combinations'
  IFRIC 13, 'Customer loyalty programmes'

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

c) Standards, amendments and interpretations to existing standards those are not yet effective in 2011:

- IFRS 7 (Amendment), "Financial Instruments: Disclosures" effective from 1 July 2011. Emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

- IFRS 1 (Amendment), "First time adoption" is effective for annual periods beginning on or after 1 July 2011. 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.

- IAS 12 (Amendment), "Income taxes" 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.

- IAS 1 (Amendment), "Financial statement presentation" 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 recycled to profit or loss (reclassification adjustments).

- IFRS 9, "Financial Instruments" is not applicable until 1 January 2013 but is available for early adoption. This standard is the first step in the process to replace IAS 39, "Financial instruments: recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets.

- IFRS 10, "Consolidated financial statements" is effective for annual periods beginning on or after 1 January 2013. This 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. The standard provides additional guidance to assist in determining control where this is difficult to assess.

- IFRS 11, "Joint arrangements" is effective for annual periods beginning on or after 1 January 2013. This standard provides for 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. This 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.

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

- IFRS 13, "Fair value measurement" is effective for annual periods beginning on or after 1 January 2013. This 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, "Separate financial statements" is effective for annual periods beginning on or after 1 January 2013. This 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, "Associates and joint ventures" is effective for annual periods beginning on or after 1 January 2013. This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

2.1.2 Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated interim financial statements are presented in TL. The Group prepared its consolidated financial statements in accordance with the going concern assumption.

2.1.3 Basis of Consolidation

a) The interim consolidated 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 (Note 2.1.1). 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.

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

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

The table below sets out all Subsidiaries and demonstrates their shareholding structure as of 30 June 2011 and 31 December 2010:

	Direct and indirect ownership interest by the Company and its subsidiaries (%)	
Subsidiary	**30 June 2011**	**31 December 2010**
Ak-Tops [(1)]	60,00	60,00
Fitco[(1)], [(3)]	100,00	100,00
Aksa Egypt [(1)], [(3)]	99,14	99,14
Akgirişim [(2)]	58,00	58,00
Ak-Pa [(2)], [(4)]	13,47	13,47

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

(2) Although the Company has the power to exercise more than 50% of the voting rights, the Subsidiaries are excluded from the scope of consolidation on the grounds of materiality. These subsidiaries have 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) These subsidiaries have been included in the scope of full consolidation as at the balance sheet date (Note 2.1.3).

(4) As of 1 January 2011 these subsidiaries have been included in the scope of full consolidation as at the balance sheet date (Note 2.1.3).

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 Company 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.

The financial statements of the subsidiaries that are located in foreign countries, are prepared according to related countries' regulations, the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. Foreign subsidiaries' asset and liabilities have been translated to Turkish Liras at the balance sheet date currency. Income statements have been translated to TL with the average currency. Closing and average currency translation differences have shown under currency translation differences.

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

Changes in the scope of consolidation:

The Company ceased to have the power to govern the operational and financial policies of Ak-Pa Tekstil İhracat Pazarlama A.Ş. Accordingly, Ak-pa is excluded from the scope of consolidation as of 1 January 2011 and as of that date, the carrying value of Ak-Pa's equity attributable to the participation rate of the Company is designated as the cost of the investment and included in the consolidated financial statements.

As of 1 January 2011, Aksa Egypt and Fitco, subsidiaries of the Group, have been included to full consolidation scope due to their increased significance on the grounds of materiality.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short term highly liquid investments whose risk of value change is not material including time deposits generally having original maturities of three months or less (Note 4).

Financial Assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

As of 30 June 2011 and 31 December 2010 the Group does not have any financial assets at fair value through profit or loss.

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

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for-sale or that are not classified in any of the three categories (a) loans and receivables, (b) held-to-maturity investments and (c) assets at fair value through profit or loss. A gain or loss on an available for- sale financial asset after initial recognition shall be recognised directly in equity, through the statement of changes in equity, except for impairment losses, dividend and interest gains, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss.

If a fair value loss on an available-for-sale asset has been recognised directly in equity, and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised directly in equity should be recycled into profit or loss even though the financial asset has not been sold.

Available-for-sale financial assets are subsequently measured at fair value. Available-for-sale financial assets that are quoted in active markets are measured based on current bid prices.
If the market for a financial asset is not active the fair value is determined by using valuation techniques such as discounted cash flow analysis and option pricing model (Note 5).

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value (Note 5).

Trade receivables

Trade receivables have a maturity range of 30-120 days and are recognised at original invoice amount and carried at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate. Bad debts are written off when identified (Note 7).

The Group have accrued discount premiums in line with the fibers customers' purchase targets to be paid at the end of the year. In the current period, the Group has classified the discount premiums under "other discounts" account in sales.

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

Trade payables

Trade payables have average maturities changing between 60-120 days and consist of the amounts invoiced or not invoiced related with the realised material or service purchases, and are carried at amortised cost (Note 7).

Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost of inventories comprises the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realisable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 9).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.
The initial cost of property, plant and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 10). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land	2 - 50
Buildings	5 - 50
Machinery and equipment	3 - 40
Motor vehicles	4 - 8
Furniture and fixtures	2 - 20

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the event of circumstances indicating that impairment has occurred in the tangible assets, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by reserving a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective tangible assets or the nest sales price, whichever is higher. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate.

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

Repairs and maintenance are charged to the income statements during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. The depreciation period for the intangibles capitalised in relation with the new models will be started after the production of these models is started. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (Note 11).

Amortisation period of intangible assets are determined as 3-5 years.

Research and development expenses

Expenditures for research expenses and development are charged against income in the period incurred except for project development costs which comply with the following criteria:

- The product or process is clearly defined and costs are separately identified and measured reliably,
- The technical feasibility of the product is demonstrated,
- The product or process will be sold or used in-house,
- A potential market exists for the product or its usefulness in case of internal use is demonstrated, and
- Adequate technical, financial and other resources required for completion of the project are available.

The costs related to the development projects are capitalised when the criteria above are met and amortised by straight-line basis over the useful lives of related projects (Note 11).

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are stated net of discounts, value added and sales taxes. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Net sales are invoiced amounts of delivered goods excluding sales returns.

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

Interest income is recognised using the effective interest rate until maturity and considering the effective interest rate.

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as financial income (Note 21).

Dividend income is recognised when the Group has the right to receive the dividend payment. Rent income is recognised in the financial statements when the Groups right to receive the monthly rent income is established.

Commission income is recognised when the intermediary goods' invoice has been booked by the seller.

Bank borrowings

All bank borrowings are initially recognised at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective yield method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement (Note 6).

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

Fair value of financial instruments

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The fair values of the financial instruments are determined in accordance with the following methods and assumptions as follows:

Financial assets

Monetary assets for which fair value approximates carrying value are carried at cost in the financial statements and consists of cash and cash equivalents, their interest accruals, and other financial assets; and considered to approximate their respective carrying values due to their short term nature and negligible credit losses. The carrying value of accounts receivable along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

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

Financial liabilities

Monetary liabilities for which fair value approximates carrying value including accounts payable, short term bank borrowings and other monetary liabilities are considered approximate their respective carrying values due to their short term nature. The bank borrowings are stated at their amortised costs and transaction costs are included in the initial measurement of bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of accounts payable along with the related allowance for unrealised cost is estimated to be their fair values.

Employee benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). As of 23 May 2002 since the related legislation was changed, some transition pre-retirement articles has been removed.

Under the Turkish Labour Law, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees (Note 14).

The Group has an employee benefit plan called "Seniority Incentive Bonus" ("Bonus") which is paid to employees with a certain level of seniority. The Group accounts for this Bonus according to IAS 19, "Employee Benefits". Seniority incentive bonus provision which is disclosed within the employee termination benefit represents the present value of the estimated total reserve of the probable future obligations.

Current and deferred income tax

Tax expense or income is the aggregate of current income tax and deferred taxes which are based on the gains and losses for the period.

Deferred income tax is determined, using the liability method and tax rates (and laws) that have been enacted by the balance sheet date. Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred taxes arising from income and expenses accounted under equity are recorded under equity, accordingly.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed by the Group at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized (Note 23).

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

Earnings per share

Earnings per share disclosed in the statement of consolidated comprehensive income are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period (Note 24).

Events after the balance sheet date

The Group adjusts the amounts recognised in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 28).

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 13).

Contingent assets and liabilities

Contingent liabilities are not recognised in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements, but disclosed when an inflow of economic benefits is probable.

Offsetting

If the essence of the transaction and events requires offsetting, presentation of these transactions and events at their net values or following up of the assets at their amounts after the deduction of impairment, is not evaluated as a breach of the non-deductibility rule.

Foreign currency transactions

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income.

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

Goodwill

The cost of a business combination is allocated by recognising the acquiree's identifiable assets at the date of acquisition. Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, over the business combination cost is accounted for as goodwill.

The carrying value of goodwill is reviewed annually at the same time for impairment and the impairment provision, if any, is immediately recognised in the consolidated income statements. The recoverable amount of a cash generating unit is determined based on the value in use or fair value less cost to sell calculations. As a result of the impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 December. Since the sales cost-based fair value of the said cash generating unit is higher than the book value, the Group management did not make a recoverable value calculation according to the use value (Note 12).

Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

For at the Group the reportable segments are industrial segments. Reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 % or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments (Note 3).

The Group assesses the performance of the operating segments based on a measure of adjusted Earnings Before Interest, Tax, Depreciation and Amortisation, "EBITDA".

The Group's reportable business segments are "fibers", "energy" and the remained operations are reported as "other". The subsidiaries Aksa Egypt "fibers", Fitco and Ak-tops are reported under "other" segment (Note 3).

The supportive functions of industrial segments Financial Affairs, Human Resources and Management of Systems, Purchasing, Business Development, Research and Development, Head Office Expenses and other general administrative and operating expenses are classified into unallocated corporate expenses. Unallocated corporate expenses are followed at the Group by management as the expenses are made to ensure the integrity of the Group by the management.

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

Derivative financial instruments

The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position according to IAS 39, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading.

The Group shows its profits and losses relating to the hedging transaction under equities as "hedging fund".

All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative (Note 16).

Related parties

Parties are considered related to the Group if;

a) directly, or indirectly through one or more intermediaries, the party:

   i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
   ii) has an interest in the Group that gives it significant influence over the Group; or
   iii) has joint control over the Group;

b) the party is an associate of the Group;
c) the party is a joint venture in which the Group is a venture;
d) the party is member of the key management personnel of the Group or its parent;
e) the party is a close member of the family of any individual referred to in (a) or (d);
f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to In (d) or (e); or
g) the party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the normal course of business (Note 25).

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

Cash flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from retailing activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value (Note 4).

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are recognised in the income statement by deducting from research and development expenses. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.4 Critical Accounting Judgements, Estimates and Assumptions

The preparation of 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 all management information related to the events and transactions, actual results may differ from them.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

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

a) Goodwill impairment tests

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

The Group tests annually whether goodwill has been impaired in accordance with the accounting policy. The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, and these projections are based on USD financial budgets approved by management covering a five-year period. The USD fair value is converted into TL by using the related foreign exchange rate on the date of the balance sheet. Therefore, the value in use calculations is affected by the fluctuations in the foreign exchange market.

The discount rate used in the value in use calculations is 9.49% and the risk premium is 3%. The discount rates used are after tax and reflect specific risks relating to the company. As of 31 December 2010, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

If discount rate used in goodwill impairment calculation has been 2% higher/lower with all other variables held constant, there would not been any impairment define on goodwill amount.

b) Net realisable value

Inventories are valued at the lower of cost or net realisable value as discussed in Note: 2.3. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale (Note 8).

c) Tangible and intangible assets useful lives

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss as discussed in Note 2.3. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Useful lives of property, plant and equipment, rely on best estimates of management, these estimates are reviewed balance sheet dates and if necessary adjustments are made necessary.

Plant, property and equipment

In 2011, Group has reviewed useful lives of some property, plant and equipments in fibers segment according to IAS 16 "Property, plant and equipment", as a result of the study, estimated useful lives of these tangible fixed assets have been changed effective from 1 January 2011. As a result of this change, current period amortisation expense decreased by TL4,104 compared to amount calculated with prior useful life estimation as of 30 June 2011.

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

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

Changes in estimated useful changes in such assets are as below;

	New Useful lives	Old Useful lives
Machinery and equipment	17-30 years	10 years
Land improvements	30 years	15 years

d) Doubtful provision

In the event there is a situation which makes impossible for the Group to collect the amounts due payable, a provision for loss is created for the trade receivables. The amount of the provision is determined with the assessment of the payment performance of the customer and trade receivable aging. Provision for doubtful receivables is the accounting estimation that is based on the past payment performance and financial situations of the customers (Note 7).

e) Provisions

As discussed in Note 2.3, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation (Note 13).

NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

	1 January- 30 June 2011			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	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)
Amortisation and depreciation	(18.212)	(2.004)	(1.925)	(22.141)
Other income, net (Note 20)				3.516
Financial expenses, net (Note 21-22)				3.312
Profit before taxation				**88.553**

(*) As of 30 June 2011, unallocated corporate expenses consist of general administrative expense amounting to TL20.568, research and development expenses amounting to TL79.

(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 revenue	428.487	10.210	9.205	447.902
Inter-segment revenue	-	(1.959)	(9.151)	(11.110)
External revenues	**428.487**	**8.251**	**54**	**436.792**
Adjusted EBITDA	**56.335**	**3.258**	**(785)**	**58.808**
Unallocated corporate expenses				(10.070)
Amortisation and depreciation	(8.379)	(1.133)	(1.019)	(10.531)
Other income, net				2.141
Financial expenses, net (Note 21-22)				(5.429)
Profit before taxation				**34.919**

	1 January- 30 June 2010			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	613.568	26.066	40.748	680.382
Inter-segment revenue	-	(3.990)	(18.843)	(22.833)
External revenues	**613.568**	**22.076**	**21.905**	**657.549**
Adjusted EBITDA	**87.174**	**6.683**	**1.044**	**94.901**
Unallocated corporate expenses (*)				(23.845)
Amortisation and depreciation	(20.405)	(1.756)	(2.032)	(24.193)
Other income, net (Note 20)				206
Financial expenses, net (Note 21-22)				(6.125)
Profit before taxation				**40.944**

(*) As of 30 June 2011. unallocated corporate expenses consist of general administrative expense amounting to TL22.682, research and development expenses amounting to TL1.163.

	1 April - 30 June 2010			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	335.610	13.048	23.849	372.507
Inter-segment revenue	-	(1.923)	(9.159)	(11.082)
External revenues	**335.610**	**11.125**	**14.690**	**361.425**
Adjusted EBITDA	**49.920**	**3.429**	**629**	**53.978**
Unallocated corporate expenses				(14.945)
Amortisation and depreciation	(10.663)	(885)	(1.016)	(12.564)
Other expenses, net				(1.161)
Financial expenses, net (Note 21-22)				(1.500)
Profit before taxation				**23.808**

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

NOTE 3 - SEGMENT REPORTING (Continued)

	1 January- 30 June 2011			
	Fibers	**Energy**	**Other**	**Total**
Capital expenditure	9.512	89.052	942	99.506

				30 June 2011
Total segment assets	1.054.971	290.974	21.548	1.367.493
Inter-segment adjustments and classifications	-	(310)	(6.031)	(6.341)
Unallocated corporate assets				201.299
Total assets	**1.054.971**	**290.664**	**15.517**	**1.562.451**
Total segment liabilities	376.729	19.065	4.962	400.756
Inter-segment adjustments and classifications	(6.031)	-	(310)	(6.341)
Unallocated corporate liabilities				345.663
Total liabilities	**370.698**	**19.065**	**4.652**	**740.078**

	1 January- 30 June 2010			
	Fibers	**Energy**	**Other**	**Total**
Capital expenditure	14.145	51.622	2.765	68.532

				31 December 2010
Total segment assets	920.216	203.964	169.125	1.293.305
Inter-segment adjustments and classifications	(127.875)	(838)	(7.140)	(135.853)
Unallocated corporate assets				201.450
Total assets	**792.341**	**203.126**	**161.985**	**1.358.902**
Total segment liabilities	187.667	37.057	134.476	359.200
Inter-segment adjustments and classifications	(7.140)	-	(128.713)	(135.853)
Unallocated corporate liabilities				359.790
Total liabilities	**180.527**	**37.057**	**5.763**	**583.137**

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

NOTE 3 - SEGMENT REPORTING (Continued)

Segment Assets

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

	30 June 2011	31 December 2010
Reportable segment assets	**1.361.152**	**1.157.453**
Cash and cash equivalents	95.388	64.499
Other receivables	185	36.930
Other assets	89.314	77.947
Financial investments	1.385	8.008
Tangible and intangible assets	9.038	8.076
Goodwill	5.989	5.989
Total assets	**1.562.451**	**1.358.902**

Segment Liabilities

Reconciliation between the reportable segment liabilities and total liabilities is as follows:

	30 June 2011	31 December 2010
Reportable segment liabilities	**394.415**	**223.347**
Financial liabilities (*)	298.755	310.565
Derivative financial instruments (**)	4.574	5.000
Other liabilities	3.541	3.808
Provisions	1.298	1.396
Taxes on income	6.794	3.839
Other liabilities	14.339	19.334
Provision for employment benefits	2.554	2.385
Deferred income tax liabilities	13.808	13.463
Total liabilities	**740.078**	**583.137**

(*) As of 30 June 2011, TL114.258 (31 December 2010: TL124.450) of the borrowings in financial liabilities is used for energy investment and TL107.228 is used for carbon fiber investments.

(**) As of 30 June 2011, according to interest rate swap agreement, derivative financial instrument consists of TL3.393 (31 December 2010: TL3.793) liability through borrowing used for energy investments and consists of TL1.181 (31 December 2010: TL1.204) liability through borrowing used for carbon fiber investments.

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

NOTE 4 - CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents is as follows:

	30 June 2011	31 December 2010
Cash	146	169
Banks		
TL demand deposits	6.751	4.776
foreign currency demand deposit	11.130	7.393
TL time deposits	33.675	17.095
foreign currency time deposit	43.197	34.616
Other	489	450
	95.388	**64.499**

Maturity of time deposit are less than three month and weighted average effective interest rates on TL denominated time deposits at 30 June 2011 is 8,75% (2010: 8,25%) and for USD 4,19% (2009: 2,91%), weighted average effective interest rates of Euro denominated time deposits are 0,43% (2010: 1,70%) respectively.

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows is as follows:

	30 June 2011	31 December 2010	30 June 2010	31 December 2009
Cash and cash equivalents	95.388	64.499	138.196	102.212
Less: Restricted Cash	(489)	(450)	-	-
Cash and cash equivalents	**94.899**	**64.049**	**138.196**	**102.212**

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

NOTE 5 - FINANCIAL INVESTMENTS

Group's financial assets are as follows:

	30 June 2011	31 December 2010
Unquoted financial assets:		
Ak-Pa (*)	1.327	-
Akgirişim	58	58
Fitco (**)	-	7.863
Aksa Egypt (**)	-	87
Total	**1.385**	**8.008**

(*) The Company ceased to have the power to govern the operational and financial policies of Ak-Pa Tekstil İhracat Pazarlama A.Ş. , Ak-pa is excluded from the scope of consolidation as of 1 January 2011 and as of that date, the carrying value of Ak-Pa's equity attributable to the participation rate of the Company is designated as the cost of the investment and included in the consolidated financial statements.

(**) As of 1 January 2011, Aksa Egypt and Fitco, subsidiaries of the Group, have been included to full consolidation scope due to become effective on the grounds of materiality.

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. They are accounted for under financial assets at their acquisition cost as they do not have a quoted market price in active markets

NOTE 6 - FINANCIAL LIABILITIES

Group's financial liabilities are as follows:

	30 June 2011	31 December 2010
Short term bank borrowings	77.034	113.384
Short term factoring liabilities	-	10.035
Current portion of long-term bank borrowings	34.131	47.839
Short term financial liabilities	**111.165**	**171.258**
Long term bank borrowings	**187.590**	**139.307**
Total financial liabilities	**298.755**	**310.565**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

Bank Loans

	30 June 2011		31 December 2010	
	Yearly weighted average interest rate %	**TL**	**Yearly weighted average interest rate %**	**TL**
Short term bank borrowings:				
USD borrowings	1,92	76.992	2,12	109.865
TL borrowings	-	42	7,25	3.519
		77.034		**113.384**
Financial liabilities related with factoring		-		10.035
Current portion of long term bank borrowings:				
USD bank borrowings	3,47	34.131	3,48	47.839
Total short term bank borrowings		**111.165**		**171.258**
Long term bank borrowings:				
USD bank borrowings	3,47	187.590	3,48	139.307

The fair value and book value of the long term borrowings are as follows:

	30 June 2011		31 December 2010	
	Fair Value	**Book Value**	**Fair Value**	**Book Value**
USD denominated bank borrowings (*)	208.814	187.590	152.923	139.307

(*) Calculated by taking into account swap interest rates.

The redemption schedule of borrowings is as follows:

	30 June 2011	31 December 2010
Less than 3 months	34.479	24.958
Between 3-12 months	76.686	146.300
Between 1-2 years	49.023	46.491
Between 2-3 years	65.208	46.436
Between 3-4 years	24.454	46.380
The payment with in 4 year and over	48.905	-
	298.755	**310.565**

As of 30 June 2011, the Group has unused credit limit amounting to TL695.976 (31 December 2010: TL1.001.137).

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables and payables are as follows:

Short term trade receivables:

	30 June 2011	31 December 2010
Trade receivables	254.942	337.985
Less: Provision for doubtful receivables	(28.729)	(28.789)
Provision for sales discount premium	(6.017)	-
Unearned finance income on term based sales	(1.683)	(2.053)
Total short term trade receivables, net	**218.513**	**307.143**

Trade receivables as of 30 June 2011 and 31 December 2010 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.

Movements of provision for doubtful receivables for 30 June 2011 and 2010 are as follows:

	2011	2010
1 January	**28.789**	**26.276**
Collections and reversal of provisions	(60)	(187)
Current period charge	-	3.027
30 June	**28.729**	**29.116**

Long term trade receivables:

	30 June 2011	31 December 2010
Notes receivables and cheques	8.716	9.729
Less: Unearned finance income on term based sales (-)	(134)	(176)
Total long term trade receivables, net	**8.582**	**9.553**

Explanations for the nature and level of the risk in trade receivables is shown in Note 26 Credit Risk section.

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Short term trade payables:

	30 June 2011	31 December 2010
Suppliers	367.877	176.631
Less: Unincurred finance costs on purchases (-)	(3.401)	(1.337)
Total	**364.476**	**175.294**

Trade payables as of 30 June 2011 and 31 December 2010 have an average maturity of 3 months and they are discounted with an average annual interest rate of 4% (2010: 5%).

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Group's other receivables and payables details are as follows:

Short term other receivables:	30 June 2011	31 December 2010
Deposits and guarantees given	210	155
Due from related parties (Note 25)	-	36.763
Total	**210**	**36.918**

Short term other payables:	30 June 2011	31 December 2010
Taxes and funds payable	2.894	3.655
Other	647	153
Total	**3.541**	**3.808**

NOTE 9 - INVENTORIES

	30 June 2011	31 December 2010
Raw materials	163.393	91.339
Semi-finished goods	22.652	7.890
Finished goods	49.867	50.787
Merchandise stocks	-	1.644
Other stocks and spare parts	11.654	11.788
Less: Provision for impairment in inventories	(2.697)	(3.952)
Total	**244.869**	**159.496**

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 31 December 2010 and 31 June 2011. The decrease in provision for the impairment amount is partially due to the sale of inventory and increase in sales prices.

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2011	Additions	Disposals	Transfers	Changes in the scope of consolidation (*)	Currency translation differences	30 June 2011
Cost							
Land	59.457	-	(34)	-	1.154	-	60.577
Land improvements	43.925	-	-	418	-	-	44.343
Buildings	109.640	-	(297)	65	(1.418)	-	107.990
Machinery and equipment	748.983	2.752	-	11.445	4.459	-	767.639
Motor vehicles	1.358	14	-	-	241	-	1.613
Furniture and fixtures	23.255	652	-	182	(26)	-	24.063
Construction in progress	221.633	95.362	-	(12.110)	-	-	304.885
	1.208.251	**98.780**	**(331)**	**-**	**4.410**	**-**	**1.311.110**
Accumulated depreciation							
Land improvements	27.676	1.133	-	-	-	-	28.809
Buildings	33.357	1.137	(81)	-	(786)	1	33.628
Machinery and equipment	471.004	20.531	-	-	4.265	1	495.801
Motor vehicles	912	83	-	-	133	-	1.128
Furniture and fixtures	16.360	562	-	-	(9)	-	16.913
	549.309	**23.446**	**(81)**	**-**	**3.603**	**2**	**576.279**
Net book value	**658.942**						**734.831**

(*) Related with exclusion of Ak-pa from the scope of consolidation, inclusion of Fitco and Aksa Egypt in the scope of full consolidation as of 1 January 2011.

Additions to construction in progress account mainly composed of expenditures related with the coal plant and carbon fiber investments.

As of 30 June 2011 borrowing costs amounting to TL9.319 related with coal plant investment and carbon fiber investment has been capitalised on property, plant and equipment.

As of 30 June 2011, TL19.474 of the amortisation expense is charged to "cost of goods sold", TL1 is charged to "research and development expenses", TL361 expense is included in "general administrative expenses", TL1.504 is included in "selling and marketing costs", TL916 is related with uncompleted project development costs amortisation is charged to "construction in progress", TL1.190 is included in "inventories".

As of 30 June 2011 there is no mortgage on property, plant and equipment.

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2010	Additions	Disposals	Transfers	Changes in the scope of consolidation (*)	Currency translation differences	30 June 2010
Cost							
Land	59.187	-	-	270	-	-	59.457
Land improvements	35.475	-	-	238	-	-	35.713
Buildings	109.595	14	(452)	-	-	-	109.157
Machinery and equipment	730.703	329	(54)	7.271	-	-	738.249
Motor vehicles	1.257	50	-	-	-	-	1.307
Furniture and fixtures	20.742	895	-	351	-	-	21.988
Construction in progress	83.935	67.129	-	(8.130)	-	-	142.934
	1.040.894	**68.417**	**(506)**	**-**	**-**	**-**	**1.108.805**
Accumulated depreciation							
Land improvements	25.920	756	-	-	-	-	26.676
Buildings	31.175	1.194	(28)	-	-	-	32.341
Machinery and equipment	419.311	24.779	(27)	-	-	-	444.063
Motor vehicles	803	57	-	-	-	-	860
Furniture and fixtures	15.363	424	-	-	-	-	15.787
	492.572	**27.210**	**(55)**	**-**	**-**	**-**	**519.727**
Net book value	**548.322**						**589.078**

Additions to construction in progress account mainly composed of expenditures related with the coal plant and carbon fiber investments.

As of 30 June 2010 borrowing costs amounting to TL7.926 related with coal plant investment has been capitalised on property, plant and equipment.

At the balance sheet date, TL22.805 of the amortisation expense is charged to "cost of goods sold", TL127 is charged to "research and development expenses", TL447 expense is included in "general administrative expenses", TL38 is included in "selling and marketing costs, TL2.564 is related with uncompleted project development costs amortisation is charged to "construction in progress", TL1.229 is included in "inventories".

As of 30 June 2010 there is no mortgage on property, plant and equipment.

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

NOTE 11 - INTANGIBLE ASSETS

	1 January 2011	Additions	Disposals	Changes in the scope of consolidation (*)	Currency translation differences	30 June 2011
Cost						
Rights	1.648	726	-	542	8	2.924
Development cost	7.117	-	-	-	-	7.117
Other intangible assets	1.577	-	-	-	-	1.577
	10.342	**726**	**-**	**542**	**8**	**11.618**
Accumulated amortisation						
Rights	1.480	73	-	445	1	1.999
Development cost	2.316	685	-	-	-	3.001
Other intangible assets	1.371	43	-	-	-	1.414
	5.167	**801**	**-**	**445**	**1**	**6.414**
Net book value	**5.175**					**5.204**

	1 January 2011	Additions	Disposals	Changes in the scope of consolidation (*)	Currency translation differences	30 June 2010
Cost						
Rights	1.648	-	-	-	-	1.648
Development cost	7.117	-	-	-	-	7.117
Other intangible assets	1.413	115	(29)	-	-	1.499
	10.178	**115**	**(29)**	**-**	**-**	**10.264**
Accumulated amortisation						
Rights	1.463	9	-	-	-	1.472
Development cost	830	712	-	-	-	1.542
Other intangible assets	1.264	55	(13)	-	-	1.306
	3.557	**776**	**(13)**	**-**	**-**	**4.320**
Net book value	**6.621**					**5.944**

(*) Related with exclusion of Ak-pa from the scope of consolidation, inclusion of Fitco and Aksa Egypt in the scope of full consolidation as of 1 January 2011.

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

NOTE 11 - INTANGIBLE ASSETS (Continued)

TL49 (2010: TL52) of the current amortisation expense is charged to “cost of goods sold”, TL671 (2010: 716) is charged to “research and development expenses”, TL81 (2010: TL8) expense is included in “general administrative expenses.

NOTE 12 - GOODWILL

The goodwill balance with the carrying amount of TL5.989 (2009: TL5.989) as at 31 December 2010 resulted from the acquisition of 50% of shares Ak-Tops Tekstil Sanayi A.Ş. during 2007.

In Note 2.4 details of assessment for the Impairment of Goodwill is defined. There is no change in the book value of the goodwill, which is TL5.989 for the period ended as of 30 June 2011 (31 December 2010: TL5.989).

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	30 June 2011	31 December 2010
Provision for unused vacation (Note 14)	1.461	917
Provision for lawsuits	391	842
Provision for other payables and expenses	668	478
Total	**2.520**	**2.237**

Contingent assets and liabilities are as follows:

a) The details of collaterals, pledges and mortgages (“CPM”) of the Group are as follows:

	30 June 2011	31 December 2010
Letter of credit commitments	265.664	118.114
Collaterals given	178.289	180.490
	443.953	**298.604**

b) CPM received for short term trade receivables are as follows:

	30 June 2011	31 December 2010
Credit insurance	85.402	-
Guarantee notes and cheques received	41.227	25.169
Pledges received	32.730	36.310
Guarantee letters received	6.135	7.249
Other commitments received (*)	157.224	117.262
	322.718	**185.990**

(*) Other guarantees consist of confirmed/unconfirmed letter of credits, direct debit system (DDS) limits, Eximbank limits and letter of credits.

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

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

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

	30 June 2011	31 December 2010
A. CPM given on behalf of the Company's legal personality	443.953	298.604
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM		
i) Total amount of CPM given on behalf of the majority shareholder	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C.	-	-
Total	**443.953**	**298.604**

NOTE 14 - EMPLOYEE BENEFITS

Short term employee benefits	**30 June 2011**	**31 December 2010**
Provision for unused vacation (Note 13)	1.461	917

Long term employee benefits

Provision for employee termination benefits	13.656	13.168

Provision for employee termination benefits

Employee termination benefit provision is recorded according to the following descriptions.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service, dismissed from the Group and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away. As of 23 May 2002, legislation was changed in some transitional provisions relating to length of service priority.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

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

NOTE 14 - EMPLOYEE BENEFITS (Continued)

IAS 19 ‘ Employee Benefits’ require actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability:

	30 June 2011	31 December 2010
Discount rate (%)	2.91	4.66
Probability of retirement (%)	98.90	98.92

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TL2.73 effective from 1 July 2011 (31 December 2010: TL2.62) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits of the Group are as follows:

	2011	2010
1 January	**13.168**	**11.520**
Service cost	908	240
Interest cost	614	338
Changes in the scope of consolidation (Note 2.1.3)	(371)	-
Paid compensation	(975)	(933)
Actuarial losses	312	283
30 June	**13.656**	**11.448**

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other current assets:

	30 June 2011	31 December 2010
VAT receivables	63.822	40.151
VAT to be transferred	25.493	26.588
Job advances	3.535	1.309
Purchase advances given	2.832	8.863
Prepaid expenses	2.802	1.293
Advances given to personnel	812	1.719
Total	**99.296**	**79.923**

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

NOTE 15 - OTHER ASSETS AND LIABILITIES (Continued)

Other non-current assets:

	30 June 2011	31 December 2010
Advances given for purchase of property, plant and equipment	31.388	6.797
Other	102	110
Total	**31.490**	**6.907**

Other current liabilities:

	30 June 2011	31 December 2010
Deferred income (*)	970	978
Advances received	98	4.764
Other	366	123
	1.434	**5.865**

Other non-current liabilities:

	30 June 2011	31 December 2010
Deferred income (*)	12.987	13.469
Other	87	-
Total	**13.074**	**13.469**

(*) 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 recognised 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 Undersecretariat of the Prime Ministry for Foreign Trade regarding R&D projects and which have been received in cash in 2008 and 2009, are recognised in the consolidated statement of income on a systematic basis over 16 years, which has been determined as the estimated useful life of related assets.

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

NOTE 16 - DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2011		**31 December2010**	
	Asset	**Liability**	**Asset**	**Liability**
Held for hedging	-	4.574	-	5.000

Derivative instruments held for hedging:

	30 June 2011		**31 December 2010**	
	Contract Amount	**Fair value Liability**	**Contract amount**	**Fair value Liability**
Interest rate swap	121.821	4.574	154.600	5.000

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. 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, which are designated as being and qualify as cash flow hedges and are highly effective, are recognised in equity as "hedging reserve".

As of 30 June 2011 the fixed interest rates vary from 2,5% to 4,2% (31 December 2010: 2,5% - 4,2%). 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 30 June 2011 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 5).

NOTE 17 - 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 2011 and 31 December 2010 is presented below:

	30 June 2011	**31 December 2010**
Limit on registered share capital (historical)	425.000	425.000
Issued share capital	185.000	185.000

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

NOTE 17 - EQUITY (Continued)

The Company's shareholders and their respective shareholding structure as follows:

	Share %	**30 June 2011**	**Share %**	**31 December 2010**
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	39,58	73.223	39,58	73.223
Emniyet Ticaret ve Sanayi A.Ş.	18,72	34.632	18,72	34.632
Other	41,70	77.145	41,70	77.145
	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 Company consists of 18.500.000.000 (31 December 2010: 18.500.000.000) shares issued on bearer with a nominal value of Kr1 (31 December 2010: Kr1) each.

Adjustment to share capital represents the difference between the amounts of the restatement effect of cash and cash equivalents contributions to share capital and the amounts before the restatements.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL52.542 as of 30 June 2011 (31 December 2010: TL48.523). This amount fully consists of legal reserves.

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations.

In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

NOTE 17 - EQUITY (Continued)

In accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilised in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué No: XI-29 and related announcements of CMB, effective from 1 January 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amount. The valuation differences shall be classified as follows:

- The difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";

- The difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained Earnings",

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Adjustment to share capital has no use other than being transferred to paid-in share capital.

Dividend Distribution

Based on CMB Decree No: 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2009. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publicly declared profit distribution policies. With regards to the profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves if the first dividend amount is below 5% of the paid in/issued capital; however if the Company has increased its paid-in capital without dividend distribution in the previous year when the outstanding shares have been identified as "old" and "new", it is mandatory for companies that will make profit distribution from the net distributable profit of the previous year to make this first dividend distribution in cash.

There is no other mandatory minimum profit distribution decision taken according to CMB.

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

NOTE 18 - SALES AND COST OF SALES

Sales and cost of goods sold for the six-month periods ended at 30 June 2011 and 2010 are as follows:

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Domestic sales	547.812	303.192	433.416	237.407
Export sales	291.448	146.033	232.577	127.840
Commission income from foreign trade	-	-	338	164
Less: Sales returns	(2.735)	(1.890)	(1.569)	(811)
Less: Other discounts	(15.250)	(10.543)	(7.213)	(3.175)
Net sales income	**821.275**	**436.792**	**657.549**	**361.425**
Cost of sales (-)	**(699.076)**	**(378.285)**	**(571.912)**	**(313.831)**
Gross profit	**122.199**	**58.507**	**85.637**	**47.594**

NOTE 19 - 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 2011 and 2010 are as follows:

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Raw materials and goods	618.774	337.452	499.517	273.522
Personnel expenses	31.925	17.136	29.539	17.108
Depreciation and amortisation	22.141	10.531	24.193	12.564
Repair, maintenance and cleaning expenses	8.122	4.463	7.003	3.881
Commission expense	7.012	3.165	5.493	3.079
Export expenses	4.683	2.414	4.909	2.698
Consultancy expenses	4.656	2.496	3.643	1.751
Information technologies expense	3.982	1.828	1.697	1.001
Travel expenses	1.874	802	1.652	1.007
Miscellaneous expenses	1.796	655	1.522	541
Other	34.585	17.643	31.518	17.804
Total	**739.550**	**398.585**	**610.686**	**334.956**

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

NOTE 20 - OTHER OPERATING INCOME / (EXPENSE)

As of 30 June 2011 net other expense/income is amounting to TL3.516 (2010: TL206). Other income amount comprise of TL2.331 insurance compensation income (2010: TL58) and amount of TL1.064 (2010: 142 TL) scrap sales income.

NOTE 21 - FINANCIAL INCOME

Financial income for the six-month periods ended at 30 June 2011 and 2010 is as follows:

	1 January - 30 June 2011	**1 April - 30 June 2011**	**1 January - 30 June 2010**	**1 April - 30 June 2010**
Foreign exchange gains	58.251	19.318	57.248	26.439
Interest income from term based sales	8.142	2.966	8.699	3.166
Interest income	2.786	1.122	3.916	2.522
Total	**69.179**	**23.406**	**69.863**	**32.127**

NOTE 22 - FINANCIAL EXPENSES

Financial expenses for the six-month periods ended at 30 June 2011 and 2010 are as follows:

	1 January - 30 June 2011	**1 April - 30 June 2011**	**1 January - 30 June 2010**	**1 April - 30 June 2010**
Foreign exchange expense	56.788	23.726	62.447	27.398
Due date charges on term purchases	5.988	3.697	8.659	2.987
Borrowing costs	3.091	1.412	4.882	3.242
Total	**65.867**	**28.835**	**75.988**	**33.627**

NOTE 23 - TAX ASSETS AND LIABILITIES

Tax expenses for the six-month periods ended at 30 June 2011 and 2010 are as follows:

	1 January - 30 June 2011	**1 April - 30 June 2011**	**1 January - 30 June 2010**	**1 April - 30 June 2010**
Current tax expense	(16.640)	(6.692)	(10.677)	(5.969)
Deferred tax (expense) / income, net	(171)	255	2.974	1.444
Total tax expense	**(16.811)**	**(6.437)**	**(7.703)**	**(4.525)**

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

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Deferred Income Tax Assets and Liabilities

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 30 June 2011 and 31 December 2010 are as follows:

	Temporary Taxable Differences		Deferred Income Tax Asset/Liability	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Property, plant and equipment and intangible assets	(97.754)	(96.353)	(19.551)	(19.271)
Trade payables	(3.401)	(1.337)	(680)	(267)
Other	(168)	(308)	(34)	(62)
Deferred income tax liabilities			**(20.265)**	**(19.600)**
Employee benefit	13.656	13.168	2.731	2.634
Provision for sales discount premium	4.288	-	858	-
Derivative financial instruments	4.574	5.000	915	1.000
Trade receivables	4.733	6.682	947	1.336
Inventories	3.226	3.663	645	733
Other current liabilities	1.807	1.788	361	358
Other	-	379	-	76
Deferred income tax assets			**6.457**	**6.137**
Deferred income tax liabilities, net			**(13.808)**	**(13.463)**

Movement for the deferred income tax liabilities for the periods ended at 30 June 2011 and 2010 are as follows:

	2011	2010
1 January	**13.463**	**14.663**
Deferred tax expenses/ (income) for the period, net	171	(2.974)
Changes in the scope of consolidation (Note 2.1.3)	89	-
Amounts recognised under equity	85	(318)
30 June	**13.808**	**11.371**

	30 June 2011	31 December 2010
Taxes on income calculated	16.640	14.813
Amount deducted from Value Added Tax receivables	(9.846)	(10.974)
Taxes on Income	**6.794**	**3.839**

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

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of tax expenses stated in consolidated income statements is as follows:

	2011	**2010**
Profit before tax	88.553	40.944
Expected tax expense of the Group (%20)	**17.711**	**8.189**
Discount premium expense	4.293	-
Disallowable expenses	2.011	2.749
Research and development incentive	(4.290)	(3.391)
Dividend income	(2.405)	(2.321)
Other	185	533
Tax Effect (%20)	(41)	(486)
Current period tax expense of the Group	**17.670**	**7.703**

NOTE 24 - 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 2011 and 2010 are as follows;

	1 January - 30 June 2011	**1 April - 30 June 2011**	**1 January - 30 June 2010**	**1 April - 30 June 2010**
Net income attributable to the equity holders of the parent (TL) (*)	70.544.923	28.007.921	30.751.934	17.917.241
Weighted average number of shares	18.500.000.000	18.500.000.000	18.500.000.000	18.500.000.000
Earnings per share (Kr)	0.38	0.15	0.17	0.10

(*) Amounts expressed in Turkish Lira (TL).

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

NOTE 25 - RELATED PARTY DISCLOSURES

Due from related parties as of 30 June 2011 and 2010 are as follows:

	30 June 2011	31 December 2010
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (*)	116.527	-
Akkim Kimya San. ve Tic. A.Ş.	241	793
Ak-Al Tekstil Sanayii A.Ş.	-	11.196
Aksa Egypt	-	4.540
Other	-	52
Less: Rediscount (-)	(74)	(232)
Total	**116.694**	**16.349**

(*) The receivables consist of the Group's foreign sales made through Ak-pa.

Non-trade receivables from related parties as of 30 June 2011 and 2010 are as follow (presented in "Other Receivables" in the consolidated balance sheet):

	30 June 2011	31 December 2010
Akport Tekirdağ Liman İşletmeleri A.Ş. (*)	-	20.098
Akkök Sanayi Yatırım ve Geliştirme A.Ş. (*)	-	13.146
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş. (*)	-	3.519
Total	**-**	**36.763**

(*) Due from related parties amounts are related with borrowings that are taken from Eximbank by Ak-Pa and transferred to group companies.

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

	30 June 2011	31 December 2010
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	12.878	-
Ak-Al Tekstil Sanayii A.Ş.	1.184	-
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	728	529
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	631	812
Dinkal Sigorta Acenteliği A.Ş.	399	73
Akkim Kimya San. ve Tic. A.Ş.	185	8.014
Akenerji Elektrik Üretim A.Ş.	12	2.859
Akenerji Doğal Gaz İthalat İhracat ve Toptan Tic. A.Ş.	-	24.637
Other	92	47
Less: Rediscount (-)	(58)	(545)
	16.051	**36.426**
Payables to shareholders	1.395	3
Total	**17.446**	**36.429**

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

NOTE 25 - RELATED PARTY DISCLOSURES (Continued),

Sales to related parties for the six-month periods ended at 30 June 2011 and 2010.

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	283.406	139.835	-	-
Akkim Kimya San. ve Tic. A.Ş.	17.018	8.456	17.359	9.011
Ak-Al Tekstil Sanayii A.Ş.	16.459	7.892	17.221	10.546
Akenerji Elektrik Üretim A.Ş.	137	88	135	-
Aksa Egypt	-	-	26.336	15.146
Other	675	613	197	102
Total	**317.695**	**156.884**	**61.248**	**34.805**

Product and service purchases from related parties for the six-month periods ended 30 June 2011 and 2010:

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Akkim Kimya San. ve Tic. A.Ş.	16.587	8.603	13.236	6.362
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	5.914	3.061	2.695	1.449
Aktek Bilgi İşlem Tekn. San.ve Tic. A.Ş.	4.659	2.028	2.143	1.249
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	2.847	1.427	-	-
Dinkal Sigorta Acenteliği A.Ş.	1.875	252	1.234	130
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	400	122	576	512
Ak-Al Tekstil Sanayii A.Ş.	341	325	58	54
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş.	274	131	317	165
Akenerji Elektrik Üretim A.Ş.	67	27	877	38
Total	**32.964**	**15.976**	**21.136**	**9.959**

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 key management personnel for the six-month ended as at 30 June 2011 and 2010 is as follows;

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Salary and other short term employee benefits	2.521	1.439	2.138	1.386
Provision for employee termination benefit	21	11	19	10
Total	**2.542**	**1.450**	**2.157**	**1.396**

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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 summarised below.

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).

Trade Receivable Aging Analysis

Aging of the receivables which are overdue but not impaired is as follows:

30 June 2011	**Trade Receivables**
1-30 days overdue	19.227
1-3 months overdue	2.112
3-12 months overdue	420
More than 12 months overdue	3.841
Total (*)	**25.600**
Secured with guarantees	**20.394**

(*) As of 18 August 2011 TL19.525 of overdue trade receivables has been collected.

31 December 2010	**Trade Receivables**
1-30 days overdue	5.336
1-3 months overdue	681
3-12 months overdue	570
More than 12 months overdue	1.557
Total	**8.144**
Secured with guarantees	**4.630**

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2011 amounts carried in the balance sheet reflect maximum credit risk of the Group:

	Trade Receivables		Other receivables		Demand deposits at bank	
30 June 2011	**Related Parties**	**Other**	**Related Parties**	**Other**	**Related Parties**	**Other**
Maximum credit risk exposure as of reporting date	116.694	227.095	-	210	-	94.753
- Secured portion of maximum credit risk by guarantees (*)	**82.660**	**195.471**	**-**	**-**	**-**	**-**
Net book value of financial assets either are not due or not impaired secured portion by guarantees etc	107.495	210.694	-	210	-	94.753
Financial assets with renegotiated conditions secured portion by guarantees etc. (**)	-	21.286	-	-	-	-
Net book value of the expired or not impaired financial assets secured portion by guarantees	9.199	16.401	-	-	-	-
- Secured portion with guarantees	8.416	11.978	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-
- Matured (net book value)	-	28.789	-	-	-	-
- Impairment (-)	-	(28.789)	-	-	-	-
- Secured portion with guarantees	-	-	-	-	-	-

(*) Guarantees taken from the related parties consists of Ak-Pa's guarantees received from foreign customers. Therefore export sales that are made through Ak-pa are secured by these guarantees.

(**) As of 30 June 2011, re-structured receivables amount of TL410 has been collected in subsequent period and TL16.225 portion of given receivables secured with guarantees

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2010 amounts carried in the balance sheet reflect maximum credit risk of the Group:

	Trade Receivables		**Other receivables**		**Demand deposits at bank**	
30 December 2010	**Related Parties**	**Other**	**Related Parties**	**Other**	**Related Parties**	**Other**
Maximum credit risk exposure as of reporting date	16.349	316.696	36.763	167	**-**	63.880
- Secured portion of maximum credit risk by guarantees	**4.432**	**177.908**	**3.650**	**-**	**-**	**-**
Net book value of financial assets either are not due or not impaired secured portion by guarantees etc	16.062	308.839	36.763	167	-	63.880
Financial assets with renegotiated conditions secured portion by guarantees etc.	-	23.738	-	-	-	-
Net book value of the expired or not impaired financial assets secured portion by guarantees	287	7.857	-	-	-	-
- Secured portion with guarantees	-	4.630	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-
- Matured (net book value)	-	28.789	-	-	-	-
- Impairment (-)	-	(28.789)	-	-	-	-
- Secured portion with guarantees	-	-	-	-	-	-

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities with sales or purchase commitments. The policy of the Group is to compare every foreign currency type for the probable sales or purchases in the future.

Foreign currency position is as follows:

	30 June 2011	**31 December 2010**
Assets	385.593	408.567
Liabilities	(606.837)	(446.155)
Net balance sheet position	**(221.244)**	**(37.588)**

Foreign currency position as of 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011			
	USD position	**EURO position**	**Other foreign currency position**	**Total**
Assets:				
Cash and cash equivalents	49.385	1.040	3.902	54.327
Trade receivables	285.235	42.324	68	327.627
Other assets	153	808	2.678	3.639
Total assets	**334.773**	**44.172**	**6.648**	**385.593**
Liabilities:				
Financial liabilities	298.713	-	-	298.713
Trade payables	298.422	6.558	1.802	306.782
Other liabilities	-	81	1.261	1.342
Total Liabilities	**597.135**	**6.639**	**3.063**	**606.837**
Net foreign currency position	**(262.362)**	**37.533**	**3.585**	**(221.244)**

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2010			
	USD position	**EURO position**	**Other foreign currency position**	**Total**
Assets:				
Cash and cash equivalents	40.408	1.597	4	42.009
Trade receivables	299.136	31.730	-	330.866
Other assets	33.392	2.270	30	35.692
Total Assets	**372.936**	**35.597**	**34**	**408.567**
Liabilities:				
Financial liabilities	297.011	-	-	297.011
Trade payables	144.415	4.729	-	149.144
Total liabilities	**441.426**	**4.729**	**-**	**446.155**
Net foreign currency position	**(68.490)**	**30.868**	**34**	**(37.588)**

The following table demonstrates the sensitivity to possible changes in the net position, on the Group's balance sheet as of 30 June 2011 and 31 December 2010.

30 June 2011	**Appreciation of Foreign currency**	**Depreciation of Foreign currency**
In case 10% appreciation of USD against TL		
USD net asset/(liability)	(26.236)	26.236
Amount hedged for USD risk	-	-
USD net effect-income (expenses)	**(26.236)**	**26.236**
In case 10% appreciation of EUR against TL		
EUR net asset/(liability)	3.753	(3.753)
Amount hedged for EUR risk	-	-
EUR net effect-income (expenses)	**3.753**	**(3.753)**

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2010	**Appreciation of Foreign currency**	**Depreciation of Foreign currency**
In case 10% appreciation of USD against TL		
USD net asset/liability	(6.849)	6.849
Amount hedged for USD risk	-	-
USD net effect-income (expenses)	**(6.849)**	**6.849**
In case 10% appreciation of EUR against TL		
EUR net asset/liability	3.087	(3.087)
Amount hedged for EUR risk	-	-
EUR net effect-income (expenses)	**3.087**	**(3.087)**

Interest Risk

The Group is exposed to interest risk arising from the borrowings interest rate changes. These exposures are managed by using swap agreements that arise from offsetting interest rate sensitive borrowings (Note 16). Interest sensitive financial liabilities, as of 30 June 2011 balance sheet, other things being constant, if the interest rate appreciate/depreciate by 1%, profit before tax would increase/decrease TL23 (31 December 2010: TL18), capitalised borrowing cost on construction in progress would increase/decrease TL283 (31 December 2010: TL194).

	30 June 2011	**31 December 2010**
Financial instruments with fixed interest rate		
Financial assets		
Designated as fair value through profit or loss (*)	76.872	51.711
Financial liabilities		
USD borrowings	169.373	210.517
TL borrowings	-	13.554
Financial instruments with floating interest rate		
Financial assets		
Designated as fair value through profit or loss (*)	-	-
Financial liabilities		
USD borrowings	129.382	86.494

(*) Financial assets designated as fair value through profit or loss consists of fixed interest rate bank deposits with maturity less than three months.

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid In the framework of liquidity risk management, funding sources are being diversified, and sufficient cash and cash equivalents are held.

The breakdown of financial assets and liabilities according to their maturities is disclosed considering from balance sheet date to due date period. Financial assets and liabilities that have no certain due dates are classified in over 1 year column.

30 June 2011:

Maturities per agreement	Carrying value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Financial liabilities	298.755	329.098	37.020	85.100	164.190	42.788
Trade payables	364.476	367.658	203.371	164.287	-	-
Due to related parties	17.446	17.503	14.302	3.201	-	-
	680.677	**714.259**	**254.693**	**252.588**	**164.190**	**42.788**
Derivative financial instruments						
Derivative cash outflow	4.574	4.748	389	2.142	2.217	-

31 December 2010:

Maturities per agreement	Carrying value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Financial liabilities	310.565	324.688	44.947	130.451	149.290	-
Trade payables	175.294	176.505	116.232	60.273	-	-
Due to related parties	36.429	36.975	9.255	27.720	-	-
	522.288	**538.168**	**170.434**	**218.444**	**149.290**	**-**
Derivative financial instruments						
Derivative cash outflow	5.000	5.190	375	2.331	2.484	-

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Import export information:

Import and export informations of the Group for the periods ended at 30 June 2011 and 2010 are as follows:

Export

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
USD	182.789	85.690	148.024	90.908
EUR	94.760	48.243	42.513	24.859
Other	191	191	19	9
Total	**277.740**	**134.124**	**190.556**	**115.776**

The amount mainly consists of the export sales made through Ak-pa.

Import

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
USD	429.650	240.742	323.818	176.189
EUR	33.555	12.835	19.549	12.465
Other	252	245	353	76
Total	**463.457**	**253.822**	**343.720**	**188.730**

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

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The ratio of debt/equity is as follows:

	30 June 2011	31 December 2010
Total liabilities	680.677	522.288
Less: Cash and cash equivalents (Note 4)	(95.388)	(64.499)
Net debt	**585.289**	**457.789**
Total equity	822.373	775.765
Total capital	**1.407.662**	**1.233.554**
Debt/equity ratio	**42%**	**37%**

NOTE 27 - FINANCIAL INSTRUMENTS

Fair value estimation

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair value of the financial instruments:

Financial assets

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. These balances are anticipated to close their book value.

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short term nature.

The carrying values of trade receivables are assumed to approximate to their fair value.

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

NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

Financial liabilities

The fair values of short term borrowings and trade payables are assumed to approximate to their carrying values due to their short term nature.

The estimated fair value of demand deposits expresses the amount to be paid at the moment of withdrawal. The fair value of the overnight deposits indicates the book value. The estimated fair value of the fixed interest deposits is determined by calculating the discounted cash flows, using the market interest rates applied to similar loan and other debts. In case where the maturities are short, the carrying values are assumed to reflect the fair values (Note 6).

Fair Value Estimation:

Effective 1 January 2010, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

30 June 2011

	Level 1	**Level 2**	**Level 3**
Hedging derivative financial instruments	-	4.574	-
Total Liabilities	**-**	**4.574**	**-**

31 December 2010

	Level 1	**Level 2**	**Level 3**
Hedging derivative financial instruments	-	5.000	-
Total Liabilities	**-**	**5.000**	**-**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instruments are observable, the instrument is included in level 2.

NOTE 28 - SUBSEQUENT EVENT

As a result of the board of directors decision of Aksa Akrilik Kimya Sanayii A.Ş. taken on 3 August 2011, it was agreed that according to subparagraph (b) of the 3rd paragraph of Article 19 and Article 20 of the Corporate Tax Law, No. 5520, Article 19.2.2 of the Corporate Tax General Communiqué, Serial No. 1, dated 3 April 2007, promulgated by the Ministry of Finance and the Communiqué on the Regulation of the Procedures and Principles of the Partial Spin-Off of Joint Stock and Limited Companies, promulgated by the Ministry of Finance and the Ministry of Industry and Trade, in the Official Gazette, No. 25231, dated 16 September 2003 and as per the relevant provisions of the Capital Markets Board, carbon fiber operations are to be transferred to a new company to be in corparated. (New Company). Such transfer should realise through partial spin-off, where the shares of the New Company be acquired by Aksa Akrilik Kimya Sanayii A.Ş. as a whole it has been agreed that the spinoff will be based on the balance sheet dated 30 June 2011 and that necessary applications be made to the Competition Board, Capital Markets Board, Istanbul Stock Exchange, Ministry of Industry and Trade, General Directorate of Domestic Trade, Trade Registry and other legal bodies.

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