

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2017
TOGETHER WITH AUDITOR'S REVIEW REPORT**

**(CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

(Convenience Translation into English of the Independent Auditor's Review Report Originally Issued in Turkish)

Review Report on the Interim Condensed Consolidated Financial Information

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

Introduction

We have reviewed the accompanying consolidated statement of financial position of Aksa Akrilik Kimya Sanayii A.Ş. and its subsidiaries (the "Group") as at 30 June 2017, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six month period then ended and notes to the interim financial information ("the interim condensed consolidated financial information"). The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standards 34 *Interim Financial Reporting* ("TAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of a Review

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

Conclusion

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

(Convenience Translation into English of the Independent Auditor's Review Report Originally Issued in Turkish)

Other matters

- 1- The consolidated financial statements of the Group prepared in accordance with the Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") as of December 31, 2016, were audited by another audit firm whose independent auditor's report thereon dated February 17, 2017 expressed an unqualified opinion. The interim condensed consolidated financial statements as of June 30, 2016 of Akso Akriklik Kimya Sanayii A.Ş. prepared in accordance with TAS 34 were also reviewed by the same audit firm whose independent auditor's review report thereon dated August 12, 2016 expressed that nothing had come to their attention that caused them to believe that the interim condensed consolidated financial statements were not prepared in accordance with TAS 34.
- 2- As explained in Note 2.5 to the interim condensed consolidated financial information, US Dollar ("USD") amounts shown in the accompanying interim condensed consolidated financial information have been translated from Turkish Lira ("TRY"), as a matter of arithmetic computation only, at the official USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 30 June 2017 for consolidated statement of financial position; and the official USD average CBRT bid rates of the first six month period of 2017 for the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and they do not form part of these interim condensed consolidated financial information.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member firm of Ernst Young Global Limited



Ferzan Uğen, SMMM
Partner

14 August 2017
İstanbul, Türkiye

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)**

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2017**

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CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2017 AND 31 DECEMBER 2016

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

	Notes	30 June 2017 USD (*)	Reviewed 30 June 2017	Audited 31 December 2016
ASSETS				
Current assets		386,745	1,356,358	1,387,576
Cash and cash equivalents		100,736	353,291	458,301
Trade receivables				
- Trade receivables due from unrelated parties	6	116,930	410,086	404,647
- Trade receivables due from related parties	19	51,200	179,561	213,420
Other receivables				
- Other receivables due from related parties	19	1,119	3,924	83
- Other receivables due from unrelated parties		107	374	677
Derivative financial assets	12	167	586	673
Inventories	7	77,258	270,950	217,522
Prepayments		6,230	21,849	13,641
Other current assets		32,998	115,737	78,612
Non-current assets		402,327	1,410,998	1,245,394
Other receivables				
- Other receivables due from related parties	19	28,871	101,253	105,374
Derivative financial assets	12	387	1,357	1,881
Investments accounted for using the equity method	4	65,020	228,031	214,252
Investment property	8	13,265	46,523	47,155
Property, plant and equipment	9	260,896	914,988	756,840
Intangible assets and goodwill	10	22,020	77,224	78,326
Prepayments		11,868	41,622	41,566
TOTAL ASSETS		789,072	2,767,356	2,632,970

(*) USD amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the CBRT at 30 June 2017, and therefore do not form part of this interim condensed consolidated financial information (Note 2.5).

This interim condensed consolidated financial statements as of and for the period ended 30 June 2017 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 14 August 2017.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2017 AND 31 DECEMBER 2016

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

	Notes	30 June 2017 USD (*)	Reviewed 30 June 2017	Audited 31 December 2016
LIABILITIES				
Current liabilities		373,802	1,310,960	1,097,750
Current borrowings	5	166,691	584,603	469,319
Current portion of non-current borrowings	5	31,248	109,588	111,479
Trade payables				
- Trade payables to unrelated parties		154,789	542,860	453,949
- Trade payables to related parties	19	9,275	32,530	33,716
Employee benefit obligations		915	3,210	2,727
Other payables				
- Other payables to unrelated parties		697	2,442	409
Derivative financial liabilities	12	228	799	1,653
Deferred income		2,813	9,867	3,304
Current tax liabilities	17	4,681	16,415	7,411
Current provisions				
- Current provisions for employee benefits		1,882	6,602	11,369
- Other current provisions		583	2,044	2,414
Non-current liabilities		68,701	240,943	285,515
Long-term borrowings	5	59,092	207,241	253,574
Derivative financial liabilities	12	-	-	1,137
Non-current provisions				
- Non-current provision for employment benefits		6,666	23,380	19,131
Deferred tax liabilities	17	2,943	10,322	11,673
Total liabilities		442,503	1,551,903	1,383,265
EQUITY		346,569	1,215,453	1,249,705
Equity attributable to owners of the parent		346,569	1,215,453	1,249,705
Issued capital		52,750	185,000	185,000
Inflation adjustment on capital		55,651	195,175	195,175
Share premium (discount)		13	44	44
Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss				
- Gains/(losses) remeasurements of defined benefit plans		(1,646)	(5,771)	(3,125)
Other accumulated comprehensive income/(loss) that will be reclassified to profit or loss				
- Exchange differences on translation		44,759	156,976	155,147
Restricted reserves appropriated from profits		40,061	140,498	122,685
Prior years' profits or losses		111,085	389,585	468,981
Current period net profit or loss		43,896	153,946	125,798
Non-controlling interests		-	-	-
TOTAL LIABILITIES AND EQUITY		789,072	2,767,356	2,632,970

(*) USD amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the CBRT at 30 June 2017, and therefore do not form part of this interim condensed consolidated financial statements (Note 2.5).

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE INTERIM PERIODS ENDED

30 JUNE 2017 AND 2016

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

	Notes	1 January- 30 June 2017 USD (*)	Reviewed 1 January - 30 June 2017	Not reviewed 1 April - 30 June 2017	Reviewed 1 January - 30 June 2016	Not reviewed 1 April - 30 June 2016
Profit or loss						
Revenue		356,147	1,294,917	669,040	920,751	477,997
Cost of sales (-)	13	(281,338)	(1,022,917)	(544,856)	(719,168)	(359,105)
Gross profit		74,809	272,000	124,184	201,583	118,892
General administrative expenses (-)	13	(8,886)	(32,309)	(17,367)	(26,477)	(13,850)
Marketing expenses (-)	13	(8,344)	(30,338)	(12,360)	(23,545)	(12,343)
Research and development expenses (-)	13	(683)	(2,485)	(1,157)	(2,786)	(1,414)
Other income from operating activities	14	36,302	131,992	61,857	34,796	14,201
Other expenses from operating activities (-)	14	(33,863)	(123,124)	(62,510)	(30,595)	(7,196)
Profit from operating activities		59,335	215,736	92,647	152,976	98,290
Share of loss from investments accounted for using the equity method	4	(6,579)	(23,921)	(9,109)	(26,090)	(16,520)
Profit before financing income / (expense)		52,756	191,815	83,538	126,886	81,770
Finance income	15	36,124	131,342	45,613	71,700	31,109
Finance costs (-)	16	(36,819)	(133,871)	(31,414)	(86,278)	(42,280)
Profit from continuing operations, before tax		52,061	189,286	97,737	112,308	70,599
Tax expense, continuing operations:						
- Current period tax expense (-)	17	(9,909)	(36,028)	(15,509)	(29,472)	(16,750)
- Deferred tax income	17	189	688	1,324	233	(253)
Profit from continuing operations		42,341	153,946	83,552	83,069	53,596
Net income for the period attributable to:						
Owners of the parent		42,341	153,946	83,552	83,091	53,598
Non-controlling interests		-	-	-	(22)	(2)
		42,341	153,946	83,552	83,069	53,596
Basic earnings per share from continuing operations (Kır)	18	0.23	0.83	0.45	0.45	0.29

(*) USD amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official average TRY bid rate announced by the CBRT for the first six month period of 2017, and therefore do not form part of this interim condensed consolidated financial statements (Note 2.5).

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE INTERIM PERIODS ENDED

30 JUNE 2017 AND 2016

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

	1 January - 30 June 2017 USD (*)	<i>Reviewed</i> 1 January - 30 June 2017	<i>Not reviewed</i> 1 April - 30 June 2017	<i>Reviewed</i> 1 January - 30 June 2016	<i>Not Reviewed</i> 1 April - 30 June 2016
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss					
Gains / losses on remeasurements of defined benefit plans	(910)	(3,308)	(3,308)	(1,059)	(1,059)
Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	182	662	662	212	212
Other comprehensive income that will be reclassified to profit or loss					
Other comprehensive income / loss related with cash flow hedges	-	-	-	(1,169)	(55)
Exchange differences on translation	503	1,829	(6,297)	(4,197)	4,628
Taxes relating to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	234	11
Total comprehensive income	42,116	153,129	74,609	77,090	57,333
Total comprehensive income attributable to:					
Owners of the parent	42,116	153,129	74,609	77,112	57,335
Non-controlling interest	-	-	-	(22)	(2)
	42,116	153,129	74,609	77,090	57,333

(*) USD amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the average official TRY bid rate announced by the CBRT for the period between 1 January 2017 - 30 June 2017, and therefore do not form part of this interim condensed consolidated financial statements (Note 2.5).

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

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

Reviewed	Attributable to equity holders of the parent											Non-controlling interest	Total Equity
	Issued capital	Inflation adjustments on capital	Share premiums or discounts	Restricted reserves appropriated from profits	Exchange differences on translation ⁽¹⁾	Reserve of Gains / losses on gains or remeasurements losses on hedge ⁽¹⁾	Prior years' profit or loss	Net profit or loss	Equity attributable to owners of parent				
1 January 2016	185,000	195,175	44	107,501	120,438	330	(5,194)	445,779	199,475	1,248,548	48	1,248,596	
Transfers	-	-	-	15,184	-	-	-	184,291	(199,475)	-	-	-	
Dividends paid	-	-	-	-	-	-	-	(161,089)	-	(161,089)	-	(161,089)	
Total comprehensive income	-	-	-	-	(4,197)	(935)	(847)	-	83,091	77,112	(22)	77,090	
30 June 2016	185,000	195,175	44	122,685	116,241	(605)	(6,041)	468,981	83,091	1,164,571	26	1,164,597	

Reviewed	Attributable to equity holders of the parent											Non-controlling interest	Total Equity
	Issued capital	Inflation adjustments on capital	Share premiums or discounts	Restricted reserves appropriated from profits	Exchange differences on translation ⁽¹⁾	Reserve of Gains / losses on gains or remeasurements losses on hedge ⁽¹⁾	Prior years' profit or loss	Net profit or loss	Equity attributable to owners of parent				
1 January 2017	185,000	195,175	44	122,685	155,147	-	(3,125)	468,981	125,798	1,249,705	-	1,249,705	
Transfers	-	-	-	17,813	-	-	-	107,985	(125,798)	-	-	-	
Dividends paid	-	-	-	-	-	-	-	(187,381)	-	(187,381)	-	(187,381)	
Total comprehensive income	-	-	-	-	1,829	-	(2,646)	-	153,946	153,129	-	153,129	
30 June 2017	185,000	195,175	44	140,498	156,976	-	(5,771)	389,585	153,946	1,215,453	-	1,215,453	

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)**

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2017 AND 2016**

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

	Notes	1 January- 30 June 2017 USD (*)	Reviewed 1 January - 30 June 2017	Reviewed 1 January - 30 June 2016
A. Cash Flows From Operating Activities		63,272	230,052	126,767
Profit		42,341	153,946	83,069
Adjustments to reconcile profit		22,697	82,525	94,801
- Adjustments for depreciation and amortisation expense	13	11,235	40,851	36,605
- Adjustments for impairment loss (reversal of impairment loss)		30	107	(540)
- Adjustments for provisions		520	1,891	1,956
- Adjustments for interest (income) / expenses	15, 16	(323)	(1,173)	473
- Adjustments for unrealized foreign exchange losses (gains)		(5,235)	(19,034)	254
- Adjustments for undistributed profits of investments accounted for using equity method	4	6,579	23,921	26,090
- Adjustments for tax (income) expenses		9,720	35,340	29,239
- Adjustments for losses (gains) on disposal of non-current assets		(47)	(170)	(43)
- Other adjustments to reconcile profit (loss)		218	792	767
Changes in working capital		(702)	(2,552)	(26,355)
- Adjustments for decrease (increase) in inventories		(14,535)	(52,847)	(3,263)
- Adjustments for decrease (increase) in trade accounts receivable		2,892	10,516	17,803
- Adjustments for decrease (increase) in other receivables related with operations		61	220	3,245
- Adjustments for increase (decrease) in trade accounts payable		27,775	100,987	(16,436)
- Adjustments for increase (decrease) in other operating payables		559	2,033	48
- Other Adjustments for other increase (decrease) in working capital		(17,454)	(63,461)	(27,752)
Cash flows from operating activities		64,336	233,919	151,515
Interest paid		(1,330)	(4,836)	(3,467)
Interest received		3,062	11,136	5,489
Income taxes refund (paid)		(2,796)	(10,167)	(26,770)
B. Cash Flows From Investing Activities		(63,979)	(232,623)	(40,572)
Cash outflows arising from purchase of shares or capital increase of associates and/or joint ventures	4	(9,731)	(35,382)	-
Proceeds from sales of property, plant, equipment and intangible assets		438	1,591	56
Purchase of property, plant, equipment and intangible assets		(54,686)	(198,832)	(40,628)
C. Cash Flows From Financing Activities		(27,979)	(101,730)	(227,064)
Proceeds from borrowings		141,403	514,126	285,285
Repayments of borrowings		(118,203)	(429,776)	(349,350)
Dividends paid		(51,536)	(187,381)	(161,089)
Interest received		4,145	15,075	4,719
Interest paid		(3,788)	(13,774)	(6,629)
Net increase in cash and cash equivalents before effect of exchange rate changes		(28,686)	(104,301)	(140,869)
D. Effect of exchange rate changes on cash and cash equivalents		(148)	(536)	(431)
Net increase / (decrease) in cash and cash equivalents		(28,834)	(104,837)	(141,300)
E. Cash and cash equivalents at the beginning of the period		125,818	457,463	338,810
Cash and cash equivalents at the end of the period		96,984	352,626	197,510

(*) USD amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the average official TRY bid rate announced by the CBRT for the period between 1 January 2017 - 30 June 2017, and therefore do not form part of this interim condensed consolidated financial statements (Note 2.5).

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

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

	%
Akkök Holding A.Ş. ("Akkök Holding")	39.59
Emniyet Ticaret ve Sanayi A.Ş.	18.72
Other ^(*)	41.69
Total	100.00

(*) As of 30 June 2017, 37.19% of the Group's shares are traded on BIST and Somerset em.mar.d.v.g hold 5.41% of the shares.

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

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

Merkez Mahallesi Yalova Kocaeli Yolu Cad. No:34
PK 114 77602 Taşköprü Çiftlikköy - Yalova

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

- Fibers
- Energy
- Other

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

Subsidiaries	Country	Nature of business	Segment
Fitco BV ("Fitco")	Holland	Investment	Other
Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt")	Egypt	Textile	Fibers
Joint ventures	Country	Nature of business	
DowAksa Advanced Composites Holdings BV ("DowAksa Holdings")	Holland	Investment	

(*)A capital increase of USD 4 million was made on May 4, 2017, direct and indirect share capital in Aksa Egypt capital increased from 99.50% to 99.84%.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION

2.1 Basis of presentation

2.1.1 Financial Reporting Standards Applied

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

The Group prepared its interim condensed consolidated financial information for the period ended 30 June 2017 in accordance with the TAS 34 “Interim financial reporting” in the framework of the Communiqué Serial: XII and numbered 14.1 and its related announcements. The interim condensed consolidated financial information and its accompanying notes are presented in compliance with the formats, including specific required disclosures, mandated by the CMB.

The Group’s interim condensed consolidated financial information does not include all disclosures and notes that are included in the annual consolidated financial statements. Therefore the interim condensed consolidated financial information should be read together with the annual consolidated financial statements at 31 December 2016.

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

The consolidated financial statements have been prepared under historical cost conventions except for derivative instruments and financial investments which are carried at fair value and in the case of business combinations, revaluation resulting from the difference between the fair value and the carrying value of tangible and intangible assets.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

Amendments and Interpretations in Turkish Financial Reporting Standards

Group has applied the revised standards and interpretations are published by POA which are effective after 1 January 2017.

a) *Amendments in TAS which affect the consolidated financial information and its related notes*
None.

b) *Standards, amendments and interpretations issued but not yet effective and not early adopted as of 30 June 2017:*

The new standards, interpretations and amendments published in the interim condensed consolidated financial statements as of the approval date of the financial statements but not yet effective for the current reporting period and not early adopted by the Group are as follows.

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required.

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

The effects of those changes are assessed within the Group.

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

c) *New standards, amendments and interpretations that are issued by the International Accounting Standard Boards (IASB) but not issued by POA as of 30 June 2017*

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Group applies this relief, it shall disclose that fact.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

IAS 7 Statement of Cash Flows (Amendments)

The IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Group first applies those amendments, it is not required to provide comparative information for preceding periods

IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

The IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

- a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
- c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

IFRS 4 Insurance Contracts (Amendments)

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The IASB issued amendments to IAS 40 'Investment Property '. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

Annual Improvements to IFRSs - 2014-2016 Cycle

The IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle, amending the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some IFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.
- IFRS 12 Disclosure of Interests in Other Entities: This amendment clarifies that an entity is not required to disclose summarised financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are to be applied for annual periods beginning on or after 1 January 2017.
- IAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying IFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in “IAS 12 Income Taxes” when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

- (a) whether an entity considers uncertain tax treatments separately;
- (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- (d) how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application.

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

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

The Group will evaluate the impact of these amendments and apply where necessary.

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 recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods.

Comparative information and correction of prior period financial statements

The Group has prepared the consolidated statement of financial position as at 30 June 2017 comparatively with the consolidated statement of financial position as at 31 December 2016, and the consolidated profit or loss statement, the consolidated statement of other comprehensive income, the consolidated statements of cash flows and changes in equity in the six month period ended 30 June 2017 comparative to the six month period ended 30 June 2016.

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

2.3 Summary of Significant Accounting Policies

The interim condensed consolidated financial information for the period ended 30 June 2017 have been prepared in accordance with the TAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of this interim condensed consolidated financial statements for the period ended 30 June 2017 are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2016 except for the following:

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

The consolidated statement of financial position at 30 June 2017 should be considered with the comparative financial statements at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, cash flows and changes in equity should be considered between 1 January and 30 June 2016.

2.4 Change of Operations According to Seasons

The operations of the Group are not affected by seasonal fluctuations.

2.5 USD amounts presented in the financial statements

USD amounts shown in the consolidated statement of financial position prepared in accordance with Turkish Accounting Standards have been translated from TRY, as a matter of arithmetic computation only, at the official USD bid rates announced by the Central Bank of the Republic of Turkey on 30 June 2017 of TRY 3,5071 = USD1 and USD amounts shown in the consolidated statements of profit or loss and other comprehensive income and cash flows have been translated from TRY, as a matter of arithmetic computation only, at the average official USD bid rates calculated from the official daily bid rates announced by the Central Bank of the Republic of Turkey for the six-month period ended 30 June 2017 of TRY 3,6359 = USD1, and do not form part of this condensed consolidated financial statements.

2.6 Convenience Translation into English of Interim Condensed Consolidated Financial Statements

The accounting principles described in Note 2.1 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the interim condensed consolidated financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

	1 January - 30 June 2017			
	Fibers	Energy	Other	Total
Total segment revenues	1,233,766	53,562	7,589	1,294,917
External revenues	1,233,766	53,562	7,589	1,294,917
Adjusted EBITDA (*)	271,661	2,821	4,188	278,670
Unallocated corporate expenses (**)	-	-	-	(30,951)
EBITDA	-	-	-	247,719
Amortization and depreciation	(25,791)	(12,436)	(2,624)	(40,851)
Other operating income, net	-	-	-	8,868
Share of loss of investments				
accounted for using the equity method	(23,921)	-	-	(23,921)
Financial income / (expenses), net	-	-	-	(2,529)
Profit before tax				189,286

(*) Adjusted earnings before interest, taxes, depreciation, amortization ("Adjusted EBITDA"), is not a financial performance measurement published on TAS and may not be comparable with the similar indicators defined by other companies.

(**) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January - 30 June 2017.

	1 April - 30 June 2017			
	Fibers	Energy	Other	Total
Total segment revenue	638,149	26,661	4,230	669,040
External revenues	638,149	26,661	4,230	669,040
Adjusted EBITDA	129,502	587	2,712	132,801
Unallocated corporate expenses (***)	-	-	-	(16,681)
EBITDA	-	-	-	116,120
Amortization and depreciation	(12,996)	(8,490)	(1,334)	(22,820)
Other operating income, net	-	-	-	653
Share of loss of investment				
accounted for using the equity method	(9,109)	-	-	(9,109)
Financial income / (expenses), net	-	-	-	(14,199)
Profit before tax				97,737

(***) Unallocated corporate expenses for the period between 1 April - 30 June 2017, consists of unallocated part of general administrative expenses.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 - SEGMENT REPORTING (Continued)

	1 January - 30 June 2016			
	Fibers	Energy	Other	Total
Total segment revenue	853,704	60,664	6,383	920,751
External revenues	853,704	60,664	6,383	920,751
Adjusted EBITDA	200,349	7,813	2,581	210,743
Unallocated corporate expenses (*)	-	-	-	(25,363)
EBITDA	-	-	-	185,380
Amortization and depreciation	(26,006)	(7,895)	(2,704)	(36,605)
Other operating income, net	-	-	-	4,201
Share of loss of investments	-	-	-	-
accounted for using the equity method	(26,090)	-	-	(26,090)
Financial income / (expenses), net	-	-	-	(14,578)
Profit before tax				112,308

(*) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January - 30 June 2016.

	1 April - 30 June 2016			
	Fibers	Energy	Other	Total
Total segment revenue	445,318	29,563	3,116	477,997
External revenues	445,318	29,563	3,116	477,997
Adjusted EBITDA	118,172	4,317	1,233	123,722
Unallocated corporate expenses (**)	-	-	-	(14,065)
EBITDA	-	-	-	109,657
Amortization and depreciation	(12,983)	(4,056)	(1,333)	(18,372)
Other operating income, net	-	-	-	7,005
Share of loss of investment	-	-	-	-
accounted for using the equity method	(16,520)	-	-	(16,520)
Financial income / (expenses), net	-	-	-	(11,171)
Profit before tax				70,599

(**) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 April - 30 June 2016.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 4 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Joint Ventures

	30 June 2017	31 December 2016
DowAksa Holdings	228,031	214,252

Summary financial information of DowAksa Holding is presented below:

	30 June 2017	31 December 2016
Current assets	192,407	150,572
Non-current assets	864,801	862,246
Total Assets	1,057,208	1,012,818
Short-term liabilities	346,060	272,217
Long-term liabilities	255,086	312,097
Equity	456,062	428,504
Total Liabilities	1,057,208	1,012,818
Equity corresponding to Group's interest of 50%	228,031	214,252

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Revenues	59,118	31,696	35,882	15,866
Net loss	(47,842)	(18,218)	(52,180)	(33,040)
Net Loss corresponding to the Group's interest of 50%	(23,921)	(9,109)	(26,090)	(16,520)

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

	2017	2016
1 January, opening balance	214,252	243,337
Net loss corresponding to the Group's interest of 50%	(23,921)	(26,090)
Emission premium increase	35,382	-
Currency translation differences	2,318	(3,150)
30 June, closing balance	228,031	214,097

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 5 - BORROWINGS

Group's financial liabilities are as follows:

	30 June 2017	31 December 2016
Short-term bank borrowings	541,072	439,277
Short-term factoring liabilities	43,531	30,042
Short-term portion of long-term bank borrowings	109,588	111,479
Total short-term borrowings	694,191	580,798
Long-term bank borrowings	207,241	253,574
Total long-term borrowings	207,241	253,574
Total borrowings	901,432	834,372

Bank borrowings

	30 June 2017		31 December 2016	
	Yearly weighted average interest rate %	TRY	Yearly weighted average interest rate %	TRY
a) Short-term bank borrowings:				
USD bank borrowings	3.33	533,080	2.13	380,074
TRY bank borrowings	12.85	7,992	12.85	59,203
Total short-term bank borrowings:		541,072		439,277
Factoring liabilities	1.81	43,531	1.89	30,042
Total short-term borrowings		584,603		469,319
b) Short-term portion of long-term bank borrowings:				
USD bank borrowings	3.23	50,971	3.27	57,107
EUR bank borrowings	2.36	58,617	2.36	54,372
Total short-term portion of long-term bank borrowings		109,588		111,479
Total short-term borrowings		694,191		580,798
c) Long-term bank borrowings:				
USD bank borrowings	3.18	118,286	3.20	144,029
EUR bank borrowings	2.00	88,955	2.09	109,545
Total long-term borrowings		207,241		253,574

Group has no breach of contract concerning its borrowings.

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NOTE 5 - BORROWINGS (Continued)

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

	30 June 2017	31 December 2016
Less than 3 months	277,174	226,962
Between 3-12 months	417,017	353,836
Between 1-2 years	94,974	98,384
Between 2-3 years	80,361	91,892
Between 3-4 years	21,271	41,955
4 years and longer	10,635	21,343
	901,432	834,372

As of 30 June 2017, according to the general credit agreements, the Group has not blocked deposits in relation to its borrowings (31 December 2016: None).

NOTE 6 - TRADE RECEIVABLES

Details of trade receivables and payables are as follows:

a) Short-term trade receivables:

	30 June 2017	31 December 2016
Trade receivables	246,706	293,770
Notes receivable and cheques	193,249	156,936
Less: Provision for doubtful receivables	(27,437)	(41,664)
Less: Unearned finance income on credit sales	(2,432)	(4,395)
Total short-term trade receivables, net	410,086	404,647

As of 30 June 2017 trade receivables have an average maturity of 3 months (31 December 2016: 3 months) and they are discounted with an average annual interest rate of 3% (31 December 2016: 5%) in TRY basis.

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

Movement in the provision for doubtful receivables for the periods that have ended on 30 June 2017 and 2016 are as follows:

	2017	2016
1 January	41,664	42,388
Allowances recognized during the period	494	-
Write-offs (*)	(14,721)	-
30 June	27,437	42,388

(*) Doubtful receivables, for which no possibility of collection is foreseen, are written off from the records along with their related provisions.

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NOTE 7 - INVENTORIES

	30 June 2017	31 December 2016
Raw materials and supplies	142,968	114,544
Work in progress	24,741	6,528
Finished goods	66,335	67,606
Other Inventories and spare parts	37,967	30,292
Less: Provision for impairment	(1,061)	(1,448)
Total	270,950	217,522

Provision for impairment is related to finished goods.

Movement in the "provision for impairment of inventories" between 30 June 2017 and 31 December 2016 has been accounted under "cost of good sold" (Decline of the stock impairment was due to the sale of inventory which had been provision for impairment in prior periods and had accounted in the cost of the goods sold).

The amount of the raw materials and supplies amounting to TRY29,034 (31 December 2016: TRY14,679) is goods in transit as of the financial position date.

Cost of the raw materials and supplies which are related to goods sold in current period is shown in Note 13.

NOTE 8 - INVESTMENT PROPERTIES

	2017	2016
Net book value at 1 January	47,155	48,418
Current period depreciation	(632)	(631)
Net book value at 30 June	46,523	47,787

Current period depreciation expense is classified under general administrative expenses.

Land and Buildings

There are lands and buildings which are registered at the city of Yalova, town of Çiftlikköy, village of Deniz Çalı (at 1126,1145 and 151/1 Parcels). According to the valuation report of an independent valuation company dated December 30, 2016, the fair value of the related real estates is TRY53,400 and they are rented monthly with a price of USD77,000 and TRY16.

Independent Units

Independent units consist of offices of the Company located in Gümüşsuyu and Maçka. According to the recent valuation report dated December 30, 2016, the fair value of the independent units is TRY24,560 and it provides rent income amounting to USD20,000 and TRY17 per month.

Rental income from investment properties has been disclosed as "Other" under the revenue account in "Segment Reporting" (Note 3) and is TRY2,788 as of 30 June 2017 (30 June 2016: TRY2,326).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The movement of property plant and equipment for the period ended 30 June 2017 and 2016 are as follows;

	2017	2016
Net book value at 1 January	756,840	718,574
Additions	198,027	40,467
Current period depreciation	(38,463)	(33,532)
Currency translation differences	42	(542)
Disposals	(1,458)	(13)
Net book value at 30 June	914,988	724,954

TRY37,304 (30 June 2016: TRY32,808) of the current period depreciation expenses is included in "cost of goods sold", TRY293 (30 June 2016: TRY247) is included in "research and development expenses", TRY620 (30 June 2016: TRY374) is included in "general administrative expenses", TRY18 (30 June 2016: TRY19) is included in "marketing expenses", TRY34 (30 June 2016: TRY22) is included in construction in progress and TRY194 (30 June 2016: TRY62) is included in inventory.

TRY192,831 (30 June 2016: TRY32,785) of current period additions of property, plant and equipment is related to construction-in-progress account. Carrying value of construction-in-progress account amounts to TRY229,238 (30 June 2016: TRY72,169) and these assets are not depreciated until they are ready for use in the intended manner.

NOTE 10 - INTANGIBLE ASSETS

The movement of intangible assets for the period ended 30 June 2017 and 2016 are as follows;

	2017	2016
Net book value at 1 January	78,326	82,956
Additions	876	183
Current period depreciation	(1,984)	(2,526)
Currency translation differences	6	(74)
Net book value at 30 June	77,224	80,539

TRY1,219 (30 June 2016: TRY1,359) of the current amortization expense is charged to "cost of sales", TRY659 (30 June 2016: TRY1,058) is charged to "research and development expenses", TRY106 (30 June 2016: TRY109) is charged to "general administrative expenses".

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NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

	30 June 2017	31 December 2016
Letter of credit commitments	365,957	368,440
Collaterals given	201,694	184,304
Total	567,651	552,744

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

	30 June 2017	31 December 2016
Credit insurance	443,577	430,371
Pledges received	106,370	64,776
Pledged cheques and notes receivable	72,838	87,107
Guarantee letters received	53,525	39,629
Confirmed/unconfirmed letters of credit	36,619	51,480
Limits of Direct Debiting System ("DDS")	18,034	15,956
Total	730,963	689,319

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

	30 June 2017	31 December 2016
A. CPM given on behalf of the Company's legal personality	567,651	552,744
- USD	433,812	450,475
- Turkish Lira	74,535	52,334
- EUR	59,304	49,935
- Other	-	-
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
- USD	-	-
D. Total amount of other CPM given	-	-
i) Total amount of CPM given on behalf of the majority shareholder	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C,	-	-
Total	567,651	552,744

- (*) As of 30 June 2017, the ratio of other CPMs given by the Company to equity is 0% (31 December 2016: None).

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NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS

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

	30 June 2017		31 December 2016	
	Asset	Liability	Asset	Liability
Held for trading	-	717	-	2,502
Held for hedging	1,861	-	2,266	-
Total	1,861	717	2,266	2,502

Derivative instruments held for hedging:

	30 June 2017		31 December 2016	
	Contract amount	Fair value	Contract amount	Fair value
	USD thousand	Asset TRY	USD thousand	Asset TRY
Interest rate swap	48,126	1,861	56,459	2,266

If the sale of financial hedging instruments, expiring of financial hedging instruments or failure to meet the financial risk protection accounting requirements, as intended for hedging purposes or the occurrence of one of the cases in which the promised or probable future transaction is not expected to occur, the hedging instrument continues to be classified separately within equity until the hedged or probable future transaction is realized. The realization of promised or probable future transactions are recorded in the income statement, if not realized, accumulated gains or losses are recognized as profit/(loss) in the consolidated financial statements.

At 30 June 2017, such arrangements fixed LIBOR to 1.13% and EURIBOR to 1.35% (31 December 2016: 1.13%, 1.35%).

Derivative instruments held for trading:

As of 30 June 2017, Group has foreign exchange sales and purchase option contracts. Such option transactions are recognized as derivative instruments held for trading in the consolidated financial information due to not holding the necessary conditions in terms of hedge accounting and consequently changes in the fair value of these derivatives are recognized in the income statement.

	30 June 2017		31 December 2016	
	Contract amount	Fair value	Contract amount	Fair value
	(thousand)	Liability TRY	(thousand)	Liability TRY
Foreign exchange held for trading transactions:				
- USD	7,786	(1,254)	28,840	2,502
- EUR	9,000	1,456	-	-
- TRY	23,589	515	-	-

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NOTE 13 - EXPENSES BY NATURE

Cost of sales, marketing expenses and general administrative expenses by nature for the six-month and three-month periods ended at 30 June 2017 and 2016 are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Raw materials and goods	893,071	473,393	590,402	297,612
Employee benefits	60,952	29,517	52,994	25,929
Depreciation and amortization	40,851	22,820	36,605	18,372
Commission expenses	13,488	5,001	11,527	6,855
Other consumables	12,118	9,413	13,242	2,841
Export expenses	11,162	4,396	7,604	3,382
Maintenance, repair, and cleaning expenses	9,926	5,350	13,220	6,005
Consultancy expenses	7,470	4,326	6,638	3,230
Information technologies expenses	6,157	2,971	4,446	2,629
Rent expenses	3,250	1,642	3,061	1,579
Other	29,604	16,911	32,237	18,278
Total	1,088,049	575,740	771,976	386,712

NOTE 14 - OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

Other operating income for the six-month and three-month periods ended at 30 June 2017 and 2016 also including the last 3 months are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Foreign exchange gain on trading transactions	119,168	52,599	27,332	10,454
Interest income on credit sales	11,136	8,731	5,489	2,284
Gain on sale of scraps	1,127	306	809	494
Profit from sales of property, plant and equipment	170	19	96	53
Other	391	202	1,070	916
Total	131,992	61,857	34,796	14,201

Other operating income for the six-month and three-month periods ended at 30 June 2017 and 2016 also including the last 3 months are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Foreign exchange loss on trading transactions	117,223	59,301	26,179	4,804
Interest expense from credit purchases	4,836	2,173	3,467	1,798
Other	1,065	1,036	949	594
Total	123,124	62,510	30,595	7,196

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NOTE 15 - FINANCE INCOME

Finance income for the six-month and three-month periods ended at 30 June 2017 and 2016 is as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Foreign exchange gains	118,403	40,396	65,544	29,302
Interest income	12,939	5,217	6,156	1,807
Total	131,342	45,613	71,700	31,109

NOTE 16 - FINANCE COSTS

Finance costs for the six-month and three-month periods ended at 30 June 2017 and 2016 are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Foreign exchange expense	122,105	26,066	79,649	38,839
Borrowing costs and comission expenses	11,766	5,348	6,629	3,441
Total	133,871	31,414	86,278	42,280

NOTE 17 - TAX ASSETS AND LIABILITIES

Tax expenses for the six-month and three-month periods ended at 30 June 2017 and 2016 are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Income tax expense	(36,028)	(15,509)	(29,472)	(16,750)
Deferred tax income/(expense), net	688	1,324	233	(253)
Total tax expense	(35,340)	(14,185)	(29,239)	(17,003)

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NOTE 17 - 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 2017 and 31 December 2016 are as follows:

	Temporary Taxable Differences		Deferred Income Tax Asset/Liability	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Property, plant and equipment and intangible assets	(73,699)	(74,893)	(14,740)	(14,979)
Inventory	(6,475)	(3,287)	(1,295)	(657)
Trade payables	(1,305)	(2,919)	(261)	(584)
Derivative instruments	(1,144)	-	(229)	-
Trade receivables	(911)	-	(182)	-
Deferred income tax liabilities			(16,707)	(16,220)
Employee termination benefits	25,542	20,500	5,108	4,100
Other short-term liabilities	6,387	1,459	1,277	292
Trade receivables	-	538	-	108
Derivative instruments	-	236	-	47
Deferred income tax assets			6,385	4,547
Deferred income tax liabilities, net			(10,322)	(11,673)
Movement for the deferred income tax liabilities for the six-month periods ended at 30 June 2017 and 2016 are as follows:				
	2017	2016		
1 January	11,673	7,226		
Deferred tax (expenses) / income for the period, net	(688)	(233)		
Amounts recognized under the equity	(662)	(446)		
Currency translation differences	(1)	23		
30 June	10,322	6,570		
	30 June 2017	31 December 2016		
Calculated corporate income tax	36,028	52,985		
Amount offset from VAT receivables and prepaid corporate taxes	(19,613)	(45,574)		
Income tax payable	16,415	7,411		

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

	30 June 2017	30 June 2016
Profit before tax stated in the consolidated financial statements	189,286	112,308
Expected tax expense of the Group (20%)	37,857	22,462
Investment incentives	(29,871)	-
The effect of application of equity method	23,921	26,090
The effect of foreign subsidiaries	(7,694)	4,454
Discounts and exemptions	(2,269)	(622)
Other	3,330	3,962
Tax effect (20%)	(2,517)	6,777
Current period tax expense of the Group	35,340	29,239

NOTE 18 - 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 and three-month periods ended at 30 June 2017 and 2016 are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Net income attributable to the equity holders of the parent (TRY) (**) (A)	153,946,143	83,551,877	83,091,264	53,598,135
Weighted average number of shares (B)	18,500,000,000	18,500,000,000	18,500,000,000	18,500,000,000
Earnings per share (Kr) (A/B)	0.83	0.45	0.45	0.29

(**) Amounts expressed in full Turkish Lira.

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NOTE 19 - RELATED PARTY DISCLOSURES

a) Short-term trade receivables:

As of 30 June 2017 and 31 December 2016, trade receivables from related parties are as follows:

	30 June 2017	31 December 2016
Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa") (*)	167,927	206,241
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("DowAksa")	5,833	2,665
Akkim Kimya San. ve Tic. A.Ş. ("Akkim")	5,618	4,313
Other	496	482
Less: Unearned finance income on credit sales (-)	(313)	(281)

Total	179,561	213,420
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(*) Sales to Ak-Pa comprise of export sales made to third party customers by export register and the balance consists of trade receivables arising from these transactions.

Foreign currency denominated trade receivables have 3 months maturity on average as of 30 June 2017 and are discounted with annual average discount rate of 1% (31 December 2016:1%) based on USD.

b) Short-term trade payables:

As of 30 June 2017 and 31 December 2016, short-term trade payables to related parties are as follows:

	30 June 2017	31 December 2016
Akkim	14,200	8,814
Ak-Pa	8,975	10,312
Dinkal Sigorta Acenteliği A.Ş. (**)	3,280	1,952
Aktek Bilgi İşlem Tekn. San.ve Tic. A.Ş. ("Aktek")	1,586	1,083
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim")	1,502	7,583
Akkök Holding	1,398	2,233
Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi ("Yalkim OSB")	1,365	1,313
Other	224	426
Total	32,530	33,716

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

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

c) Financial Liabilities:

As of 30 June 2017 and 31 December 2016, financial liabilities are as follows:

	30 June 2017	31 December 2016
Ak-Pa	40,062	30,042

Borrowings comprise cash received from factoring transactions made through Ak-Pa.

d) Other receivables:

Other receivables from joint ventures as of 30 June 2017 and 31 December 2016 are as follows:

	30 June 2017	31 December 2016
DowAksa - Leasing receivables	5,394	927
DowAksa - Unearned finance income	(1,470)	(844)
Other short-term receivables	3,924	83
DowAksa - Leasing receivables	117,264	122,493
DowAksa - Unearned finance income	(16,011)	(17,119)
Other long-term receivables	101,253	105,374
Total	105,177	105,457

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

Leasing receivables are shown as below in terms of period the collection as of 30 June 2017 and 31 December 2016:

	30 June 2017			31 December 2016		
	Leasing Receivables	Interest	Total	Leasing Receivables	Interest	Total
Between 0-3 Months	166	210	376	83	211	294
Between 3-12 Months	3,758	1,260	5,018	-	633	633
Between 1-2 Years	11,448	2,555	14,003	9,483	2,367	11,850
Between 2-3 Years	11,710	2,293	14,003	11,618	2,433	14,051
Between 3-4 Years	11,978	2,026	14,004	11,884	2,168	14,052
More than 4 Years	66,117	9,137	75,254	72,389	10,151	82,540
	105,177	17,481	122,658	105,457	17,963	123,420

e) Advances given

As of 30 June 2017 and 31 December 2016, advances given to related parties are as follows:

	30 June 2017	31 December 2016
Akgirişim	3,213	5,357
Yalkim OSB	2,242	2,250

It consists of advance payments for various investment projects.

f) Sale:

Sales to related parties for the six-month and three-month periods ended at 30 June 2017 and 2016 are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Ak-Pa (*)	486,277	200,046	346,312	175,437
Akkim	25,876	13,718	24,351	12,169
DowAksa	13,842	8,277	14,909	5,276
Akkök Holding	339	167	299	150
Other	906	398	1,266	404
Total	527,240	222,606	387,137	193,436

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

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

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

g) Purchase of goods and service:

Purchases for the six-month periods ended at 30 June 2017 and 2016 also including the last 3 months are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Akkim	40,242	20,147	35,976	18,865
Akgirişim	14,990	7,489	12,468	10,436
Dinkal Sigorta Acenteliği A.Ş. (*)	8,048	490	7,480	303
Ak-Pa	7,335	3,317	5,383	2,553
Yalkim OSB	6,689	3,355	6,553	2,941
Aktek	6,587	3,570	4,965	3,077
Akkök Holding	3,944	2,378	4,126	2,036
Other	743	321	901	357
Total	88,578	41,067	77,852	40,568

(*) Purchases comprise gross insurance services by Dinkal Sigorta Acenteliği A.Ş. acting as an agent.

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

The Company defined its key management personnel as member of action committee and board of directors. Benefits provided to these key management personnel as of 30 June 2017 and 2016 are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Salary and other short term employee benefits	2,676	1,669	1,810	891
Provision for employment termination benefits	20	6	25	8
Post-employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Share based payments	-	-	-	-
Total	2,696	1,675	1,835	899

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

Benefits provided to board of directors for the six-month and three-month periods ending 30 June 2017 and 2016 are as follows:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Salary and other short term employee benefits	656	288	724	391
Provision for employment termination benefits	-	-	-	-
Post-employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Share based payments	-	-	-	-
Total	656	288	724	391

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NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial risk factors

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

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative instruments. In this case Group has given attention to same interest renewal periods besides interest rates. To minimize the impact of the interest rate changes in financial liabilities, "fixed/flexible interest", "short term maturity/long term maturity" and "TRY/foreign currency" ratios should be in line with each other and with assets structure.

Credit risk

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

Foreign Exchange Risk

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

Foreign currency position presented in TRY is as follows:

	30 June 2017	31 December 2016
Assets	973,641	1,026,204
Liabilities	(1,431,336)	(1,249,324)
Net balance sheet position	(457,695)	(223,120)

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NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)

Foreign currency position as of 30 June 2017 and 31 December 2016 are as follows:

	30 June 2017			
	TRY equivalent	USD	EUR	Other
1. Trade Receivables	563,638	141,636	16,714	-
2a. Monetary Financial Assets (including cash and bank accounts)	304,826	70,443	8,938	21,997
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	3,924	1,119	-	-
4. Current Assets (1+2+3)	872,388	213,198	25,652	21,997
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	101,253	28,871	-	-
8. Non-Current Assets (5+6+7)	101,253	28,871	-	-
9. Total Assets (4+8)	973,641	242,069	25,652	21,997
10. Trade Payables	541,365	131,282	20,097	498
11. Financial Liabilities	682,730	177,956	14,644	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	1,224,095	309,238	34,741	498
14. Trade Payables	-	-	-	-
15. Financial Liabilities	207,241	33,728	22,222	-
16 a. Other Monetary Liabilities	-	-	-	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	207,241	33,728	22,222	-
18. Total Liabilities (13+17)	1,431,336	342,966	56,963	498
19. Off Balance Sheet Derivative Items'				
Net Asset/(Liability) Position (19a-19b)	(22,055)	(8,571)	2,000	-
19a. Net Assets of Statement of Financial Position	63,332	7,786	9,000	-
19b. Net Liabilities of Statement of Financial Position	85,387	16,357	7,000	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(479,750)	(109,468)	(29,311)	21,499
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(562,872)	(130,887)	(31,311)	21,499
22. Fair Value of Financial Instruments				
Used for Foreign Hedge	(717)	-	(179)	-
23. Amount of Hedged Foreign Currency Assets	-	-	-	-
24. Amount of Hedged Foreign Currency Liabilities	-	-	-	-

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)

	31 December 2016			
	TRY equivalent	USD	EUR	Other
1. Trade Receivables	611,614	158,791	14,232	-
2a. Monetary Financial Assets (including cash and bank accounts)	309,133	81,367	4,491	6,124
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	83	24	-	-
4. Current Assets (1+2+3)	920,830	240,182	18,723	6,124
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	105,374	29,943	-	-
8. Non-Current Assets (5+6+7)	105,374	29,943	-	-
9. Total Assets (4+8)	1,026,204	270,125	18,723	6,124
10. Trade Payables	474,155	130,825	3,689	69
11. Financial Liabilities	521,595	132,764	14,656	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	995,750	263,589	18,345	69
14. Trade Payables	-	-	-	-
15. Financial Liabilities	253,574	40,927	29,528	-
16 a. Other Monetary Liabilities	-	-	-	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	253,574	40,927	29,528	-
18. Total Liabilities (13+17)	1,249,324	304,516	47,873	69
19. Off Balance Sheet Derivative Items'				
Net Asset/(Liability) Position (19a-19b)	(38,806)	(26,840)	15,000	-
19a. Net Assets of Statement of Financial Position	55,649	-	15,000	-
19b. Net Liabilities of Statement of Financial Position	94,455	26,840	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(261,926)	(61,231)	(14,150)	6,055
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(328,577)	(64,358)	(29,150)	6,055
22. Fair Value of Financial Instruments Used for Foreign Hedge	(2,502)	-	(674)	-
23. Amount of Hedged Foreign Currency Assets	-	-	-	-
24. Amount of Hedged Foreign Currency Liabilities	-	-	-	-

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the sensitivity to possible changes in the net position, on the Group's balance sheet as of 30 June 2017 and 31 December 2016:

30 June 2017	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation of USD against TRY				
USD net asset/ (liability)	(35,386)	35,386	22,803	(22,803)
Amount hedged for USD risk	-	-	-	-
USD Net effect	(35,386)	35,386	22,803	(22,803)
In case 10% appreciation of EUR against TRY				
EUR net asset/ (liability)	(12,534)	12,534	-	-
Amount hedged for EUR risk	-	-	-	-
EUR Net effect	(12,534)	12,534	-	-
31 December 2016	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% change of USD against TRY				
USD net asset/ (liability)	(12,103)	12,103	21,425	(21,425)
Amount hedged for USD risk	-	-	-	-
USD net effect	(12,103)	12,103	21,425	(21,425)
In case 10% change of EUR against TRY				
EUR net asset/ (liability)	(10,814)	10,814	-	-
Amount hedged for EUR risk	-	-	-	-
EUR net effect	(10,814)	10,814	-	-

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

**NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The ratio of net debt to equity is as follows:

	30 June 2017	31 December 2016
Total monetary liabilities (*)	1,476,822	1,322,037
Less: Cash and cash equivalents	(353,291)	(458,301)
Net debt	1,123,531	863,736
Total shareholders' equity	1,215,453	1,249,705
Total capital	2,338,984	2,113,441
Debt/equity ratio	48%	41%

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

NOTE 21 - EVENTS AFTER THE BALANCE SHEET DATE

- 1- Within the framework of the Company's new investment of twisting and bending machines and auxiliary equipments belonging to these machines, the incentive application made to General Directorate of Incentive Implementation and Foreign Investments of Ministry of Economy of Republic of Turkey by the Company was approved with the investment incentive certificate dated July 28, 2017, numbered 131531 and qualified to benefit from regional incentives. The investment subject to the incentive is TRY 57,710. Within the scope of the mentioned incentive, the investment contribution rate is 20%, the tax deduction rate is 55%, the social security premium support is 3 years and there is also VAT and customs tax exemption.
- 2- Within the scope of the new investment of modacrylic fiber polymer, incentive application made to General Directorate of Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey by the Company was taken within the scope of strategic product investments and was approved with the investment incentive certificate dated on August 4, 2017, numbered B 128311. The investment subject to the promotion is TRY 70,000. Within the scope of the mentioned incentive, the investment contribution rate is 50%, the tax deduction rate is 90%, the social security premium support is 7 years and there is also VAT and customs tax exemption.