AKSA

2012 ANNUAL REPORT

Producing tomorrows sin

We set out on our journey in difficult times a
with big dreams, throughout our proud histo
path of success. Our journey is long, and be

AKKÖK

...ce 1968...

...and with limited means. Starting off
...ory we have advanced steadily on the
...autiful tomorrows await us!

to this day...

With our products, as well as the value we have added to the country over the past 44 years, we are the world's largest and most efficient acrylic fiber producer.

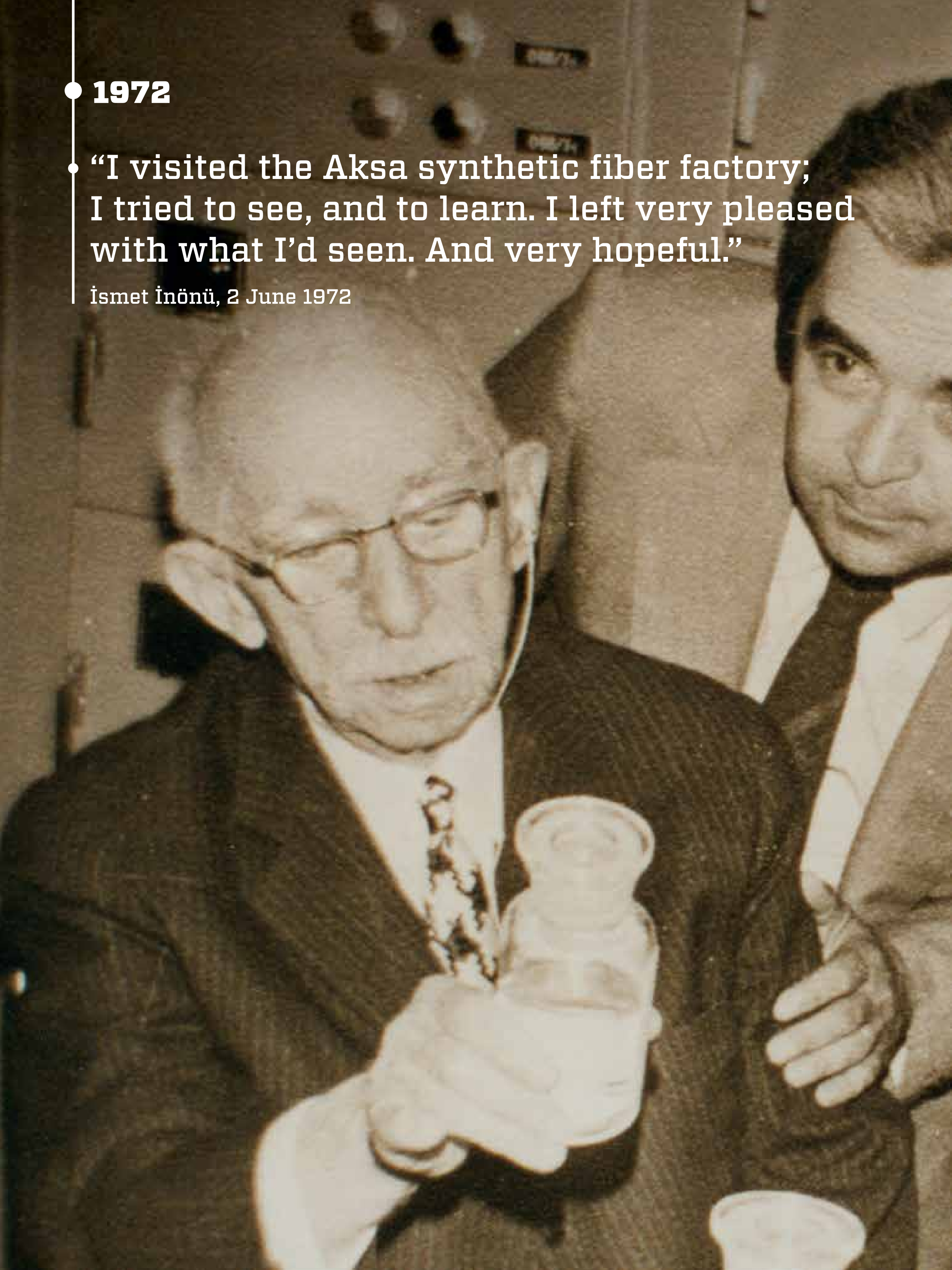
Our success has contributed to Turkey's growth.

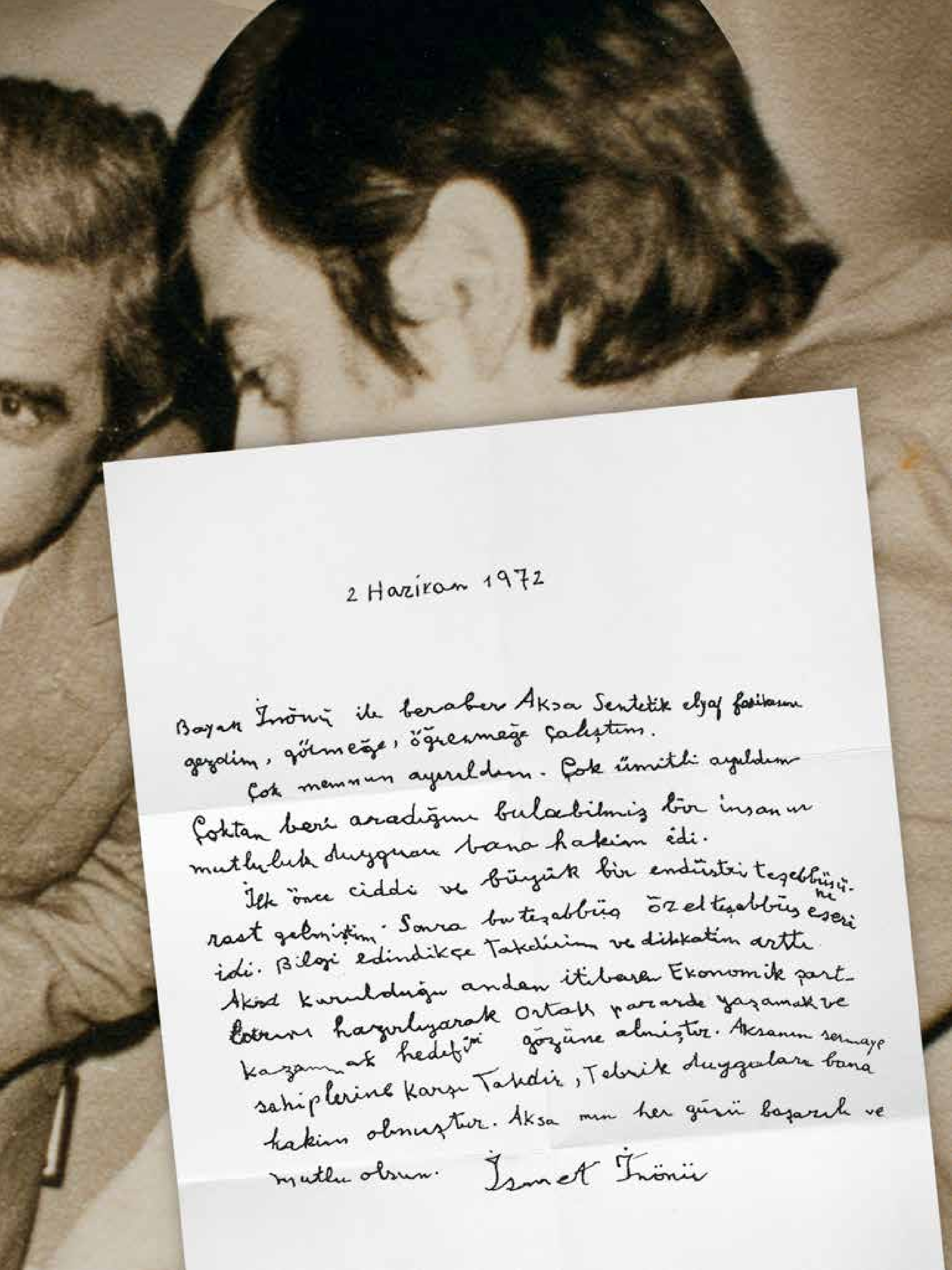
We have never walked alone while producing better tomorrows.
Because our country has always been by our side...

1972

"I visited the Aksa synthetic fiber factory; I tried to see, and to learn. I left very pleased with what I'd seen. And very hopeful."

İsmet İnönü, 2 June 1972





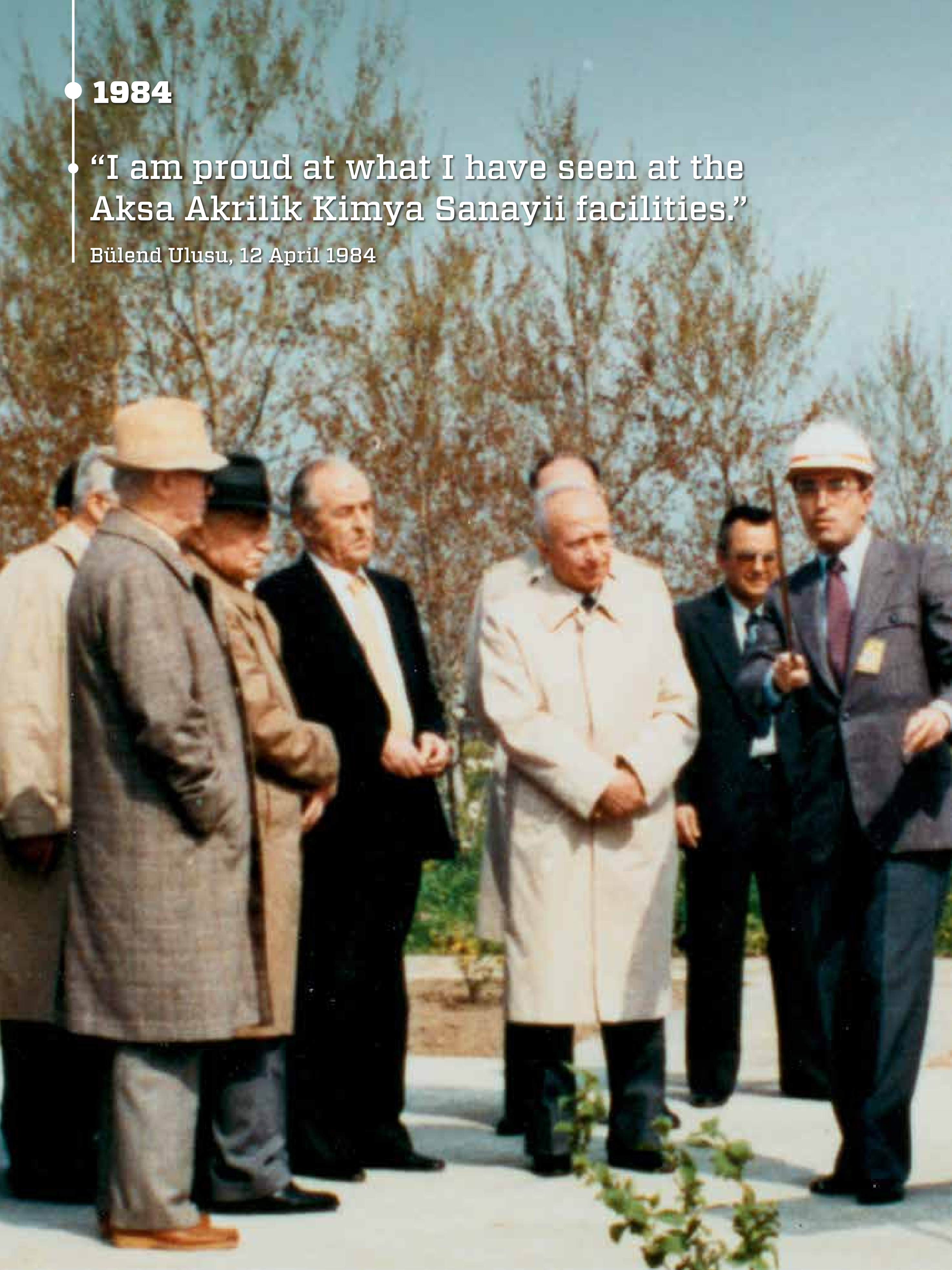
2 Haziran 1972

Bayan İnönü ile beraber Aksa Sentetik elyaf fabrikasını
gezdim, görmeğe, öğrenmeğe çalıştım.
Çok memnun ayrıldım. Çok ümitli ayrıldım.
Çoktan beri aradığımı bulabilmiş bir insanın
mutluluk duyguları bana hakim idi.
İlk önce ciddi ve büyük bir endüstri teşebbüsüne
rast gelmiştim. Sonra bu teşebbüs özel teşebbüs eseri
idi. Bilgi edindikçe Takdirim ve dikkatim arttı.
Aksa kurulduğu andan itibaren Ekonomik part-
larını hazırlayarak Ortak pazarda yaşamak ve
kazanmak hedefini gözüne almıştır. Aksanın sermaye
sahiplerine karşı Takdir, Tebrik duyguları bana
hakim olmuştur. Aksa nın her günü başarılı ve
mutlu olsun. İsmet İnönü

1984

“I am proud at what I have seen at the Aksa Akrilik Kimya Sanayii facilities.”

Bülend Ulusu, 12 April 1984



AKSA – Akrilik Kimya Sanayi tesislerinde
gördüklerimle iftihar ettim. Memleketimiz
ekonomisine çok değerli katkılarda bulunan
bu güzel müessesenin gelişmesinde payı
bulunan tekmil ilgililer ile halen burada
çalışanlara tebrik ve takdirlerimi sunar,
hepsine sağlık ve huzur içinde başarıla-
rının devamını diler, saygı ve sevgilerimi
sunarım.

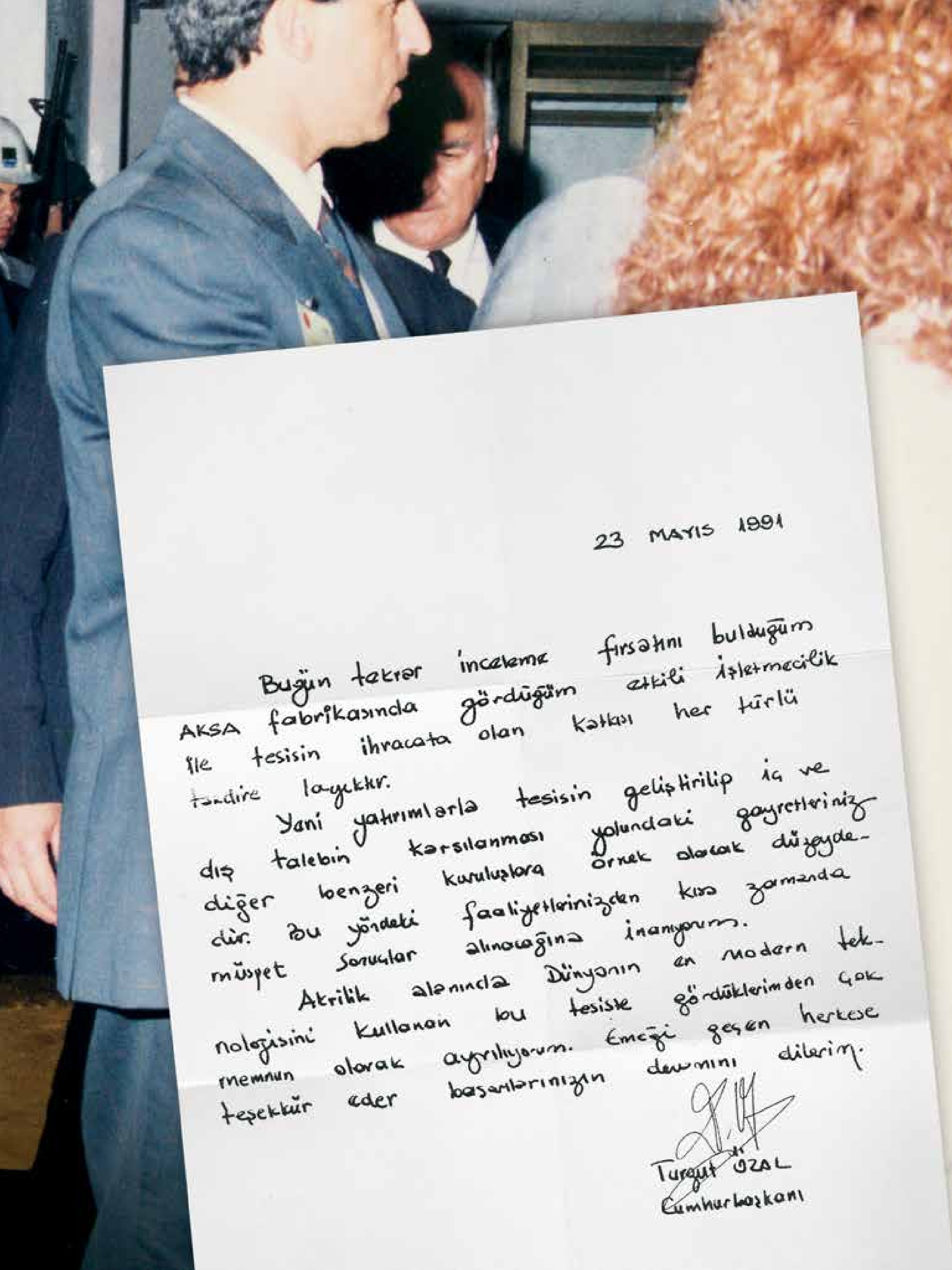
12/Nisan/1984

Bülend Ulusu

1991

"The effective management at the Aksa factory, which I had the opportunity to inspect again today, and the facility's contribution to the export drive deserves profound admiration."

Turgut Özal, 23 May 1991



23 MAYIS 1991

Bugün tekrar inceleme fırsatını bulduğum AKSA fabrikasında gördüğüm etkili işletmecilik ile tesisin ihracata olan katkısı her türlü takdire layıktır.

Yeni yatırımlarla tesisin geliştirilip iç ve dış talebin karşılanması yolundaki gayretleriniz diğer benzeri kuruluşlara örnek olacak düzeydedir. Bu yöndeki faaliyetlerinizden kısa zamanda müspet sonuçlar alınacağına inanıyorum.

Akrilik alanında Dünyanın en modern teknolojisini kullanan bu tesiste gördüklerimden çok memnun olarak ayrılıyorum. Emeği geçen herkese teşekkür eder başarılarınızın devamını dilerim.

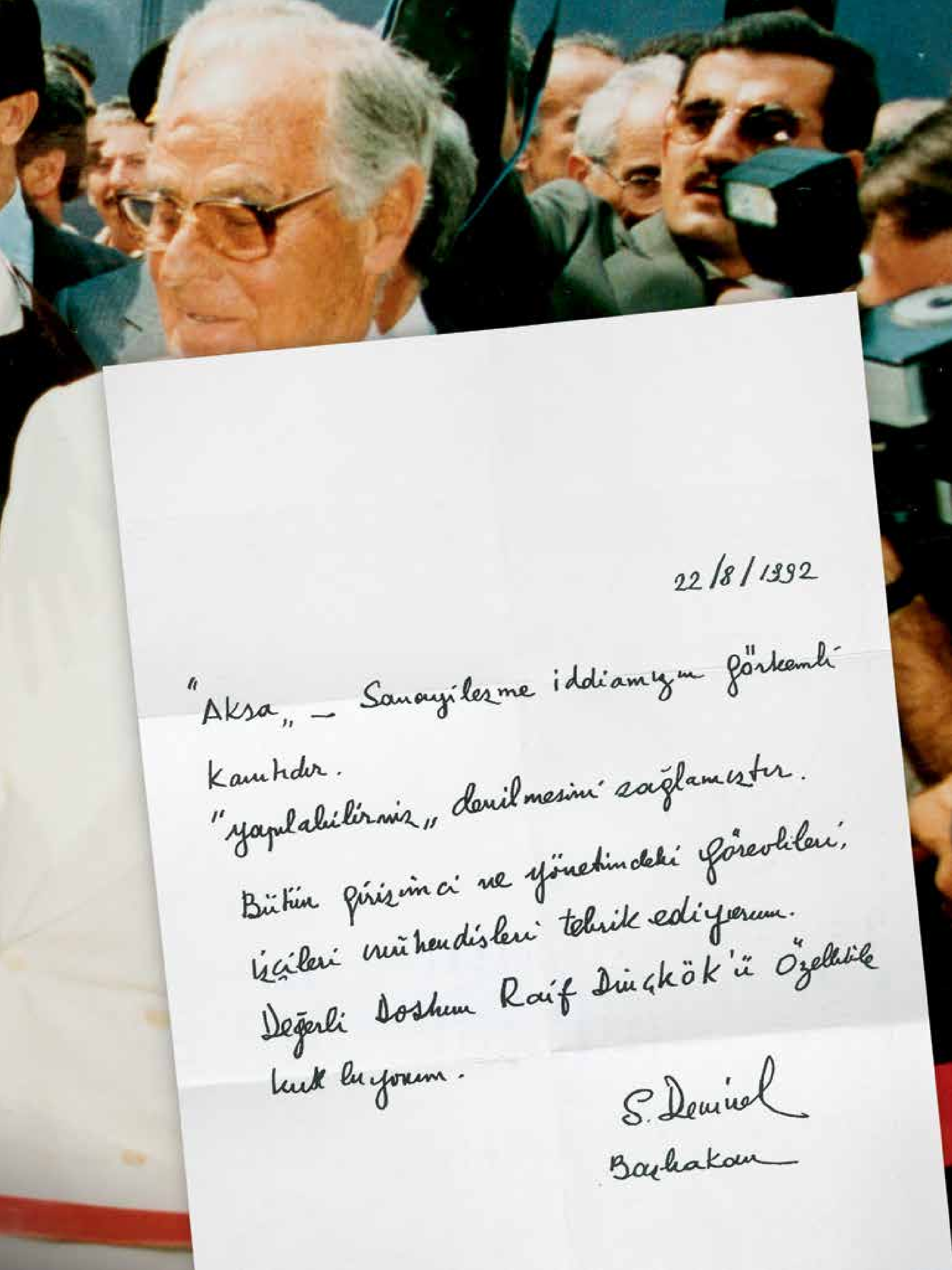
Turgut ÖZAL

Cumhurbaşkanı

1992

"Aksa is magnificent proof of ourclaim to industrialization."

Süleyman Demirel, 22 August 1992



22/8/1992

"Aksa" – Sanayileşme iddiamızın görkemli
kanıtıdır.
"yapılabilirmiş" denilmesini sağlamıştır.
Bütün girişimci ve yönetimdeki görevlileri,
işçileri mühendisleri tebrik ediyorum.
Değerli Dostum Raif Dinçkök'ü Özellikle
kutluyorum.

S. Demirel
Başbakan

Bugün 23. Temmuz. 2010

'KARBON ELYAF TESİSLERİ'nin açılışını gururla gerçekleştirdik. Gerçekten ülkem adına, milletim adına mutluyum.

Tebrik ediyorum. Başarılarınızın artarak devamını diliyorum.

Selam ve sevgilerimle

Recep Tayyip ERDOĞAN
BAŞBAKAN

2010

“I am truly happy on behalf of my country, and on behalf of my people.”

Recep Tayyip Erdoğan, 23 July 2010

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ORDINARY GENERAL ASSEMBLY AGENDA

AGENDA FOR THE 2012 ORDINARY GENERAL ASSEMBLY MEETING OF AKSA AKRİLİK KİMYA SANAYİİ ANONİM ŞİRKETİ

1. Opening of the meeting and the election of the Presidential Board of the General Assembly,
2. Reading and discussing the Annual Report prepared by the Board of Directors,
3. Reading and discussing the Auditors' Report,
4. Reading and ratification of balance sheets,
5. Releasing the members of the Board of Directors individually with regard to the Company's activities in 2012,
6. Pursuant to the Capital Markets Board legislations, reading and ratification of both the Company's Dividend Distribution Policy and the Dividend Distribution Proposal prepared by the Board of Directors by the General Assembly,
7. Determining the number of and terms of office for the members of the Board of Directors, election of the members of the Board of Directors in accordance with the determined number, election of the independent members of the Board of Directors and determining the compensations for the members of the Board of Directors and the independent members of the Board of Directors,
8. Pursuant to the Turkish Commercial Code and the Communiqué Regarding Independent Auditing in Capital Markets issued by the Capital Markets Board of Turkey, selection of the Independent Auditor and pursuant to the Communiqué Regarding Independent Auditing in Capital Markets issued by the Capital Markets Board of Turkey, ratification of the Independent Auditor selected by the Board of Directors,
9. Provided that required permissions were obtained from the Energy Market Regulatory Authority, Capital Markets Board and the Turkish Ministry of Customs and Trade, ratification of the amendment draft regarding the amendment of the following articles in the Company's Articles of Association by the General Assembly: article 1 titled "Establishment," article 2 titled "Trade Name," article 3 titled "Scope and Purpose," article 4 titled "Head Office and Branches," article 6 titled "Capital," article 7 titled "Board of Directors," article 9 titled "Authorities of the Board of Directors," article 10 titled "Binding the Company," article 11 titled "Auditors," article 12 titled "Mission and Authorities of Auditors," article 13 titled "General Assembly," article 15 titled "Quorum," article 16 titled "Attendance of a State Commissary," article 17 titled "Voting Right," article 18 titled "Representation by Proxy," article 19 titled "Method of Voting," article 20 titled "Amendment of the Articles of Association," article 23 titled "Issue of Bonds and Profit-Loss Sharing Certificates," article 25 titled "Distribution of Profit and Reserve Funds," article 26 titled "Liquidation and Dissolution," and article 28 titled "Statutory Provisions,"
10. Releasing the Statutory Auditors,
11. Pursuant to the Corporate Governance Principles, reading and ratification of the Donations and Charities Policy of the Company by the General Assembly,
12. Reading and ratification of the Company's "Internal Directive Regarding the Working Methods and Principles of the General Assembly,"
13. Pursuant to the Corporate Governance Code of the Capital Markets Board, in the case that shareholders who control the management, the members of the Board of Directors, the executive managers and their first and second degree relatives by blood or by marriage have carried out transactions that may result with conflict of interest either with the Company or its subsidiaries, and/or have carried out transactions in the same line of business with the Company or its subsidiaries by themselves or on behalf of others or have become partners without limits of liability in a company that is engaged in the same line of business, briefing the shareholders with regard to such transactions, and pursuant to the articles 395 and 396 of the Turkish Code of Commerce, granting permission to the members of the Board of Directors,
14. Pursuant to the Capital Market Legislation, briefing the shareholders on the donations and charities made by the Company in 2012 and, pursuant to the legislations of the Capital Markets Board, on the widespread and continuous associated party transactions of the Company,
15. Briefing the shareholders on the sureties, pledges, mortgages and guarantees given by the Company in favor of third parties and on the income and benefits acquired by the Company in 2012,
16. Wishes and closing.

CHAIRMAN OF THE BOARD OF DIRECTORS

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

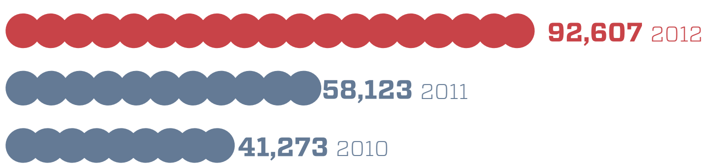
KEY INDICATORS

With its well-established know-how in the fiber industry, Aksa is a symbol of both quality and reliability.

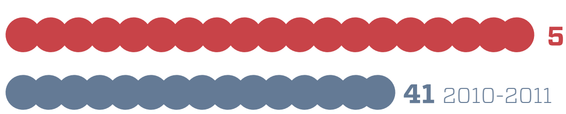
Key Financial Indicators

CONSOLIDATED BALANCE SHEET SUMMARY	31 December 2011	31 December 2012
	(Thousand US Dollars)	(Thousand US Dollars)
Assets	**874,882**	**873,419**
Current Assets	406,678	388,342
Cash and Cash Equivalents	45,056	79,363
Trade Receivables	212,450	178,657
Inventories	101,316	92,525
Other Current Assets	47,857	37,797
Non-Current Assets	**468,204**	**485,077**
Trade Receivables	569	2,519
Financial Investments	733	744
Investments Accounted For By The Equity Method	-	127,758
Property, Plant and Equipment	444,129	346,704
Intangible Assets	11,333	2,704
Goodwill	3.171	3,360
Other Non-Current Assets	**8,270**	**1,287**
Liabilities	**874,882**	**873,419**
Short Term Liabilities	**229,220**	**240,994**
Financial Liabilities	91,580	95,589
Trade Payables	133,815	137,141

NET PROFIT (US$ thousands)



CHANGE (%)



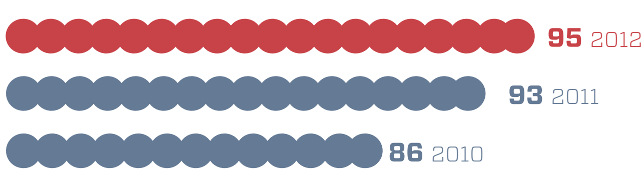
Aksa increased its net profit by 59% compared to 2011.

59%

Aksa achieved a high capacity utilization rate of 95% at the end of 2012.

95%

CAPACITY UTILIZATION RATE (%)



KEY INDICATORS

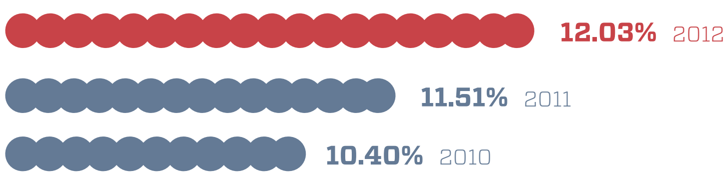
Aksa is a global leader with its strategy of operational excellence.

Key Financial Indicators

CONSOLIDATED PROFIT LOSS STATEMENT SUMMARY	31 December 2011	31 December 2012
	(Thousand US Dollars)	(Thousand US Dollars)
Net Sales	1,003,438	906,841
Operating Profit	85,147	131,751
EBITDA	115,479	109,086
Net Profit	58,123	92,607
	0,31	0,50

FINANCIAL RATIOS	31 December 2011	31 December 2012
Current Ratio	1.77	1.61
Liquidity Ratio	1.33	1.23
EBITDA Margin (%)	11.51	12.03
Net Profit Margin (%)	5.79	10.21
Return on Invested Capital (ROIC) (%)	6.64	10.60
Return on Equity (ROE) (%)	12.90	17.00

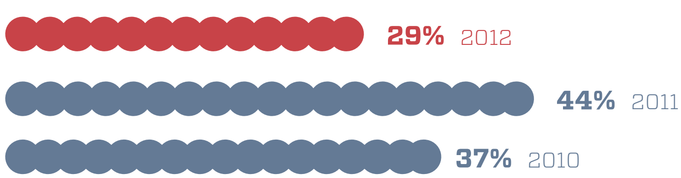
EBITDA MARGIN



Aksa achieved an increase in the EBITDA margin for two years in a row and reached 12.03%.

12.03%

DEBT/EQUITY RATIO



Aksa decreased its debt to equity ratio from 44% in 2011 to 29% in 2012.

29%

MAJOR DEVELOPMENTS IN 2012

DowAksa Joint Venture Agreement Signed

The foundations of the cooperation between Aksa and Dow Europe Holding B.V., a wholly-owned subsidiary of the Dow Chemical Company (NYSE: Dow), were laid on December 20, 2011. On this date, the two companies signed an agreement for the production and worldwide marketing of carbon fiber and carbon fiber based products. Following this agreement, the decision to establish a new company by the partial separation of the carbon fiber business line of Aksa was ratified at the Extraordinary General Assembly held on December 28, 2011. Aksa Karbon Elyaf Sanayi A.Ş. was thereby entered into the trade register as a separate legal entity on January 2, 2012,with Aksa Akrilik Kimya Sanayii A.Ş. holding a 99.99% stakein this newly established company until June 29, 2022.

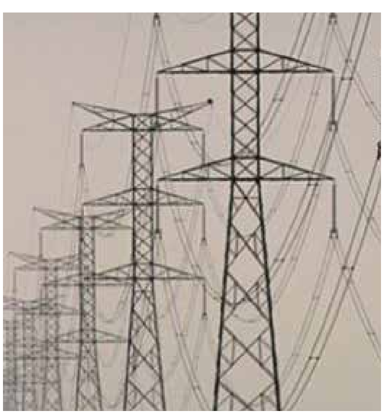
Aksa signed the final agreement with Dow Europe Holding B.V. for the new joint venture, DowAksa İleri Kompozit Malzemeler Sanayi Limited Şirketi (DowAksa Ltd.), which will producecarbon fiber and carbon fiber based products and conduct worldwide marketing activities, on June 29, 2012. With this agreement, all of the shares of Aksa Karbon Elyaf Sanayi A.Ş. were transferred to Dow Europe Holding B.V. and DowAksa Advanced Composites Holdings B.V. (DowAksa Holdings),which was established in the Netherlands.

Aksa and Dow have a 50:50 ownership of the joint venture, the growth of which is planned to be financed through its own operating income and cash flow from external financing. The investment amount, including third party investments, made by the joint venture on an international scale is expected to reach US$ 1.0 billion within five years.

Expecting to create employment for approximately 1,000 people, Dow Aksa plans to concentrate on integrated solutions that increase competitiveness in the globally developing fields of energy, transportation and infrastructure. The joint venture aims to provide a rich product portfolio to the rapidly growing carbon fibercomposites industry.It also seeks to create a wider application field for industries utilizing carbon fiber and its derivatives by developing cost reduction solutions. In this manner, total costs across the entire product chain will be reduced.

First Phase of the Power Plant Initiated

The trial electricity generation permit for the 100 MW capacity dual-fuel (coal and natural gas) power plantset to be initiated in two phases was obtained in March in accordance with Article 20 of Business License Regulations. The initial phase commenced upon receipt of the license and provisional approval from the Ministry of Energy and Natural Resources.



Trade Fairs and R&D Work

Aksa closely follows developments in the acrylic fiber and chemicals industries through annualparticipationat severaldomestic and international trade fairs. In 2012, it participated in Achema, the World Exhibition Congress on Chemical Engineering, Environmental Protection and Biotechnology, as well as numerous domestic fairs of the textile and chemical industries. Furthermore, the Company shared its experiences and industry-related developments at seminars on the development of technical acrylic fibers organized by BUTEKOM (Bursa Textile and Confection R&D Center) and TİM (Turkish Exporters' Assembly), and at several talks at the invitation of various universities in Turkey.

Among the major R&D activities of 2012 are two projects funded by TÜBİTAK-TEYDEB (The Scientific and Technological Research Council of Turkey- Technology and Innovation Funding Programs Directorate). With a new product development project, the R&D Center was also accepted by the Eurostars Programme, a European scheme dedicated to R&D. For the said project, a quadripartite consortium consisting of two companies from Switzerland and Austria, and another company from Turkey, was formed. A further two projects were also introduced in 2012 with the aim of utilizing the funds of the SAN-TEZ Program run by the Ministry of Science, Industry and Technology.

AKSA IN BRIEF

Aksa continues to support the national economy by creating employment opportunities and productivity.

Aksa Akrilik Kimya Sanayii A.Ş., a company of the Akkök Group,was founded on November 21, 1968 with 100% Turkish capital. The Company, whose main area of activity is the production of acrylic-based tow, top and fiber, started production with a capacity of 5,000 tons/year in 1971 in Yalova. Reaching a capacity of 308,000 tons/year over time, and with a focus on continuous development and progress,Aksa today remainsthe only local acrylic manufacturer in Turkey. The Company entered foreign markets for the first time in 1977.

Aksa, whose areas of activity also include electricity and steam generation, holds an energy generation license with a capacity of 142.5 MWe.

The Company transferred the manufacture of carbon fiber to its 50:50 joint venture DowAksa Ltd. in 2012. The manufacture of carbon fiber with a capacity of 3,500 tons/year is maintained by DowAksa, a 100% subsidiary of DowAksa Advanced Composites Holdings BV.

The basis of Aksa's continuous success is the priority given to operational efficiency, as well as high capacity. And by attaching particular importance to sustainable strategies across all business activities, Aksa looks to the future with confidence.

AKSA IN BRIEF

Aksa always aims to be a profitable investment for its shareholders.

Capital and Shareholding Structure

Aksa accepted the registered capital system outlined in the provisions of Law No. 2499 and adopted this system on the basis of Permission No. 90 granted by the Capital Markets Board on February 20, 1992. The Company's registered capital isTL 425,000,000,and it's paid in capital stands at TL 185,000,000.Of Aksa's stock 100% is coded underthe Istanbul Stock Exchange.

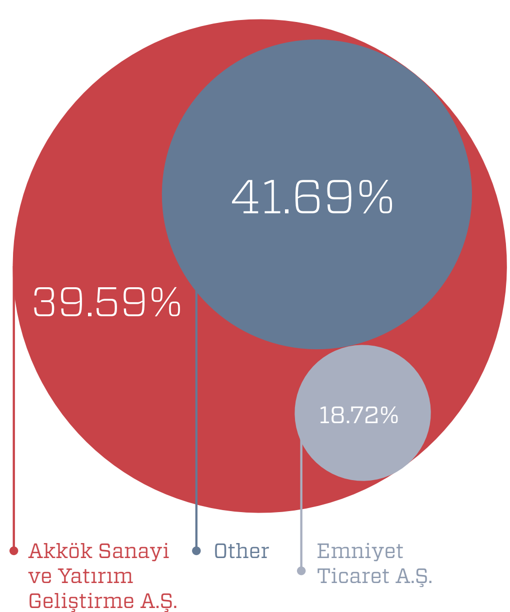
The Company increased its capital stock in 2009 from TL 110,000,000 to TL 185,000,000. Of the TL 75,000,000 increase the sum of TL 60,000,000 was paid out of the reserves of inflation adjustments, while TL 15,000,000 was paid with the sum added to the capital from the first dividends set aside from 2008 profit. The Company issued shares corresponding to the capital increase of TL 75,000,000,although no securities or financial bonds were issued.

Company shareholders and their shareholding ratios are as seen in the table.

Capital and Shareholding Structure

Shareholder	Share (%)	Value (TL)
Akkök Sanayi ve Yatırım Geliştirme A.Ş.	39.59	73,237,497
Emniyet Ticaret A.Ş.	18.72	34,638,843
Other(*)	41.69	77,123,660
Total	**100.00**	**185,000,000**

(*) As of December 31, 2011, 37.27% of Aksa's shares are traded at the Istanbul Stock Exchange.



Subsidiaries

Subsidiary	Country	Field of Operation	Participation Amount(*)	Participation (%)	Dividend Amount 2010	2011	2012
Akpa Tekstil İhracat Pazarlama A.Ş.	Turkey	Foreign Trade	2,226,133	13.47	202,846	487,406	551,394

Subsidiary	Country	Field of Operation	Participation Amount(*)	Participation (%)	Temettü Tutarı 2010	2011	2012
Fitco B.V.	The Netherlands	Foreign Investment	7,754,136	100.00	-	-	-
Ak-Tops Tekstil Sanayi A.Ş.	Turkey	Textile	15,450,000	60.00	2,321,438	2,202,206	2.803,404

Joint Venture	Country	Field of Operation	Participation Amount(*)	Participation (%)	2010	2011	2012
DowAksa Advanced Composites Holding B.V.(1)	The Netherlands	Foreign Investment	308,458.145	50.00	-	-	-

(*) Composed of amounts that are included in the financial tables which are in line with Tax Procedure Law.
(1) 50% of the Company shares, which were acquired as a subsidiary by the purchase of 100% of its shares on June 5, 2012, were transferred toDow Europe Holdings B.V. on June 29, 2012.

Aksa Akrilik Kimya Sanayii A.Ş. (2012)	
Market Value	TL 951 million
Public Share Ratio	41.69%
ISE Trading Ratio	37.27%
Foreign Investor Shares(*)	13.92 %

(*) Foreign investor stake among shares traded on the ISE.

Mission

To become the world's most preferred company in acrylic-based textile and technical fiber production, and to be recognized as an efficient, innovative, and environmentally friendly partner, with a customer and health & safety focused business model.

Vision

To achieve the highest level of operational excellence, by investing in our technology in order to create sustainable, profitable and new end-uses for acrylic fiber.

Corporate Values

Business Ethics

We respect our ethical values and work with individuals and firms which share similar approaches with us.

Customer Orientation

We ensure customer satisfaction by creating added value by new products and services. Our target is to be the best in terms of quality, service, production, price and delivery time.

Team Work and Cooperation

We encourage harmony and cooperation in team-work.

Creativity and Innovation

Our business priority is to understand and meet our customers' changing requirements in every area, through creativity and innovation in all our processes.

Health, Safety and Environment

We aim for excellence in safety and environment as reflected in our approach to issues of workplace, products and in all our production processes.

Health and safety at work is regarded as the first priority at all levels throughout our business, from design through to after sales service.

Continuous Learning and Development

Our employees' creativity and progress is our strength. We emphasize the importance of employee participation, empowerment and team working. We continuously learn and develop.

AKSA IN BRIEF

With its broad vision and far-sightedness, Aksa develops strategies for sustainable profitability.

Milestones

60s

1968
• Aksa was established to meet Turkey's acrylic fiber requirements.

1969
• A license agreement was signed and executed with the Italian acrylic producer company Chatillon (now Montefibre) and the Monsanto technology was acquired by Aksa. The construction and erection of the Aksa plant was started in Yalova.

70s

1971
• The plant began to operate with a capacity of 5.000 tons /year to produce staple fiber and top.

1974
• Capacity was increased for the first time.

1976
• Four new high capacity fiber spinning machines were added, increasing the capacity to 35.000 tons/year, and two gas turbines were installed to meet the energy requirements of the plant.

1977
• In addition to staple fiber and top, tow was also offered to the market , and it was exported to Italy for the first time.

1978
• Technical assistance agreement with Chatillon ended, and Aksa started to develop its own technology.

80s

1982
• Distributed Control System (DCS) was established for the first time in Turkey, and the entire processing system monitored from a single center.

1985
• Jel dyeing technology was developed and producer dyed tow production initiated.

1986
• Acrylic fiber production capacity reached 116,000 tons/year.

90s

1991
• Realized the first CCE steam generation in Turkey.

1992
• The Fiber Pilot Plant and the Research Lab was established to promote polymer research and to develop new products.

1997
• Microfiber production was started. Open end type fiber, the major input for cotton type yarn production, was also offered to the market.
• Acrylic fiber production capacity reached 190,000 tons/year.

2000s

2000
• Began manufacturing outdoor fiber.
• Switched to biological treatment with the Deep Tank system, the most advanced technology in water treatment, breaking new ground in Turkey.

2002
• Accelerated new product development activities by refurbishing the Pilot Plant and the R&D Lab that were established in 1992.

2004
• A pilot plant for textiles was established in addition to existing pilot plants to provide more efficient customer services in the post-processing of fiber.

2006
• Began investments and initiated R&D work on carbon fiber.

2007
• Acrylic fiber production capacity reached 308,000 tons/year.
• With its performance in developing technology, Aksa reached a position from where it was able to establish a new acrylic fiber manufacturing facility in any part of the world, or else to sell technological licenses.

2008
• Began manufacturing carbon fiber on a pilot level.
• Received the National Grand Prize for Quality Award.

2009
• With the launch of the 1,500 tons/year capacity carbon fiber production line, Aksa became the first Turkish company in the industry to provide raw input. With this production line, it also secured its position as the ninth largest carbon fiber manufacturer in the world.
• Certified by the Ministry of Science, Industry and Technology became a registered R&D Center.
• In addition to the existing power plant, a decision was made to invest in a new power plant with anelectricity capacity of 100 MW and 350 tons/hour steam production within the Yalova plant.

2010 and beyond

2010
• In line with its 10% market share target in the carbon fiber industry, Aksa decided to establish a second carbon fiber production line.

2011
• Decision was made to establish a new company by the partial separation of the carbon fiber business line.
• A preliminary joint venture agreement was signed between Aksa and the Dow Chemical Company for the production and marketing of carbon fiber and carbon fiber based products.

2012
• On January 2, 2012, the carbon fiber business line became a separate company through partial separation and Aksa Karbon Elyaf Sanayi A.Ş. was established as a wholly-owned subsidiary of Aksa.
• On June 29, 2012, DowAksa Ltd. was established as a 50:50 joint venture of Aksa and DowEurope.
• First phase of the power plant investment was completed and activated.

AKKÖK IN BRIEF

Akkök Group has a groundbreaking innovative perspective underpinned by superlative know-how.

Akkök Group

CHEMICALS
Aksa Akrilik Kimya San. A.Ş.
Ak-Kim Kimya San. ve Tic. A.Ş.
DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti.

ENERGY
Akenerji Elektrik Üretim A.Ş.
Egemer Elektrik Üretim A.Ş.
Sedaş Sakarya Elektrik Dağıtım A.Ş.

REAL ESTATE
Akiş Gayrimenkul Yatırımı A.Ş.
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.
Ak Turizm ve Dış Ticaret A.Ş.
SAF Gayrimenkul Yatırım Ortaklığı A.Ş.

TEXTILE
Ak-Tops Tekstil Sanayi A.Ş.
Aksa Egypt Acrylic Fiber Industry S.A.E.

SERVICES
Akport Tekirdağ Liman İşletmesi A.Ş.
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.
Ak-Pa Tekstil İhracat Pazarlama A.Ş.
Aktek Bilgi İletişim Teknolojisi Sanayi ve Ticaret A.Ş.
Dinkal Sigorta Acenteliği A.Ş.

Founded in 1952 by the late Raif Dinçkök, Akkök Group currently operates in the fields of chemicals, energy and real estate with its 17 commercial and industrial companies, one of which is overseas, and with 18 production plants across various sectors. The Group closely follows the trends in global competition,as well as economic developments impacting all of the industries with which it is involved.

The leading fiber manufacturer in the world with an installed capacity of 308,000 tons/year, Aksa supplies the textile and industrial textile industries in more than 50 countries. The Company has a 14% global market share in acrylic fiber production.And thanks to its R&D investmentsand innovative approach Aksa has an excellent pedigree in the manufacturing of carbon fiber,which is acknowledged as one of the most important raw materials of the 21st century for Turkey.

DowAksa İleri Kompozit Malzemeler Sanayi Limited Şirketi was established as a result of a new 50:50 joint venture of Aksa Akrilik Kimya Sanayii A.Ş. and the Dow Chemical Company in 2012. With this joint venture, a collaboration was initiated for the production and worldwide marketing of carbon fiber and carbon fiber based products.

By combining the strength it derives from scientific endeavor with its supreme production quality and technical expertise, DowAksa aims at creating significant changes both in Turkey and the rest of the world. The issues that this new joint venture prioritizes include increasing the energy generation of wind turbines and decreasing the fuel consumption of automobiles, in addition to infrastructure development, and extending the lifespan of buildings through reinforcement.These strategies will enable DowAksa to provide innovative solutions to some of the world's most challenging problems.

Producing more than 500 assorted chemicals at its plants, with a capacity of 600,000 tons, Ak-Kim caters for diverse industrial groups, particularly textile, metal, food, cleaning, water treatment, and the prevention of corrosion and scab, as well as for the paper, pharmaceutical and construction industries.

Ak-Kim has the ability to sell its products even in those countries where its competitors have manufacturing facilities. Indeed, with its customer oriented products, Ak-Kim maintains its competitive edge in the international markets where it competes with global giants. The Company exports to 55 countries on five continents, and

50% of its exportsare directed to EU countries,and the remainder to countries including Pakistan, Israel, Iran, the USA, Canada and Korea.

Ak-Kim has been selling its know-how and technologies to companies abroad since 2002, and provides various services that range from engineering work to turn-key contracts.

The first privately owned power generation company in Turkey, Akenerji commenced operations in 1989, and was turned into a strategic partnership with equal participation between Akkök and CEZ in 2009. With 23 years of experience in generating electricity, Akenerji increased its installed capacity to 746 MW with the Feke I, Himmetli and Gökkaya power plants in 2012, and the share of renewable energy within this total to 52%.

Continuing its investment in the field of renewable energy, Akenerji continues its planfor the Kemah Hydroelectric Power Plant, which will have an installed capacity of 198 MW, in Erzincan. In addition to this, when Egemer Natural Gas Power Plant, whose construction began in late 2011, with a capacity of 900 MW is completed, Akenerji will be generating approximately 7 billion kWh electricity per year, and meeting 2.6% of Turkey's electricity need alone.

The Egemer Combined Cycle Natural Gas Power Plant, which is planned to be established in Erzin, Hatay with an approximate capacity of 900 MW is one of the major projects of the strategic partnership between Akkök and the CEZ Group. A project planned by Egemer Elektrik Üretim A.Ş. of Akenerji, Egemer Combined Cycle Natural Gas Power Plant is expected to generate 6.7 billion kWh/year on average. The Power Plant is planned to be completed in the last quarter of 2014.

In its relationships with all of its social stakeholders, particularly with its employees, customers, suppliers and shareholders, Akkök Group's the fundamental principles Akkök Group maintains are openness and accountability. In parallel to this approach, the Group signed the United Nations Global Compact in 2007.

With such projects as the Akbatı Shopping and Lifestyle Center, Akbatı Residences, Akbatı White Tower, Akkoza (1st & 2nd Phase) and Akasya, Akiş enjoys continued growth within the industry.It operates in its new structure as a Real Estate Investment Partnership. AKİŞ GYO realizes high profile projects with its innovative approach that also adds value to the environment.

SAF GYO and premier shopping mall Akmerkez, which has enjoyed an exclusive position in the real estate industry in Turkey since its foundation,also provide proof of themarked success of Akkök Group in the real estate industry.

In its relationships with all of its social stakeholders, particularly with its employees, customers, suppliers and shareholders, Akkök Group's fundamental principles are openness and accountability. In parallel to this approach, the Group signed the United Nations Global Compact in 2007. All Group companies are aware of their social, environmental and economic liabilities as corporate citizens, as well as their financial liabilities, and act accordingly.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

We will continue our worldwide success with our operational efficiency, sustainable profitability and leadership vision.

Dear Shareholders,

The effects of the global economic crisis, which began in the Euro zone before spreading worldwide, have continued in 2012 as well. Despite recovery efforts in European countries, the positive outlook for macroeconomicindicators is faltering. Indeed, continuous fluctuations in the economy have now begun to damage developing countries as well. Pointing out that global economic growth was weakeningthe International Money Fund (IMF) has downgraded its growth forecast. According to the October edition of the IMF World Economic Outlook Report, the average growth forecast will stay at around 1.5% for developed economies,but be at 5.6% for developing countries in 2013.

The Euro zone economy, which shrank by 0.1% in the third quarter of last year, has begun signaling a recession in the first months of the New Year. And in light of academic forecasts,it seems that it will take the next decade for government debt stocks,which have reached record peaks on a global scale, to return to normal levels.

Were we to consider the Turkish economy in light of this data, we would observe a strong financial discipline that is not easily affected by global fluctuations and external shocks. Economic growth for the 2013-2017 periods is estimated by the government at an average of5.2%.And with a positive portrait regarding debt dynamics, the ratio of the EU defined debt stock of our country to GDP is at around 39%. On the other hand, despite the decrease in the current account deficit, its ratio to GDP is expected to be over 7% in 2013. Meanwhile, the budget deficit was at 1.5% of GDP in 2012. According to the Turkish Statistical Institute, unemployment was at 8.8% in September 2012, decreasing by 0.4 points from the same period of the previous year.

Turkey's positive growth potential was acknowledged by international rating agency Finch, which raised Turkey to "investment" grade. This development attests to Turkey's stable and reliable standing in the fluctuating global economy. It is anticipated that this will ensure thelarge scale entry of direct foreign investments into the country over the coming period. We also expect Fitch's prescient decision to prompt other rating agencies to act accordingly.

Being dependent on external sources for energy, with a current account deficit thatis itself exacerbated by this very dependence,is among the fundamental problems Turkey faces. In addition, lacking a strong presence in those industries with high added value, and being behind in innovation and R&D indices are the issues that definitely need to be addressed. In this respect, we hope that 2013 will be a year of improvement and progress that would also be repeated overthe coming years. We believe that the globallycompetitive force of industry, a key dynamo of our economy, will also benefit from supportive government policy.

As of the end of the year, Aksa achieved a capacity utilization rate of 95%.

95%

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Aksa maintained its 14% market share in 2012 as well.

14%

Aksa sustained its leadership position in world markets in 2012 as a result of its strategies supportive of sustainable profitability and operational excellence.The basis of its continued success is the priority given to operational efficiency, in addition to its high capacity of 95% at the end of the year. Attaching particular importance to permanent strategies in all business processes, our Company looks to the future with confidence. For the past two years, we have prioritized projects of maintenance, conduct, upkeep and modernization in line with our philosophy of sustainability. Within the framework of our economies of scale, the Energy Management System, which includes our policies regarding energy reduction and improvement, constitutes an important input. In line with this understanding, the first phase of the power plant investment was completed and initiated in 2012. The second phase is expected to be completed in the first half of 2013, and ultimately, the power plant will have the capacity to generate 100 MW of electricity and 350 tons/hour of steam.

Another important development for our Company in 2012 was the separation of the production and marketing of all carbon fiber and carbon fiber based products. As a result of the agreement signed with Dow Europe Holding B.V. on June 29, 2012, the foundations of a new joint venture, DowAksa Ltd., were laid. With this new partnership, in which Aksa and Dow hold 50:50 shares, and together with Dow Chemicals, a global chemicals giant, we aim to become one of the top three manufacturers of carbon fiber and its derivatives in the world.The DowAksa joint venture will now establish its place in the industry with its globalmarketing and production activities under the roof of a company based in the Netherlands.

2012 has yielded successful financial results for Aksa. Also with the contribution of the profits made from the transfer of subsidiary shares during the establishment of the joint venture under the name of DowAksa following the separation of carbon fiber operations from Aksa, our net profit increased by 59%. When considered apart from the influence of the profits made from the transfer of subsidiary shares that was special to this year, as in 2011, Aksa managed to increase its EBITDA (earnings before interest taxes depreciation and amortization) margin this year as well and reached to 12.03%. The positive effects of both the traditional acrylic fiber sales operations and the partnership we established in the field of carbon fiber are evident in the year-end net profit.

As a result of its strategies of sustainable profitability and operational excellence, Aksa maintained its leadership position in the global market in 2012.

Our R&D Center provides the greatest support for our sustainable growth,not only with the new products it develops, but also with its focus on achieving the utmost efficiency with existing resources. Our projects funded by the TÜBİTAK-TEYDEB (The Scientific and Technological Research Council of Turkey- Technology and Innovation Funding Programs Directorate) are among our major R&D activities in 2012.And with practices to improve our processesin pursuit of operational excellence,and the steps taken to preserve the balance between society and community, Aksa maintains its leader position in the industry,while carrying out its social responsibilities. Accordingly, our Company will maintain its established status of a quality and efficiency-oriented, reliable and environmentally friendly companyover the coming periods. Meanwhile, 2013 will be a productive year in which Aksa continues its global leadership and setsan example with its sensitive and visionary approach.

I give my thanks to our employees, who provide the greatest support toour Company's excellent performance with their labor, devotion and skills. I also extend my gratitude to our business partners, clients and all our stakeholders for their mutual understanding and trust.

Sincerely,

Mehmet Ali Berkman
Chairman of the Board of Directors

ACTIVITIES IN 2012

Aksa maintained its reliability and its success rate, which rises irrespective of prevailing circumstances.

Marketing and Sales

The ongoing economic crisis in Europe and political woes emanating from the Middle East has affected the markets negativelyduring 2012. This resulted inshrinkage in acrylic fiber demand and consequent fluctuations in raw material prices. With its visionary approach and skilleduse of its production capacity, Aksa maintained its market leadership,despite the most difficult circumstances. Our effectivemarketing strategies in the domestic market had a major impact on Company success. Aksa also became a reliable and systematic supplier to the Middle Eastern market,increasing its share of that market, despite prevailing regional difficulties.

Maintaining its position both in the domestic and overseas markets, Aksamade 65% of its sales in the domestic market and 35% overseas. And increasing its capacity utilization rate by 2% on the previous year, the Company also maintained market leadership in technical fibers in 2012.

Underpinning Aksa's successful marketing and sales performance over the years are the Customer Satisfaction Surveys put in place in 1998. By using these surveys to regularly measure customer satisfaction, the Company is able to revise its policies on products, services and customers accordingly. The survey also allows for an evaluation ofhow customer satisfaction reflects on subsequent corporate performance and business processes.

Determining the needs and expectations of the customer,in pursuit of ever greater customer satisfaction is among the Company's strategic goals. The Center for Learning with the Customers is a key component of our related activities.The marketing and technical teamspay regular customer visits and invite them to Aksa within the framework of the Center for Learning with the Customers.

Aksa adopts a customer intimacy philosophy in its sales and marketing activities, andthe Department of Customer Services was restructured in 2012 accordingly. In this new structure, Aksa began providingcustomers technical advice in addition to post-sales support. As a result of theseefforts, there was a marked increase in customer satisfaction and a significant decrease in complaints.

Maintaining its dominance both in the domestic and overseas markets in 2012, Aksa realized 65% of its sales at home and 35% through exports.

35% export

Aksa will resolutely maintain policies that provide added value to its customers through its sales and marketing activities. The Company also expects to increase market share, thus further cementing its domestic market leadership position. It also aims to safeguardits Middle Eastern market share, and is working on new strategies to increase its market share in other key export markets too. Among Aksa's other goals for 2013 is becoming a steady and increasing supplier to China, the world leader in the manufacture of acrylic fiber,on the strength ofits value added products.

Aksa makes solid investments that prioritize efficiency and quality on the path to operational excellence.

Investments

Aksa focused on efficiency projects in 2012 developed in line with its operational excellence oriented strategy put into place during the previous year. With the said projects, the Company intends to reduce costs as well as providing products of improved quality. Directing its investments throughout the year towards projects that boost efficiency in acrylic fiber manufacturing, Aksa also fine-tuned its business processes at the R&D Center.

Aksa spent US$ 45,019 thousands on investments in 2012. The projectsclassified according to their content are as follows:

- Renewal and Modernization Projects (19 Projects)
- Maintenance, Conduct and Upkeep Projects (47 Projects)
- Investment and R&D Projects towards Developing New Processes and New Products (44 Projects)
- Projects to Increase Energy Efficiency (14 Projects)
- Investments in Carbon Fiber Infrastructure Support (2 Projects)

Among the 126 projects undertaken, the power plant and scheme to raise the overall plant efficiency received the lion's share of investmentsmade.

One of Aksa's major investments of 2012 involved the initial first phase of the power plant project. The power plant, which will have the capacity to generate 100 MW electricity and 350 tons/hour of steam, is expected to be fully completed in the first half of 2013. With the establishment of this power plant, Aksa is one step closer to its aim of deriving reliable, high quality and continuous energy with the utmost economy.

In 2013, maintenance, conduct and upkeep projects to boost efficiency and quality will remain a priority for Aksa, as in 2012. As such, investmentsthat contribute to the efficient running of the power plant also feature in 2013 projections.

The Company is pursuing all available incentives in the realization ofexisting investments. Aksa is also exchanging ideas with the related governmental bodiesregarding the new economic stimulus package.

ACTIVITIES IN 2012

Aksa views transparency as one of the fundamental priorities of corporate governance.

Charitable Donations and Social Welfare

Aware of the needs of society and future generations at both the corporate and employee levels, Aksa continues to improve its corporate social responsibility activities annually. In addition to its economic contributions to the local community, the Company aims to raise its standards in line with its contributions to the community through activities encompassing education, culture and the arts and sports.

In this respect, financial tables prepared according to the International Financial Reporting Standards reveal that expenditure on Donations and Social Welfare in 2012 amount to TL 119,226. This entire amount was listed as expenses in the 2011 financial tables prepared according to Tax Procedure Law.

Charitable Donations and Social Welfare

	Amount (TL)
Associations, foundations and municipalities	100,205
Education	19,021
Total	119,226

SUBSIDIARIES

Aksa has a continually growing roster of achievements within the global leadershipframework.

DowAksa Carbon Fiber

Aksa signed the final agreement with Dow Europe Holding B.V., a wholly-owned subsidiary of the Dow Chemical Company, for the new joint venture, DowAksa Ltd., which will produce carbon fiber and carbon fiber based products and conduct worldwide marketing activities, on June 29, 2012. Aksa and Dow hold 50:50 stakes in the joint venture, which plans to finance its growth through internaloperating income and the cash flow from external financing.

DowAksa Ltd. will be operating at Aksa's existing facilitiesin Yalova that have manufactured carbon fiber since 2009. The priority of the new joint venture is to supply carbon fiber technologies to globally developing industries, primarily in the fields of energy, transportation and infrastructure. In this respect, the joint venture aims to provide a wide range of products to the carbon fiber composites industry, and to engage in marketing on a global scale by developing its technical service support.

By developing solutions to reduce total production costs, DowAksa Ltd. will enable cost reduction across the entire product chain. Thereby, it will not only strengthen its own position,but also enlarge its field of execution in various industrial markets.

Aksa Egypt

Aksahas established a strong foothold in North Africa, primarily in Egypt with its subsidiary Aksa Egypt. The Company's regional sales performance increased in line with production related developments, wherebythe production of colored tow and tops rose by 38%in 2012 when compared to the previous year. Of these sales 75% were made to the domestic Egyptian market,with 25% exported. In parallel to the sales performance, the turnover of Aksa Egypt climbed by 12.5% in 2012 to US$ 24.5 million from US$ 21.7 million in 2011.

By evaluating potential export markets on the African continent, Aksa will sustain the production success rateand sales performance of Aksa Egypt in 2013 as well. Indeed, the Company aims at full production capacity and to maximize sales performance within a year. The long awaited democratization period, as well as political and economic stability will be a major contributor to the achievement of this goal.

Ak-Tops

Ak-Tops conducts acrylic dyeing tops and bumps manufacturing and fiber cutting on a total area of 88,500 square meters, of which 40,000 square meters is enclosed. With over 250 employees, Ak-Tops cater for the knitting, weaving, blanket and carpet industries. The Company has a 50,000 ton per year capacity for acrylic dyeing, 45,000 tons per year for tops, and 140,000 tons per year for fiber cutting.

R&D ACTIVITIES

R&D Center develops solutions with innovative methods that will create added value to the entire industry.

In 2009, the R&D activitiesthat have taken center stage since the foundation of Aksa, were gathered under one roof and certified by the Ministry of Industry and Commerce (today the Ministry of Science, Industry and Technology) as an R&D Center in accordance with Law No. 5746. The R&D Center primarily focuses on improving the product quality anddeveloping new ones, as well as minimizing production costs through the use of new technologies, and researching and creating potential fields of use.

Renewing its certificate for the third time in 2012 by successfully passing Ministry inspections, the Aksa R&D Centeris dedicated to creating value not only for its own industry,but also for the textile and materials industry on a national scale. Meanwhile, the Center's staff of 70 boasts several academically renowned experts.

Acknowledging the importance of innovation for corporate performancein a changing world, Aksa develops methods that encourageemployee creativity. Indeed, resulting fromthe amendment of the Company's strategy and processes with regard to intellectual property rights so as to encourage innovation,a steady rise in the number of inventions has been observed.Yet due to the length of the patent application process, only one patent application has been registered by the Turkish Patent Institute to date. During this period, the Company also initiated pan-European registration processes.

In 2012, efficiency boosting initiatives realized by the Aksa R&D Center werewidely implemented in production. And continuing its work towardsthe sustainability of product quality, Aksa has introduced new products arising fromits product development activities, for trial use by its customers.

The Aksa R&D Center is in constant communication with the industry, the academic world and other research centers. In this respect, throughout the year the center continued its role in the SANTEZ and TEYDEB projects, which, supported by the government,provided opportunities for collaboration with universities. In addition, Aksa was invited to numerous seminars in 2012 to foster broader cooperation between the industry and academia. The Company shared its know-how and experiences at these seminars, and also engaged in new collaborations with esteemed research institutions and universities, both in Turkey and elsewhere in Europe.

SUSTAINABILITY

Aksa carries out projects that enrich the environmental, economic and social spheres.

Aksais determined that all activities since its foundation not only take care of today, but also safeguard future generations, and that they are directed towards creating a healthy environment and society.

Corporate Social Responsibility Philosophy

Adopting an understanding of openness, transparency and accountability, Aksa is focused on providing the utmost economic value possible to local people and thecountry at large. And in all corporate social responsibility projects carried out by Aksa, priority is given to raising the awareness of the local community and to environmental issues.

Stakeholders

Aksa recognizes all parties impacted by its products, services and processes as stakeholders. The stakeholders of Aksa include customers, employees and their families, as well as suppliers, investors, public institutions, local authorities, non-governmental organizations, the local community, industrial associations, education and research institutions, sister companies, and the national and international press.

Adopting an understanding of openness, transparency and accountability, Aksa is focused on providing the utmost economic value possible to local people and the country at large.

SUSTAINABILITY

The wholesomeAksa Family is composed of accomplished, creative, successful and competent individuals.

Workforce

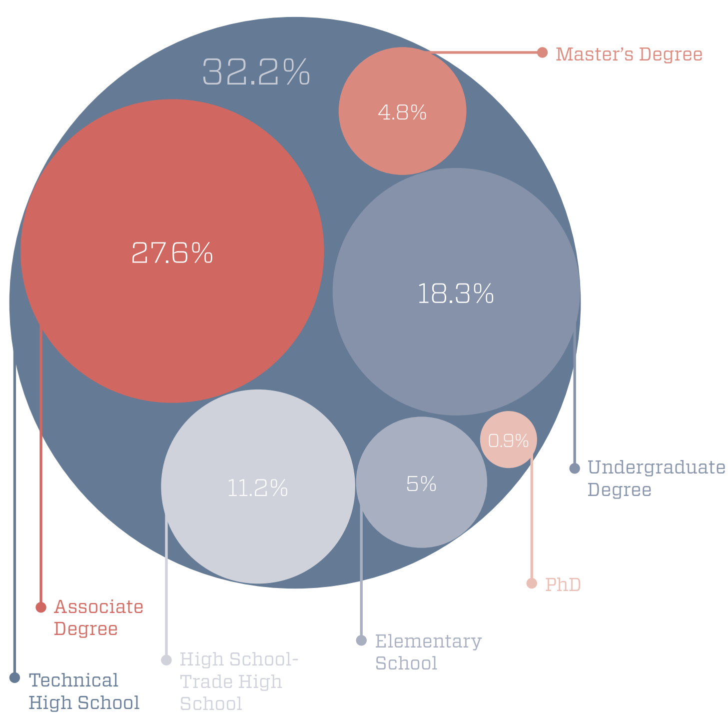
Aksa is aware of the importance of human resourcesin maintaining its strategy of "operational excellence". In line with the Company's principle of transparency, employees are encouraged to contributeto business processes,with employee suggestions being taken under evaluation on a monthly basis.

In this respect, Aksa employs the following policy with regard to human resources: "the most important factors behind our success are our human resources, and our organizational culture based on learning and production." Aksa endeavors to foster employees that are responsible, creative, participatory, self-confident, self-improving and happy individuals able to serve the Company's main goals.

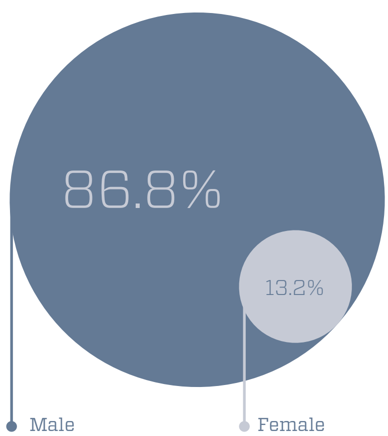
The Performance Management System was redesigned as an extension of the operational excellence strategy. Information sharing meetings were held with a total of 393 employees in nine groups to gathertheir feedback and suggestions in 2012.In addition, 15 hours of workshops were held with 40 managersto determine operational competence amongemployees. Resulting fromactivities conducted by the evaluation center, 20 employees of specialist grade or higher were reassigned, promoted, or rotated. Furthermore, evaluation ofthe positions of a further 50 employees at the operational level led tofive being promoted.

Aksa's qualified workforce takes the initiative and considers continuous development and quality important.

Distribution of Employees by Education Level



Workforce in Numbers in 2012



In 2012, training workshops totaled 29,186.75 person x hour, equal to 37.51 hours of training per person. Twenty employees graduated from the Aksa Academy, which is organized for employees working in operational processes.

The 'Mozaik' talent management project, whose foundations were laid by Akkök in 2011, was systematically completed in 2012 together with the modules of employee data, competence evaluation, career and back up, and 360 degree feedback and performance management systems. The Mozaik project will be implemented in 2013,with training given to all employees who are specialists or above. This includes shifting talent management to an electronic platform, as initiated by Akkök in 2011. The project enables employees to access their talent management processes online; executives can monitor and manage processes and practices in relation to employees, as well as effective and just process management in human resources.

Aksa biannually conducts an Employee Satisfaction Survey. In 2012, the survey was conducted with the participation of 583 employees. Theresults indicated a loyalty index of 74, while the satisfaction index was 68, and the commitment index was 77. Actions to be taken in light of these results are reflected in the plans for 2013. In addition to these, open-air activities were held to boost team spirit throughout 2012 with the participation of a total of 520 employees in eight groups.

The Company also initiated SEVESO in 2012 in order to prevent major accidents, and to establish the safety management system. A total of 36 workshops (chemical exposure evaluation, past accident investigation, Bow-Tie modeling and Lopa Analysis, and Functional Safety, etc.) with 9 groups totaling 5,018 person x hour was provided as part of this project.

Workforce in Numbers in 2012

In 2012, 63 new members joined the Aksa family, bringing the total employee number to 766. And as of the end of the year, the average age of those employed by Aksa was 34.17, while the average seniority was 7.28 years.

Level of Education	
PhD	7
Master's	37
Undergraduate	140
Associate	211
High School-Trade High School	86
Technical High School	246
Elementary School	39
Total	766

Distribution of Employees by Gender	
Female	101
Male	665

SUSTAINABILITY

Aksa pursues its social activities with transparency based on benefit and effective communication.

The Society

Having been founded on the principles of environmental friendlinessand humanity, Aksa closely considers the region it operates in during decision making. And with its effective communication strategy, the Company is constantly in touch with the local community. In this manner our corporate social responsibility projects that provide solutions to the most pressing issuesfor the general public are realized with the voluntary efforts of Company employees and stakeholders.

Transparent Company, Aware Society

Aksaprioritizes transparency and pays attention to raising local community awareness of its operations. In 2012, members of the Yalova Governorship, and of the municipal council from regional towns as well askey figures from local villages, all of whom are considered stakeholders, were briefed in detail about the Company, both through presentations and field trips.

Additionally, a seminar was given to officials of the Yalova Provincial Directorate for Disaster and Emergency within the framework of the European Union SEVESO II Directive.At this seminar, activities carried out within the scope of the Control of Major Industrial Accidents Directive,and issued by the Ministry of Environment and Urbanism,were communicated.

With its effective communication mechanism, Aksa is constantly in touch with the local community. Corporate social responsibility projects that provide responses to the questions and solutions to the problems of the people are made possibleby the voluntary efforts of Aksa employees and stakeholders.

Aksa conducts environmental management with sustainable systems.

Environment

Environmental Management

Aksa gives priority to health, safety and the environment in its business processes. Employees at all levels, and primarily the General Manager, take direct responsibility with regard to these issues. The environmental policies of the Company are shared openly with all its shareholders both through training and internal announcements, and through the Aksa website.

With the establishment of the Department of Health, Safety and Environment in April 2012, Environmental expertise, Occupational Health and Safety, and Office Health units were merged under one roof for greater efficiency. The Department of Health, Safety and Environment follows up environmental, health and safety issues in relation to the factory,and presents its findings both at weekly meetings and at Management Reviews held throughout the year.

In 2012, Aksa obtained a Temporary Certificate of Operation for emission and waste water discharge permits, and for the vessel waste reception facility license required in line with the Regulation on the Permits and Licensesas stipulated byEnvironmental Legislation. Application for the next step of the Temporary Certificate of Operation, the Environment Permit, has also been made and it is expected to be obtained within 2013. Aksa maintained zero non-compliance in the annual external inspections of ISO 14001 conducted by the Turkish Standards Institution since 2002.

Forestation

Aksa is well aware that our forests are important terrestrial stores of carbon that eliminate greenhouse gases. With this awareness, the Company distributes free plant and tree seedlings grown in Aksa's greenhouses to participants during events such as School Open Days, and to interested persons and institutions. Approximately 4,000 seedlings were given to environmentalists during the 2011-2012 periods.

SUSTAINABILITY

Aksa conducts all its operations with an environmentally friendly approach.

Environment

Environmentally and Human Friendly Aksa Products

Aksa'sphilosophy of sustainability is reflected in its environmentalist approach. By monitoring societal needs and innovations within the industry, the Aksa R&D Center works on environmentally friendly products for a sustainable future. Particular attention is given tocompliance with European Union Directives, as well as to REACh and national legislation regarding the use of chemical substances. In this regard, methods and substances sensitive to thesafeguarding of human wellbeing and the environment are rigorously researched, both during R&D and at the production stage.

Compliance with Standards in Textile

ÖKO-TEX 100 is an internationally acknowledged standard by which to determine the human ecological safety of textiles. Sample products were submitted to the independent Testex laboratory in Switzerland in 2012, as indeed they have beeneach year since 1995.Andhaving passed compliance tests for Class 1-Products (the category with the strictest limits and subject to the most comprehensive testing) theircertificates were renewed.

Occupational Health and Safety Management System and Projects

Within the scope of the Control of Major Industrial Accidents Directive issued by the Ministry of Environment and Urbanism in line with the European Union SEVESO II Directive, Aksa has been designated as a "higher level establishment".In order to fulfill its obligations with regard to said Directive, the Company is expecting to complete the work in relation to the Safety Report begun at the end of 2011, before the Directive goes into effect on January 1, 2014. The work includes process, operational and maintenance safety, as well as modeling emergency situations, planning emergency situation drills, and continuity oriented training with expert consultants. In addition to these, Aksa renewed fire detection and fire extinguishing systems throughout the factory in line with Occupational Health and Safety projects.

Aksa takes a step towards operational excellence every single day.

Efficiency

Focusing on investments to increase efficiency and quality throughout 2011 and 2012, Aksa prioritized projects of maintenance, conduct, upkeep and modernization. And apart from investments forming a part of its operational excellence strategy, it pursued projects to increase energy efficiency.

Energy Management System

With the established Energy Management Unit and Board of Energy Management, Aksa works on projects that will curb energy consumption and minimize environmental impact. In line with these efforts, targets for steam and electricity consumption are determined annually, and monitored daily online. Energy consumption is reported on a monthly basis,with targets for consumption being reviewed quarterly. What's more, all Company units are monitored according to strict energy consumptionparameters. Employeesinthe Production, Maintenance, and Energy departments, and who meet weekly under the chairmanship of the Factory Director, take measures to decrease energy consumption to a minimum.

CORPORATE GOVERNANCE

Board of Directors

Mehmet Ali Berkman
Chairman of the Board of Directors

Born in Malatya in 1943, Mehmet Ali Berkman graduated from the Department of Industrial Management at the Faculty of Administrative Sciences at the Middle East Technical University. Following his BA, he received his MBA in the field of Operations Research from Syracuse University in the USA, which he attendedon a Turkish Education Foundation (TEV) Scholarship. He joined the Koç Group in 1972 and served as General Manager of Mako, Döktaş, Uniroyal and Arçelik within this Group. He became the Head of Strategic Planning at Koç Holding A.Ş. in August 2000, and also served as the Head of Human Resources from 2001 onwards in addition to this post. As stipulated in Koç Group policy, he retired at the beginning of 2004, andin September 2005 assumed the position of Member of the Board of Directors and Chairman of the Executive Board. Berkman also serves as Chairman of the Board of Directors at Akenerji Elektrik Üretimi A.Ş. and as a Member and Chairman of the Boards of Directors of other Group companies.

Raif Ali Dinçkök
Deputy Chairman of the Board of Directors

Born in Istanbul in 1971, Raif Ali Dinçkök graduated from the Department of Business at Boston University (the USA) in 1993. Following his BA degree, he started working at the Akkök Group, where he served in the Purchasing Department of Ak-Al Tekstil San. A.Ş. between 1994–2000, and as Coordinator at Akenerji between 2000–2003. Dinçkök currently serves as Member on both the Board of Directors and the Executive Board of Akkök Sanayi Yatırım ve Geliştirme A.Ş. He also serves on the Boards of Directors at various Akkök Group companies.

Ali Raif Dinçkök
Member of the Board of Directors

Born in Istanbul in 1944, Ali Raif Dinçkök completed his high school studies at the Österreichisches Sankt Georgs-Kolleg in Istanbul and received his undergraduate degree from the Department of the Textile Engineering at Aachen University (Germany) in 1969. His business career started at the Akkök Group. The Chairman of the Board of Directors at Akkök Sanayi Yatırım ve Geliştirme A.Ş., Dinçkökalso serves on the Boards of Directors of other Group companies.

Ömer Dinçkök
Member of the Board of Directors

Born in Istanbul in 1948, Ömer Dinçkök graduated from the Department of Business Administration and Economy at Robert College. His business career began in Akkök Group following the completion of his postgraduate studies in Great Britain in 1971. Dinçkök served as Chairman of the Board of Directors at the Turkish Industrialists and Businessmen's Association (TÜSİAD) from 1987 to 1989, as Member of the Board of Trustees at Wilberforce University from 1989 to 2000, as Chairman of the Council of Industry of the Turkish Union of Chambers and Exchange Commodities (TOBB) from 1992 to 2000, as President of the Assembly at the Istanbul Chamber of Industry (ISO) from 1992 to 2001, as Chairman of the Board of Directors of the Turkish Education Foundation (TEV) from 2001 to 2004, and as Chairman of the Board of Trustees of the Turkish Education Foundation from 2004 to 2007. Dinçkök currently serves as Honorary Member of the High Council of the Turkish Industrialists and Businessmen's Association (TÜSİAD), as Honorary Member of the Council of the Istanbul Chamber of Industry (İSO), Member of the Board of Trustees at Koç University, and as founding member of the Education Volunteers Foundation of Turkey (TEGV), as well as serving on the Boards of Directors of Akkök Group companies.

Nilüfer Dinçkök Çiftçi
Member of the Board of Directors

Born in Istanbul in 1956, Nilüfer Dinçkök Çiftçi graduated from Lycée Français Sainte Pulchérie in Istanbul in 1970. She continued her education in Switzerland, where she later graduated from St. Georges School in 1976. Dinçkök Çiftçi currently serves on the Board of Directors of Akkök Sanayi Yatırım ve Geliştirme A.Ş., and on the Boards of Directors of other Group companies.

Erol Lodrik
Member of the Board of Directors

Born in Istanbul in 1944, Erol Lodrik completed his secondary education at Lycée Français Saint Benoit in Istanbul, and continued his studies in Great Britain. After undertaking several positions at Emboy ve Emniyet Ticaret A.Ş.,Lodrik joinedthe Akkök Group. He currently serves on the Board of Directors of Aksa, as well as on the Boards of Directors of other Group companies.

Mustafa Yılmaz
Member of the Board of Directors –Member of the Corporate Governance Committee

Born in Tekirdağ in 1949, Mustafa Yılmaz graduated from the Department of Chemical Engineering at the Faculty of Science at Ankara University.He completed his MA in the same faculty andbegan his business career at Etibank Ergani Copper Operations.He has held positions in the departments of research, production and quality management at Aksa Akrilik Kimya Sanayii A.Ş., where he was first employed as Operations Engineer. Serving as General Manager between the years 2002 and 2011, Yılmazhas been a Member of the Board of Directors since 2002. He was also appointed as a Member of the Executive Board of Akkök in February 2011.

Cengiz Taş
Member of the Board of Directors / General Manager

Born in Bursa in 1966,Cengiz Taş graduated from the Department of Industrial Engineering at Boğaziçi University. Following his BSc degree, he started working at Kordsa as an Investment Planning Engineer in 1989. He joined Ak-Al Tekstil Sanayii A.Ş. in 1991 as a Budget Specialist, and held positions as Budget Chief, Budget Manager, Production Coordinator and Assistant General Manager for Planning, respectively.Between 2004 and 2011, Taş worked as General Manager at Ak-Al Tekstil, andsince February 2011 has been working as General Manager at Aksa Akrilik Kimya Sanayii A.Ş.

Dr. Ant Bozkaya
IndependentMember of the Board of Directors – Chairman of the Corporate Governance Committee – Member of the Audit Committee

Born in 1963, Dr. Ant Bozkaya graduated from the Department of Industrial Management at the University of Petroleum and Minerals (Saudi Arabia), and received his MBA from the University of Libre de Bruxelles (Belgium),as well as a second master's degree from the same university from the Department of Management Science and Finance. Bozkaya completed his doctoral studies in the field of economics at the same university, and later did post-doctoral research at Harvard University (the USA). Acting as the Founder and CEO of Bilkent Holding, and Director at the Technology, Healthcare, and Energy Enterprise Group between the years 1992-1999, Bozkaya has been working as Member of the Board of Directors of Eczacıbaşı Holding, as well as lecturingat various universities since 2003. Holding no executive position, Bozkaya is qualified as an independent member in accordance with the Principles of Corporate Governance of the Capital Markets Board. He has held no association with Aksa Akrilik Kimya Sanayii A.Ş. or its related parties during the past five years.

Timur Erk
Independent Member of the Board of Directors – Chairman of the Audit Committee

Born in Istanbul in 1944,Timur Erk graduated from Deutsche Schule Istanbul and studied Chemical Engineering in Germany. Working as an industrialist in the chemicals industry since 1971, Erk is among the founders of the Association of Turkish Chemical Industrialists.He is currently the Chairman of the Association of Turkish Chemical Industrialists, as well as the Chairman of the Chemical Industry Assembly of the Union of Chamber and Commodity Exchanges and Chairman of the Turkish Chemical Industry Platform. Acting in different capacities in various associations, foundations and committees, Erk currently plays two major international roles as Chairman of the European Council of Chemical Industry (CEFIC) andChairman of the International Federation of Kidney Foundations (IFKF)for the period of 2011-2013. Holding no executive position, Erk is qualified as an independent member in accordance with the Principles of Corporate Governance of the Capital Markets Board. He has held the abovementioned positions during the past ten years, and has held no association with Aksa Akrilik Kimya Sanayii A.Ş. or its related parties during the past five years.

Auditors
1- Bülent Üstünel
2- Abbas Yüksel

CORPORATE GOVERNANCE

Executive Management

Alp Sarıoğlu
Director of the R&D Center

Born in Istanbul in 1971, Alp Sarıoğlu graduated from the Department of Energy and Fluid Mechanics at the Swiss Federal Institute of Technology (Switzerland). He received his MSc in Bio-Mechanical Engineering and his PhD in Plastic Composite Material Technology between the years 1998-2002 from the same Institute. During his doctoral studies, he worked as Technology Information Consultant, and gave theoretical and applied lectures. Sarıoğlu started his business career at Swiss Debiotech working on the processing of technical and industrial problems, solutions and quality control. He took office at Aisa&Aisapack in Switzerland as Project Manager between the years 2003-2006 and at Nestle Switzerland as Senior Project Manager from 2006 until 2008. He worked as Technical Manager at Sunset Gıda in 2008. He started working as Director of the R&D Center at Aksa in July 2011. Sarıoğlu, who has conducted diverse research projects and applied for patents, has published scientific and technical articles. Sarıoğlu speaks French and English.

Eren Ziya Dik
Director of Financial Affairs

Born in Adana in 1980, Eren Ziya Dik graduated from the Faculty of Business Administration at İstanbul University. He started his business career at PricewaterhouseCoopers Turkeyin 2002. He held positions related to financial controlling, independent auditing, International Financial Reporting Standards (IFRS) and financial statements analysis at PricewaterhouseCoopers,as well as being part of the PwC London Audit team. Most recently, in 2010, he was appointed Senior Manager. Joining Aksa Akrilik Kimya Sanayii A.Ş. as Budget and Accounting Manager the same year, Dik has been working as Director of Financial Affairs since July 2012.

Sinan Uğurlu
Energy Director (Acting)

Born in Ankara in 1972,Sinan Uğurlu graduated from the Department of Electrical Engineering at İstanbul Technical University in 1995. He started his business career at Ereğli Demir ve Çelik Fabrikaları T.A.Ş. in 1998 as Test Engineer, and later assumed the position of Maintenance Engineer at the same Company. He worked as Maintenance and Investments Manager at Mitaş Enerji ve Madeni İnşaat İşleri T.A.Ş. between 2005 and 2006, and as Operations Manager at Bilkent Holding Bilkent Enerji Üretim San. Tic. A.Ş. between 2006 and 2009. Uğurlu has been working as Energy Director at Aksa Akrilik Kimya Sanayii A.Ş. since 2009.

Aydın Fethi Baytan
Purchasing Director and
Human Resources and Management Systems Director

Born in 1965, Aydın Fethi Baytan graduated from the Department of Computer Engineering at Boğaziçi University in 1988. Following the completion of his undergraduate studies, he began working at Bios Bilgisayar as a Software Development Specialist and continued his career as Project Manager. He served as Information Technology Manager at Continent and at Carrefour after the merger between the years 1994-2000. Joining Ak-Al Tekstil A.Ş. in 2000 as Information Technology Manager, Baytan undertook the office of Assistant General Manager for Purchasing, Logistics and System Development in 2007.In December 2011, he started to work at Aksa as Purchasing Director.Baytan speaks English and French.

İsmail Murat İnceoğlu
Plant Director

Born in Istanbul in 1951, İsmail Murat İnceoğlu received his BSc in Textile Process Engineering from the Department of Textile at the University of Leeds (the United Kingdom), where he also completed his master's studies.He started his career at the Royal Mail UK and Braims Steel UK-Textile Testing Laboratory.In 1981, he started to work at Ak-Al Tekstil as Production Operating Engineer. He later undertook the position of Production Manager at Semi Worsted Hand-Knit Plant. İnceoğlu was involved in various projects,primarily the merger of Ak-Al and Aksu, and was recently working as Assistant General Manager for Technique and Quality. In March 2011, İnceoğlu started working as Director of Technical and Administrative Services at Aksa, and was appointed Factory Director in July. İnceoğlu speaks English.

Sabri Arca
Marketing, Sales and New Business
Development Director

Born in 1960, Sabri Arca graduated from the Department of Business Administration at the University of Southern California (the USA).He worked at Dinarsu T.A.Ş. between 1985 and 1989 and at Ak-Al between 1990 and 1994. Arca was promoted to Assistant General Manager at Aksa in 1994, and since then has held the positions of Administrative Assistant General Manager, Purchasing Assistant General Manager, New Business Development and Purchasing Assistant General Manager, and New Business Development Director, respectively. Appointed as Marketing, Sales and New Business Development Director on December 2011, Arca speaks English and French.

Declaration of Independent Membership of the Board of Directors

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

Pursuant to the Communiqué Regarding the Determination and Application of Corporate Governance Principles (Series IV, No. 56) issued by the Capital Market Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi, I declare that

- Neither have I, nor my spouse, or anyone among my relatives to the third degree, by blood or by marriage, established any relations, directly or indirectly, with Aksa Akrilik Kimya Sanayii A.Ş. or its subsidiaries, or its affiliates, or the companies within the Group within the past five years in the form of employment, or by means of capital or commerce;
- I have not been elected to represent a certain share group on the Board of Directors;
- I have not worked for those companies that audit, provide consulting services to, or manage activities or organizations, in part or in full, for Aksa Akrilik Kimya Sanayii A.Ş., or assumed any executive position at these companies within the past five years;
- I have not been employed by those companies that do independent auditing of Aksa Akrilik Kimya Sanayii A.Ş., or been part of the independent audit process within the past five years;
- I have not worked for those companies that supply significant products and services to Aksa Akrilik Kimya Sanayii A.Ş., or assumed any executive position at these companies within the past five years;
- Neither my spouse nor anyone among my relatives to the third degree, by blood or by marriage, is either an executive at Aksa Akrilik Kimya Sanayii A.Ş., or a shareholder, or in an executive position, and who holds more than 5% of the total capital or control over management by any means, or who has any influence in the control of Aksa Akrilik Kimya Sanayii A.Ş.;
- I do not earn any income from Aksa Akrilik Kimya Sanayii A.Ş. other than the fee for membership of the Board of Directors and the benefits that are provided in accordance with the Articles of Association, and declare that if I am a shareholder due to my membership of the Board of Directors, I do not hold more than 1% of the shares, and that these shares are not privileged;
- I am considered resident in Turkey in accordance with Income Tax Law;
- I do not work full time for any public institution or organization at the time of my candidature, and in the case of my election, I would not work for said institutions for the duration of my duty;
- I have strong ethical standards, as well as an occupational reputation and experience that will enable me to make positive contributions to the operations of the Company, to keep my impartiality in conflicts of interests among company partners, and to decide independently by taking the rights of the stakeholders into consideration;

I will therefore act as an independent Member of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi.

Pursuant to the related legislation, I also declare that should a situation arise that removes my independence, I would communicate this to the Board of Directors in order for it to be announced to the public, and that I would resign on principle.

Sincerely,

Name and Surname : Timur ERK
Signature :

Date : 27.04.2012
Appendix : CV

Declaration of Independent Membership of the Board of Directors

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

Pursuant to the Communiqué Regarding the Determination and Application of Corporate Governance Principles (Series IV, No. 56) issued by the Capital Market Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi, I declare that

- Neither have I, nor my spouse, or anyone among my relatives to the third degree, by blood or by marriage, established any relations, directly or indirectly, with Aksa Akrilik Kimya Sanayii A.Ş. or its subsidiaries, or its affiliates, or the companies within the Group within the past five years in the form of employment, or by means of capital or commerce;
- I have not been elected to represent a certain share group on the Board of Directors;
- I have not worked for those companies that audit, provide consulting services to, or manage activities or organizations, in part or in full, for Aksa Akrilik Kimya Sanayii A.Ş., or assumed any executive position at these companies within the past five years;
- I have not been employed by those companies that do independent auditing of Aksa Akrilik Kimya Sanayii A.Ş., or been part of the independent audit process within the past five years;
- I have not worked for those companies that supply significant products and services to Aksa Akrilik Kimya Sanayii A.Ş., or assumed any executive position at these companies within the past five years;
- Neither my spouse nor anyone among my relatives to the third degree, by blood or by marriage, is either an executive at Aksa Akrilik Kimya Sanayii A.Ş., or a shareholder, or in an executive position, and who holds more than 5% of the total capital or control over management by any means, or who has any influence in the control of Aksa Akrilik Kimya Sanayii A.Ş.;
- I do not earn any income from Aksa Akrilik Kimya Sanayii A.Ş. other than the fee for membership of the Board of Directors and the benefits that are provided in accordance with the Articles of Association, and declare that if I am a shareholder due to my membership of the Board of Directors, I do not have more than 1% of the shares, and that these shares are not privileged;
- I am considered resident in Turkey in accordance with Income Tax Law;
- I do not work full time for any public institution or organization at the time of my candidature, and in the case of my election, I would not work for said institutions for the duration of my duty;
- I have strong ethical standards, as well as an occupational reputation and experience that will enable me to make positive contributions to the operations of the Company, to keep my impartiality in conflicts of interests among the company partners, and to decide independently by taking the rights of the stakeholders into consideration;

I will therefore act as an independent Member of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi.

Pursuant to the related legislation, I also declare that should a situation arise that removes my independence, I would communicate this to the Board of Directors in order for it to be announced to the public, and that I would resign on principle.

Sincerely,

Name and Surname : Ant BOZKAYA
Signature :

Date : 27.04.2012
Appendix : CV

Declaration of Compliance with the Principles of Corporate Governance

1. Declaration of Compliance with the Principles of Corporate Governance

In this era of global competition and change, the goal of Aksa Akrilik Kimya Sanayii A.Ş. ("Aksa", or "the Company") is to achieve change in corporate management practices alongside financial achievements, thereby remaining a company based on fair business practice. With this awareness, Aksa considers the creation of sustainable value for its stakeholders to be among its primary objectives. Aksa maintains its position as a reputable, innovative, hardworking, creative and sharing company, and its corporate and reliable stance, primarily in the eyes of its shareholders and investors, and also in those of its customers, employees and society at large by adhering to its long adopted Principles of Corporate Governance.

The reason behind determining and applying these Principles is to strengthen the trust of all Company stakeholders. In this regard, Aksa Akrilik Kimya Sanayii A.Ş. declares that it has committed itself to the application of Corporate Governance Principles, and that it will adopt the practices required by these Principles within the framework of current practices.

SECTION I – SHAREHOLDERS

2. Shareholder Relations Unit

2.1 The "Shareholder Relations Unit", which was established alongside the Company's organs pursuant to legislation, operates under the Director of Financial Affairs and plays an effective part in protecting shareholders rights, primarily the right to information, and the facilitating of its usage.

The questions addressed to the Unit within this scope, with the exception of confidential information and trade secrets, are answered either by phone, or else in writing after consulting the highest authority in relation to the topic.

Contacts for Investor Relations at the Company:

Eren Ziya DIK
Director of Financial Affairs
+90 212 251 45 00/46101
eren.dik@aksa.com

Cemal AŞULA
Accounting and Reporting Manager
+90 212 251 45 00/46090
cemal.asula@aksa.com

Erdem TATBUL
Investor Relations and Reporting Manager
+90 212 251 45 00/46121
erdem.tatbul@aksa.com

The Department:
Fax: +90 212 251 45 07
E-mail: yatirimciiliskileri@aksa.com

In addition, in order to exhibit an effective approach in relations with shareholders, the Investor Relations Unit conveys the messages of the management, and the governance strategies concerning the Company to the shareholders through meetings held with mediating bodies in parallel to public and material disclosures. In this context, meetings with various mediating bodies are held at the Aksa Headquarters.

During 2012, visits to London and New York were made to inform corporate investors established abroad. The Unit also attended meetings organized by international investment institutions in Istanbul, which provided investors established abroad the opportunity of face to face interviews with Company executives.

2.2 Any information that will affect the use of shareholders' rights is presented up to date on the Company's website for the use of shareholders. In this context, one press release and thirty material disclosures were published on the website in 2012.

3. The Use of Right to Information by Shareholders

3.1 All shareholders are treated equally, including the minority and foreign shareholders.

3.2 All shareholders have the right to obtain and examine any and all information that is not considered a trade secret within the framework of current regulations. The right to information has neither been removed, nor limited by the Articles of Association, nor by the decision of any one of the Company organs.

3.3 There is no provision in the Articles of Association that asserts that each shareholder may individually request the appointment of a special auditor for the investigation of a specific event, even if it is not included in the agenda. There was no request for the appointment of a special auditor during the present period.

3.4 The management of the Company avoids any activity that would obstruct conducting a special audit.

CORPORATE GOVERNANCE

Declaration of Compliance with the Principles of Corporate Governance

4. General Assembly Meetings

4.1 In addition to complying with the methods outlined by legislation, in order to reach the maximum number of shareholders, the General Assembly meeting is announced on www.aksa.com and via Public Disclosure Platform a minimum of three weeks prior to the date of the General Assembly, and the announcement is also printed both in the Turkish Trade Registry Gazette and in the national edition of another daily newspaper with wide circulation.

4.2 In addition to the announcement for the General Assembly meeting, the "General Assembly Information Document", prepared so as to include the items in Article 1.3.2 of the Communiqué Regarding the Determination and Application of Corporate Governance Principles issued by the Capital Market Board, as well as the announcements and explanations the Company is obliged to make in line with legislation, was also published on the Company's website.

4.3 Each proposition was presented explicitly and under a separate title on the General Assembly agenda.

4.4 With regard to the agenda of the Ordinary General Assembly meeting in 2011, no request for any items to be included in the agenda was sent in writing to the Company's Shareholder Relations Unit by the shareholders.

4.5 The Ordinary General Assembly meeting for 2011 was held in İstanbul on May 24, 2012 in accordance with the related article in the Articles of Association, in order to increase the number of shareholders that attend the meeting in a manner which would not create any inequality among the shareholders, and which would facilitate the participation of the shareholders with minimum expense, and was realized with a 60.71% participation rate.

4.6 The questions posed by the participants of the General Assembly that were not within the context of trade secrets were answered during the General Assembly meeting.

4.7 During the Ordinary General Assembly meeting for 2011, pursuant to the Corporate Governance Code of the Capital Market Board, those shareholders who control the management, the members of the Board of Directors, the executive managers and their first and second degree relatives by blood, or by marriage, were granted permission to carry out transactions that may result in a conflict of interest either with the Company or its subsidiaries, to compete, to be engaged in the same line of business with the Company by themselves, or on behalf of others, and to become partners in such companies and to carry out other transactions and, pursuant to articles 334 and 335 of the Turkish Code of Commerce, the members of the Board of Directors were also granted related permissions; no problems arose in relation to these permissions during the present period.

4.8 No privileges were granted to any person or organization to receive information about the Company.

4.9 Members of the Board of Directors who were in charge of the agenda items, other related persons, executives who were responsible for preparing the financial statements and auditors were present at the Ordinary General Assembly meeting for 2011 in order to provide information and to answer questions.

4.10 Particulars in relation to procedures that are important in the application of Corporate Governance Principles were included following the amendments made to the Articles of Association in 2012; there were no procedures in this regard during 2012.

4.11 During the Ordinary General Assembly meeting, the donations and charities made by the Company in 2011 were briefed to the shareholders as a separate agenda item, and information regarding the donations and charities made during the year was included in the annual report. The Company continues to work on a policy with regard to donations and charities.

4.12 Although there are no provisions relating to this matter in the Articles of Association, General Assembly meetings are held open to the public, including the stakeholders and the media, without the right to speak.

5. Right to Vote and Minority Rights

5.1 The Company avoids any activity that would obstruct using the right to vote and provides each shareholder the opportunity to vote in the easiest and the most appropriate way possible, including cross border voting.

5.2 There is no privilege with regard to voting rights.

5.3 There are no mutual affiliate companies of the Company.

5.4 Maximum attention is given to making minority rights available.

5.5 The Company acts in accordance with current legislation with regard to minority rights.

6. Dividend Rights

6.1 Pursuant to the Capital Market Board's decision 4/67 dated January 27, 2006; the Dividend Distribution Policy of the Company was announced to the public, published on the Company's website and included in the annual report.

6.2 The Dividend Distribution Policy of the Company includes minimum information that would enable investors to foresee the methods and principles of the Company in distributing profit for the coming periods.

6.3 There is no privilege with regard to participating in Company dividends.

6.3 During the Ordinary General Assembly meeting for 2011, a dividend distribution was decided upon, with the amount of TL 45,000,000 being distributed in cash to shareholders at the end of May.

6.4 A policy balanced between the benefits of shareholders and the benefit of the Company is being followed in the Dividend Distribution Policy.

7. Transfer of Shares

7.1 All of the Company's shares are registered and traded at the Istanbul Stock Exchange, and there are no restrictive provisions with regard to the transfer of shares in the Articles of Association.

SECTION II. PUBLIC DISCLOSURE AND TRANSPARENCY

8. Public Disclosure Policy

8.1 Company Disclosure Policy includes the people in charge, which information shall be disclosed to the public apart from that determined by legislation, how this information shall be conveyed, how often and through which channels, how often the Board of Directors or the executives shall meet with the press, and how often public disclosure meetings shall be held, as well as what method shall be followed when answering questions posed to the Company, and the like.

8.2 The information that shall be disclosed to the public is presented for public use through the Public Disclosure Platform (www.kap.gov.tr) and the Company's website in a timely, accurate, complete, understandable and easily accessible manner in a cost effective way, in order to help those persons and organizations, who may benefit from the information, to make informed decisions. Furthermore, the portal entitled "e-Governance: Corporate Governance and Investor Relations" that belongs to the Central Securities Depository of Turkey is utilized for direct and efficient informing of Company partners.

8.3 Information regarding the future, assumptions, and data that these assumptions are based on are also disclosed, and particular attention is paid such that these statements do not include baseless, exaggerated forecasts, and that they are not misleading. Attention is also shown such that these assumptions are in harmony with the Company's financial status and the outcomes of its operations.

8.4 In the case where estimations disclosed to the public are not realized, or when it is understood that they shall not be realized, the information is updated.

8.5 The Company Disclosure Policy may be found under the "Investor Relations" tab on www.aksa.com.

9. Corporate Website and Its Contents

9.1 The corporate website of the Company, www.aksa.com, is actively used in the public disclosure process. The address of the website is included in the letterhead of the Company.

9.2 The content of the Company website is prepared in line with Article 2.2.2 of the Communiqué Regarding the Determination and Application of Corporate Governance Principles issued by the Capital Market Board. In addition, stakeholders may reach the authorities for further information through the electronic mail address yatirimciiliskileri@aksa.com.

9.3 The partnership structure of the Company is presented on the Company website, including the names of shareholders, and the amount and percentage of their shares.

9.4 The basic information on the website is also made available in English for the use of international investors. In addition, international investors may reach the authorities for further information about the Company through the electronic mail address yatirimciiliskileri@aksa.com.

CORPORATE GOVERNANCE

Declaration of Compliance with the Principles of Corporate Governance

10. Annual Report

The Board of Directors of the Company prepares the Annual Report based on the regulations set forth by the Turkish Code of Commerce and the Capital Market Board in such a way that the public will have complete and accurate information regarding Company operations.

Information regarding the businesses of the members of the Board of Directors beyond that of the Company's, as well as the declarations by independent members of the Board of Directors have been disclosed to the public both in the annual report, and on the website.

The Audit Committee convened quarterly and the Corporate Governance Committee triannually during 2012. The working principles and activities of the committees have been provided in detail in Section IV.

The Board of Directors convened 38 times during 2012. The majority of the members attended all meetings, and attention was paid to maintain the majority of the members during the meetings.

The members of the Board of Directors did not act against the provisions of legislation during 2012.

The Company has formed working teams in line with the changes introduced to the Turkish Code of Commerce and Capital Market Legislation in 2012, and conducts periodical in-house briefings.

No significant law suits were filed against the Company during 2012.

No investment consultancy or crediting services that would create a conflict of interest were used by the Company.

There are no companies that the Company is mutually affiliated with.

Corporate social responsibility projects are included in section 14.2 of the report.

During the Ordinary General Assembly meeting for 2011, pursuant to the Corporate Governance Code of the Capital Market Board, the shareholders who control the management, the members of the Board of Directors, the executive managers and their first and second degree relatives by blood, or by marriage were granted permission to carry out transactions that may result in conflict of interest either with the Company or its subsidiaries, to compete, to be engaged in the same line of business with the Company by themselves, or on behalf of others, and to become partners in such companies and carry out other transactions and, pursuant to articles 334 and 335 of the Turkish Code of Commerce, the members of the Board of Directors were also granted related permissions; no problems arose in relation to these permissions during the present period.

SECTION III. STAKEHOLDERS

11. Disclosure to the Stakeholders

11.1 The stakeholders of the Company are employees, creditors, customers, suppliers, and various persons, organizations and interest groups such as non-governmental organizations, who are related to the operations, or the achievement of Company goals. In such cases where the rights of the Company's stakeholders are not protected by legislation and mutual contracts, the benefits of stakeholders are protected within the framework of goodwill rules and within the scope of the means of the Company. Within this context, the Company's ethical values have been set out, and are published on the website.

11.2 In such cases where the rights of the stakeholders, which are protected by legislation and mutual contracts, are violated, effective and swift compensation is provided. The Company makes every effort towards the ease of use of mechanisms such as compensation provided to stakeholders in line with legislation. There is no special compensation policy for the employees of the Company, and their compensation rights are considered in relation to related legislation.

11.3 Company policy with regard to the protection of the rights of stakeholders is published on the Company's website.

11.4 The Company may execute those operations by the stakeholders that are contradictory to legislation, or that are ethically inappropriate to the Corporate Governance Committee, or the Audit Committee.

11.5 In such cases where there are conflicts of interests among stakeholders, or when a stakeholder is involved in two interest groups, the Company pays attention to following as balanced a policy as possible to preserve rights, and aims at preserving these rights independently from one another.

The Company attaches importance to customer satisfaction in the sales and marketing of goods and services, and therefore takes measures within this scope.

The Company takes the necessary measures, and reviews and renews its processes in order to maintain relationships that are in accordance with the law and with the provisions of the establishment contract with its customers and suppliers to whom it provides products and services, and to follow international and industrial standards in providing goods and services.

Information regarding customers and suppliers constitutes trade secrets, and strict attention is shown to the confidentiality of such information.

The demands of customers with regard to purchased goods and services are met swiftly, with customers notified of any delays ahead of deadlines.

The Company applies the supplier performance system on an annual basis, which enables it to determine and develop the fundamental fields of competence, to support mutual development and to evaluate the annual performance of suppliers. The outcomes of the performance system, as well as the fields that require improvement are shared with the suppliers together with regular updates on the system. In addition, Company policy, specifications and contracts are also among the information shared with suppliers.

Aksa also provides customers with product specs on which the product specifications are stated. The analyses requested by customers and the outcomes of complaints made to the Company are also shared with customers following technical investigations. Furthermore, Aksa sends customers the "Product Responsibility and Product Manual Safety Guide", which informs them both in Turkish and in English that Aksa's products are environmentally friendly.

12. Stakeholder Participation in Management

Although supportive models for the participation of stakeholders, primarily employees, in the Company's management are not included in the Articles of Association, these are being developed in a manner that would not hinder Company operations.

In this context, there has been a Representative Council in Aksa that consists of 16 people, selected by Aksa employees according to secret ballot open counting since 1996. The Council is made up of representatives from each shift, 13 members from the Yalova Factory and three members from the Istanbul Headquarters. Meeting monthly, the Representative Council is responsible for determining the problems that employees face, suggesting and working towards solutions, and notifying the senior management about the expectations of employees.

The participation of employees is ensured through annual performance evaluation meetings, suggestion systems and annual meetings held at the Company.

The Company also takes opinions and suggestions conveyed by other stakeholders into consideration.

13. Human Resources Policy

The Company adopts a management system that values people and encourages creativity, communication and employee participation. The Company acknowledges that creating an open, close and continuous communication environment is vital in maintaining the motivation and efficiency of its employees.

The Company intends to utilize human resources applications that use internationally-accepted models and internally integrated systems. It aims at using modern, integrated and result-oriented systems in all human resources processes, from recruitment to performance management, from development to remuneration and severance.

The objective of Aksa's human resources policy is to recruit candidates who are suitable for the corporate culture and values, who have the knowledge, skills, experience and abilities the position requires, and who will take the Company forward, and therefore serve the strategies and goals of the Company. In adopting the "right person for the right job" principle, modern evaluation systems are being used to support the most objective decision in the recruitment and appointment processes.

In line with the Company's continuous learning, development and result-orientation approach, while it is aimed for developmental programs to be organized for employees in relation to Company goals, knowledge, skills, fields of expertise and competencies, the Company also makes an effort to direct resources to programs that support social and cultural development. Development planning offers training and development solutions that are suitable for the current needs of both the Company and its employees.

The Performance Management System is a structure that aims at individuals' adoption of the corporate goals, and which reinforces common corporate culture. Employees are able to see their own contribution transparently, as well as the influence of this

CORPORATE GOVERNANCE

Declaration of Compliance with the Principles of Corporate Governance

contribution at the corporate level within the system. The output of the Performance Management System is used in the development planning, talent management, career planning, remuneration and awarding processes of Human Resources, thereby introducing an integrated system where all processes support each other. The Company supports employees towards a common goal through incentives that serve to strengthen the high performance culture. The leadership and functional competencies of the Company are measured in 360 degrees, and the ways that employees achieve results are evaluated. In this manner, the same system also ensures the reinforcement and implementation of those competencies that will carry the Company into the future and serve its corporate reputation and sustainability.

The Company uses a job evaluation and salary model with worldwide validity and established reliability. This is a salary and vested benefits model which is objective and transparent, which reflects the core principles of both the domestic and international business environment, which is based on the principle of equality and justice, and which ensures fair salaries for all employees.

14. Ethical Rules and Social Responsibility

14.1. The operations of the Company are carried out within the framework of the ethical rules that are disclosed to the public through the website.

14.2. The Company pays attention to have, develop, adopt and implement innovative and environmentally friendly technologies within the scope of both its environmental and quality policy. The Environmental Impact Assessment is taken into consideration in all kinds of innovative projects that are implemented by Aksa. Developed with an environmental and quality awareness, Company projects that decrease waste and enable the efficient use of energy and resources have been awarded various prizes.

Aksa became a signatory of the United Nations Global Compact in 2006 and was one of the 44 companies worldwide featured in the Global Compact Yearbook 2011, which includes best practice examples that illustrate how to implement the Global Compact's Ten Principles. The Global Compact Yearbook aims to set an example for, and encourage other companies.

One of Aksa's projects aimed at raising public awareness is the Aksa Community School, to which its attaches great importance. Within the scope of the project, every year, a team of Aksa managers, volunteers and specialists visits a different village in close proximity to the production facilities. The team includes experts in their respective fields, who provide training to the village community in topics such as nutrition, protection against harmful pests, prevention of domestic accidents, mother and child healthcare, environmental protection, social rights, and best practices in agriculture in order to support rural development.

SECTION IV. THE BOARD OF DIRECTORS

15. The Structure and Formation of the Board of Directors

The Board of Directors is composed of a total of ten members, two of whom are independent and one of whom is an executive:

Board of Directors

Name and Surname	Title	Executive Non-Executive	Commencement of Term	Term of Office
Mehmet Ali BERKMAN	Chairman of the Board of Directors	Non-Executive	24.05.2012	3 Years
Raif Ali DİNÇKÖK	Deputy Chairman of the Board of Directors	Non-Executive	24.05.2012	3 Years
Ali Raif DİNÇKÖK	Member of the Board of Directors	Non-Executive	24.05.2012	3 Years
Ömer DİNÇKÖK	Member of the Board of Directors	Non-Executive	24.05.2012	3 Years
Nilüfer DİNÇKÖK ÇİFTÇİ	Member of the Board of Directors	Non-Executive	24.05.2012	3 Years
Erol LODRİK	Member of the Board of Directors	Non-Executive	24.05.2012	3 Years
Mustafa YILMAZ	Member of the Board of Directors	Non-Executive	24.05.2012	3 Years
Cengiz TAŞ	Member of the Board of Directors/ General Manager	Executive	24.05.2012	3 Years
Timur ERK	Independent Member of the Board of Directors	Non-Executive	24.05.2012	3 Years
Ant BOZKAYA	Independent Member of the Board of Directors	Non-Executive	24.05.2012	3 Years

Board of Auditors

Name and Surname	Title
Bülent ÜSTÜNEL	Auditor
Abbas YÜKSEL	Auditor

Audit Committee

Name and Surname	Title
Timur ERK	Chairman
Ant BOZKAYA	Member

Corporate Governance Committee

Name and Surname	Title
Ant BOZKAYA	Chairman
Mustafa YILMAZ	Member

The Board of Directors includes both executive and non-executive members. A non-executive member of the Board of Directors is a person who has no administrative duty in the Company apart from being a member of the Board of Directors, and who does not interfere in the daily business and regular activities of the Company. The majority of the members of the Board of Directors are non-executive.

Among the non-executive members of the Board of Directors are independent members qualified to accomplish their duties without prejudice.

The term of office for independent members of the Board of Directors is up to three years, although it is possible for them to be nominated and reelected.

There were no incidents that removed the impartiality of the independent members in 2012.

There is one female member of the Board of Directors of the Company.

16. Principles of the Activities of the Board of Directors

The Board of Directors meets at intervals that allow for them to perform their duties in an effective manner.

The Chairman of the Board of Directors determines the agenda of the meetings by consulting other members of the Board of Directors and the Chief Executive Officer/ General Manager; other members may suggest changes to the agenda. Members pay attention to examining the information and documents related to the agenda items of each meeting, to attend meetings arranged, and to present their opinions during these meetings.

Each member has one voting right on the Board of Directors. The provisions of the Turkish Code of Commerce apply at the meeting and decision quorums as indicated in the Articles of Association.

There are no intercorporate regulations in relation to how Board of Directors meetings shall be held; the provisions of current legislation apply.

The items on the agenda of the Board of Directors are discussed openly in all their aspects. The Chairman of the Board of Directors makes his best effort to ensure the effective participation of non-executive members in the meetings of the Board of Directors. None of the members of the Board of Directors cast a counter vote regarding any decision during the meetings held in 2012.

The Company had no related party transactions that required a decision by the Board of Directors.

No warranties, pledges or mortgages were provided for the benefit of third parties.

Provisions regarding these issues were included in the Articles of Association in 2012 in accordance with the related articles of Corporate Governance Principles.

The members of the Board of Directors allocate sufficient time for the execution of Company affairs. In the event that a member of the Board of Directors is an executive or a member of the Board of Directors of another company, or provides consulting services for another company, it is of fundamental importance that this situation does not create any conflict of interest or hinder the duties of the member within the Company. In this respect, there are no set rules or limitations for a member to assume other duties outside the Company. The curricula vitae of the Board of Directors are included in the General Assembly Information Document for shareholder review.

In 2012, members of the Board of Directors were not granted a weighted right to either vote or veto.

CORPORATE GOVERNANCE

Declaration of Compliance with the Principles of Corporate Governance

17. The Number, Structure and the Independence of the Committees Formed Within the Board of Directors

17.1 The Board of Directors has formed an Audit Committee and a Corporate Governance Committee. The duties and responsibilities of the Nomination Committee, Early Risk Identification Committee and Fee Committee are overseen by the Corporate Governance Committee.

17.2 The scope of duties, working principles and members of committees have been determined by the Board of Directors, and this information has been disclosed to the public through the Public Disclosure Platform and the Company website.

17.3 All members of the Audit Committee and the Chairman of the Corporate Governance Committee are elected from among the independent members of the Board of Directors.

17.4 The General Manager does not hold any duties in any of the committees.

17.5 Attention is paid such that no one member of the Board of Directors holds more than one committee membership. However, the Audit Committee is composed of a chairman and a member, and a member of the Audit Committee is also the Chairman of the Corporate Governance Committee.

17.6 The Board of Directors provides all kinds of resources and support in order for the committees to perform their duties. The committees may invite executives to their meetings when they consider it necessary, and seek their opinions.

17.7 When required, the Committees also make use of the opinions of independent experts in relation to their operations. The cost of consulting services the committees may require is paid by the Company.

17.8 The committees record all their work in writing. The committees meet at intervals that are required for the efficiency of their work, which are explained in the principles of working. They present reports that include information on the work they carry out and the outcomes of their meetings to the Board of Directors.

17.9 Established in order to monitor the Company's compliance with Corporate Governance Principles, to effect improvements and to present suggestions to the Board of Directors, the Corporate Governance Committee has two members, both of whom are non-executive members of the Board of Directors.

17.10 Apart from its duties set forth in legislation, the Corporate Governance Committee also carries out the duties and responsibilities of the Nomination Committee, Early Risk Identification Committee and Fee Committee.

18. Risk Management and Internal Control Mechanism

18.1 The Board of Directors carries out its activities in a transparent, accountable, just and responsible manner.

18.2 The roles were distributed among the members of the Board of Directors by assigning a Chairman and a Deputy Chairman.

18.3 The Board of Directors establishes internal control systems including risk management and information systems and processes that aim at minimizing the effects of risks that would affect stakeholders, and particularly Company shareholders, by taking the suggestions of the related committees of the Board of Directors. Within this scope, an Early Risk Identification Committee has been formed within the Audit Committee and the Corporate Governance Committee.

18.4 The Board of Directors reviews the efficiency of the risk management and internal control systems at least once a year. Information regarding the presence, operation and efficiency of the internal controls and internal audit may be found in the annual report.

The current internal control system, particularly increasing the efficiency and productivity of Company operations, maintaining reliability in financial reporting and compliance with the law and legislation, is being audited by the Audit Group established within the main partnership of the Company, Akkök Sanayi ve Yatırım Geliştirme A.Ş., in accordance with the annual internal audit plan, and the outcome of the audit is reported to the Audit Committee. Those risks that prove to be crucial within the framework of corporate risk management in the aforementioned annual internal audit plan are prioritized. The efficiency of internal audit operations has been reviewed by the Audit Committee at quarterly meetings held throughout the year. Opinions of the internal auditor, external auditor, or other Company executives have also been received as required at these meetings.

18.5 Although not included in the Articles of Association, the authorities of the Chairman of the Board of Directors and the Chief Executive Officer/ General Manager are clearly defined and separated. The General Manager and the Chairman of the Board of Directors are different persons, and their duties and authorities are defined by the organizational chart.

18.6 The Chairman of the Board of Directors and the General Manager are not the same persons, although the General Manager is also a member of the Board of Directors.

18.7 The Board of Directors plays a part in maintaining effective communication among shareholders, and in solving any disputes that may arise. In this respect, the Board of Directors works together with the Corporate Governance Committee and the Shareholder Relations Unit.

19. The Strategic Goals of the Company

19.1 The Board of Directors keeps the balance between risk, growth and return at an ideal level through the strategic decisions it takes, and manages and represents the Company by primarily looking after its long term interests through rational and cautious risk management.

19.2 The Board of Directors defines the strategic goals of the Company, determines the human and financial resources it shall need, and inspects management performance.

19.3 The Board of Directors oversees that the Company's operations are in line with legislation, the Articles of Association, internal regulations and policies.

19.4 During the Finance Board meetings that take place on a monthly basis under the chairmanship of the Executive Member of the Board of Directors/General Manager, the short- and long-term performance and strategic goals of the Company are reviewed, and necessary action plans implemented depending on the outcome.

20. Financial Rights

20.1 The Board of Directors is responsible for ensuring that the Company reaches its determined operational and financial performance goals, which are disclosed to the public.

20.2 Principles for financial compensation for the Board of Directors have been put in writing, and were presented to the shareholders as a separate item in the agenda, allowing them to input their opinions. In this respect, the compensation policy is also published on the Company's website.

20.3 The Company has authorized the Corporate Governance Committee to fulfill the duties of the Fee Committee set out in legislation.

20.4 Stock options or payment schedules based on Company performance are not utilized in the financial compensation of independent members of the Board of Directors. Efforts are made to set the compensation for independent members of the Board of Directors at such a level as to ensure that they remain independent; compensation is determined during the General Assembly meeting.

20.5 The Company does not provide loans, credits or warranties such as sureties for the benefit of any of the members of the Board of Directors, or its executives.

20.6 The fees and all other benefits provided to the members of the Board of Directors are collectively disclosed to the public through the annual report and the footnotes in the financial statements.

MAJOR DEVELOPMENTS IN THE PAST YEAR

General Assembly

The Ordinary General Assembly Meeting of the Company for the year 2011 was held on May 24, 2012. Shareholders representing 60.71% of the Company's shares attended the meeting. No suggestions were made during the General Assembly apart from the agenda items, where shareholders used their right to ask questions.

Changes in the Articles of Association

All articles in the Company's Articles of Association from article 2 entitled "Trade Name" to article 31 entitled "Provisions Concerning Merger" (except for article 4, including article 31) were changed. Said changes were registered on June 1, 2012. The current Articles of Association, including the latest changes, were announced through the Company's website, and the Material Disclosure published on June 8, 2012.

Dividend Distribution

It was decided during the Ordinary General Assembly on May 24, 2012 that TL 3,883,354 of the distributable profit shall be set aside as Series I Legal Reserves, and TL 3,761,332 shall be set aside as Series II Legal Reserves, TL 45,000,000 shall be paid out to shareholders, and the gross dividend of TL 1,863,320 shall be paid out to the Members of the Board of Directors, and the remaining amount set aside as a Contingent Reserve within the framework of the Turkish Commercial Code and the Articles of Association of the Company. The distribution of dividend amounts was completed within May.

Partnership with Dow Europe Holding B.V.

The establishment of a new joint-stock company through the partial division of the carbon fiber operations of Aksa Akrilik Kimya Sanayii Anonim Şirketi through capital contribution was agreed in accordance with article 19/3-b and article 20 of the Corporate Tax Law no. 5520, article 19.2.2 of the Corporate Tax General Communiqué issued by the Ministry of Finance dated April 3, 2007 (Series I), the Communiqué Regarding the Principles and Procedures for Partial Division Transactions of Joint Stock and Limited Liability Companies published in the Official Gazette No. 25231 dated September 16, 2003 by the Ministry of Finance and the Ministry of Industry and Commerce and the decision of the Capital Market Board no. 39/1065 dated November 25, 2011, and was accepted on December 28, 2011 by the shareholders during the Ordinary General Assembly. In line with this decision, Aksa Karbon Elyaf Sanayi A.Ş. was established on January 2, 2012.

Prior to the transactions regarding the establishment of the 50:50 joint venture of international scale with Dow Europe Holdings B.V., the Company acquired all of the shares of Celtic Pharma Holdings II B.V. established in the Netherlands with a capital of € 18,000 nominal price on June 1, 2012, and the trade name of the company was changed to Aksa Netherlands Holding B.V. ("Aksa Netherlands").

On June 15, 2012, the Company invested all of the shares it owns for Aksa Karbon Elyaf Sanayi A.Ş., a 99.99% subsidiary, as real capital of US$ 185,000,000 for Aksa Netherlands.

Within the scope of the establishment of the 50:50 joint venture of international scale with Dow Europe Holdings B.V., the Group sold 8.108% of the shares of Aksa Netherlands to Dow Europe Holdings B.V. on June 29, 2012 for US$ 15,000,000, and following this transaction, Dow Europe Holdings B.V. secured 50% partnership through a capital increase and a premium contribution of US$ 170,000,000 to Aksa Netherlands Holding B.V., and the trade name of the company was changed to DowAksa Advanced Composites Holdings B.V. ("DowAksa Holdings") on the same date.

Carbon Fiber Capacity Increase

Work towards establishing a second carbon fiber production line with 1,700 tons/year nominal capacity, as communicated to the public through the decisions of the Board of Directors on investment dated December 17, 2010, and on financing dated May 30, 2011, was successfully completed by DowAksa Ltd., a subsidiary of DowAksa Holdings, the 50% owned joint venture of Aksa, on July 14-25, 2012, whereupon it commenced commercial production.

DIVIDEND DISTRIBUTION POLICY

Elements such as the financial performance of the Company, its position in the industry, and the economic conditions of the country during the period in question are taken into consideration in determining the Dividend Distribution Policy of Aksa Akrilik Kimya Sanayii A.Ş. In line with the goals of the Company set down in its mission and vision, the Dividend Distribution Policy of the Company foresees that the stakeholders receive regular income earnings from their dividends in addition to stock yields. Provided that it does not conflict with current Capital Markets Board regulations, and that there is no negativity in national and economical conditions, by taking future investment expenses and other funding needs into consideration, Aksa Akrilik Kimya Sanayii A.Ş. distributes at least 20% of its distributable profit to its stakeholders every year. In accordance with the legislation issued by the Capital Markets Board, the said dividends are distributed in cash or as bonus shares. By reviewing the investment projects that would increase the efficiency and the financial performance of the Company as well as the industrial and economic conditions, the Board of Directors at Aksa Akrilik Kimya Sanayii A.Ş. revises the Dividend Distribution Policy and presents the anticipated amendments to the approval of the General Assembly.

RISK MANAGEMENT

In accordance with a decision made during the Ordinary General Assembly Meeting held on May 2012, Ant Bozkaya and Mustafa Yılmaz, both members of the Board of Directors at Aksa, are assigned to work on the Corporate Governance Committee.

"Early Risk Identification" is among the fundamental duties of the Corporate Governance Committee. Within the scope of this duty, the Committee is responsible for the early identification of such risks that would endanger the existence, development and continuation of the Company. In the case of any such identification, the Committee works in order to take necessary precautions, and puts the risk management plan into action. The Committee is also responsible for reviewing risk management systems at least on an annual basis.

The Company's Risk Register is one of the most important tools used at Aksa in risk management. The ten most important operational, financial, reputational and strategic risks are included in the Company's Risk Register. Monitored by the Board of Directors, action plans are prepared for these ten risks, with a lead person being assigned to each risk. The lead person is responsible for managing the related risk within the framework of the action plan decided upon. Therefore, risk management has become a part of the daily agendas of the executives at Aksa. Updated according to industrial and corporation developments, risk management has also become an integral part of Company practice.

SUMMARY OF THE COMMITMENT REPORT

Together with this report prepared in accordance with Article 199 of the Turkish Code of Commerce, no transactions that damage the company have taken place where a legal action was taken, or a provision was made or was avoided by the main company or the subsidiaries of Aksa Akrilik Kimya Sanayii A.Ş. during the period between January 1 and December 31 2012 according to circumstances and conditions known to us.

ANNUAL REPORT AND DIVIDEND DISTRIBUTION PROPOSAL

Dear Shareholders,

We have presented you information regarding the Company's activities in the financial year 2012, along with our balance sheet and income statement for the same period. We hope you find the results of our operations satisfactory.

In accordance with the terms of the dividend distribution policy that we have previously shared with our shareholders, the Company has drawn up its proposal for the distribution of dividends concerning the profits of 2012 as follows, subject to ratification by the General Assembly.

The net period profit appearing on the consolidated financial statements drawn up within the framework of the provisions of Communiqué No. 29, Series XI, of the Capital Markets Board is TL 165,992,798.25. The net profit for the period, based on the financial statements prepared in accordance with the provisions of Tax Procedure Law, stands at TL 269,270,804.38.

Out of the TL 165,992,798.25 net profit for the period included on the consolidated financial statements drawn up within the framework of the provisions of the Capital Market Board's Communiqué No. 29, Series XI;

- TL 13,463,540.22, corresponding to 5% of the net period profit of TL 269,270,804.38 appearing in the legal records, shall be set aside as Series I Legal Reserves within the framework of Article 519 of the Turkish Commercial Code and Article 25/1 of the Company Articles of Association,

- The first dividend of TL 89,550,000.00 (the gross dividend amount corresponding to a nominal share of TL 1 is TL 0.4841; the rate of dividend is gross 48.41%), corresponding to 58.66% of TL 152,648,484.33, the amount of which is calculated by adding the donations made during the year of TL 119,226.30 to the net distributable profit of TL 152,529,258.03, which is calculated by subtracting Series I Legal Reserves from net period profit, shall be distributed to shareholders in cash in accordance with the related articles of the Company's Articles of Association,

- TL 8,030,000.00 shall be set aside as Series II Legal Reserves,

- The remaining amount shall be set aside as Contingent Reserve,

- Distribution of dividend amounts in cash shall take place on March 28, 2013,

- TL 0.4841 gross=net cash dividend per nominal share of TL 1 with a rate of 48.41% shall be paid to legally obligated corporations and corporate partners which acquire dividends by the mediation of a business place in Turkey or its resident representative,

- TL 0.4841 gross and TL 0.4114 net cash dividend per nominal share of TL 1 with a rate of 41.14% shall be paid to the rest of the shareholders.

We submit the aforesaid to the approval of our General Assembly.

Dear partners, we pay our respects to you and wish that the coming years may bring happy and successful days for our country, Company and us all.

The Board of Directors

AUDITORS' REPORT

AUDITORS' REPORT FOR THE YEAR OF OPERATIONS 2012 AS PRESENTED TO THE ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS OF AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Company Title: Aksa Akrilik Kimya Sanayii A.Ş.

Company Headquarters: Miralay Şefik Bey Sok. Ak-Han 15 Gümüşsuyu, Beyoğlu/İSTANBUL

Capital: 185.000.000 TL

Field of Activity: Synthetic Fiber and Electrical Energy Production and Trade

Names of Auditors and Term of Duty:
Bülent Üstünel and Abbas Yüksel Terms of office are three years. The auditors are not shareholders of the Company.

Number of Board of Directors Meetings Participated in and Number of Board of Auditors Meetings Held:
Participated in three Board of Directors meetings. Four meetings were held to audit Company books and transactions.

The dates on which Shareholders' Accounts were Reviewed and Results Thereof:
The audits that were conducted in April, June, September and December showed that the Company's books were in compliance with the law, and were authenticated with documentation.

The number of Inventories Conducted in Accordance with Article 353 of the Turkish Code of Commerce at the Shareholders' Cashier's Desk and Results Thereof:
Six bi-monthly inventories were conducted, in which it was seen that all current accounts were in agreement with the records.

Review of Company in Accordance with Article 353/4 of the Turkish Code of Commerce:
Monthly audits at the Company presented no valuable papers delivered as pledges or guarantees, nor any bail.

Complaints Received:
No complaints were filed with the Company auditors on matters of corrupt practices.

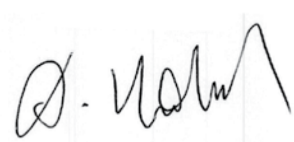
The balance sheet as of 31.12.2012 of Aksa Akrilik Kimya Sanayii A.Ş. reflects the Company's actual financial status on said date, the profit and loss account for the period of 01.01.2012-31.12.2012 reflects the actual operational results for that period, and the dividend distribution proposal is in keeping with the law, and with the Company's Articles of Association; we propose the ratification of the balance sheet and profit and loss accounts, as well as the acquittal of the Board of Directors.

Faithfully yours,

BOARD OF AUDITORS

Bülent ÜSTÜNEL

Abbas YÜKSEL



AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012 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 consolidated financial statements of Aksa Akrilik Kimya Sanayii A.Ş. and its subsidiaries (collectively referred as the "Group") which comprise the consolidated balance sheet as of 31 December 2012 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards accepted by the Capital Markets Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 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 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 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 Group'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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4. In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Aksa Akrilik Kimya Sanayii A.Ş. as of 31 December 2012, and their financial performance and their cash flows for the year then ended in accordance with the financial reporting standards accepted by the CMB (Note 2).

Additional Paragraph for Convenience Translation into English

5. The financial reporting standards issued by the CMB, as described in Note 2 to the accompanying 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 year ending 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, the consolidated financial performance and the consolidated 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, 26 February 2013

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011

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

	Notes	31 December 2012 USD(*)	31 December 2012 TL	31 December 2011 TL
ASSETS				
Current Assets		**388,342**	**692,258**	**768,174**
Cash and cash equivalents	4	79,363	141,472	85,106
Trade receivable				
- Other trade receivables	8	100,630	179,383	266,464
- Due from related parties	26	78,027	139,091	134,832
Other receivables	9	95	170	223
Inventories	10	92,525	164,935	191,375
Other current assets	16	37,702	67,207	90,174
Non-current Assets		**485,077**	**864,698**	**884,391**
Trade receivables	8	2,519	4,490	1,074
Financial investments	5	744	1,327	1,385
Joint ventures accounted for by the equity method	6	127,758	227,742	-
Property, plant and equipment	11	346,704	618,035	838,915
Intangible assets	12	2,704	4,821	21,406
Goodwill	13	3,360	5,989	5,989
Other non-current assets	16	1,288	2,294	15,622
TOTAL ASSETS		**873,419**	**1,556,956**	**1,652,565**

(*) US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2012, and therefore do not form part of these consolidated financial statements (Note 2.5)

These consolidated financial statements at 31 December 2012 have been reviewed by Audit Committee and approved for issue by the Board of Directors on 26 February 2013. These consolidated financial statements will be definitive following their approval in the General Assembly.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011

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

	Notes	31 December 2012 USD(*)	31 December 2012 TL	31 December 2011 TL
LIABILITIES				
Current liabilities		**240,994**	**429,596**	**432,974**
Financial liabilities	7	95,589	170,397	172,986
Trade payables				
- Other trade payables	8	121,055	215,793	226,135
- Due to related parties	26	16,085	28,674	26,628
Other payables	9	1,678	2,992	2,072
Taxes on income	24	3,311	5,902	369
Provisions	14	2,602	4,639	3,276
Other current liabilities	16	674	1,199	1,508
Non-current Liabilities		**87,759**	**156,440**	**368,644**
Financial liabilities	7	72,437	129,126	320,245
Derivative financial instruments	17	967	1,723	4,175
Provision for employment termination benefits	15	9,063	16,156	14,220
Deferred income tax liabilities	24	4,736	8,443	17,182
Other non-current liabilities	16	556	992	12,822
Total Liabilities		**328,754**	**586,036**	**801,618**
EQUITY		**544,665**	**970,920**	**850,947**
Attributable to Equity Holders of the Parent		**538,889**	**960,623**	**841,429**
Share capital	18	103,781	185,000	185,000
Adjustment to share capital	18	109,489	195,175	195,175
Share premium		25	44	44
Restricted reserves		34,020	60,644	52,542
Currency translation differences		(105)	(1,098)	1,185
Hedge funds		(557)	(993)	(3,340)
Retained earnings		199,629	355,858	313,774
Net income for the period		92,607	165,993	97,049
Non-controlling Interests		**5,776**	**10,297**	**9,518**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**873,419**	**1,556,956**	**1,652,565**

(*) USD amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the CBRT at 31 December 2012, and therefore do not form part of these consolidated financial statements (Note 2.5).

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

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

	Notes	2012 USD(*)	2012 TL	2011 TL
Continuing operations				
Sales	19	906,841	1,625,463	1,675,470
Cost of sales (-)	19,20	(777,719)	(1,394,019)	(1,442,272)
Gross profit		**129,122**	**231,444**	**233,198**
Marketing, selling and distribution expenses (-)	20	(19,361)	(34,703)	(30,860)
General administrative expenses (-)	20	(29,192)	(52,325)	(53,422)
Research and development expenses (-)	20	(1,157)	(2,074)	(2,692)
Other operating income	21	52,726	94,509	11,111
Other operating expenses (-)	21	(387)	(694)	(15,163)
Operating profit		**131,751**	**236,157**	**142,172**
Share of profit/loss of investment in Joint Venture		(4,668)	(8,367)	-
Financial income	22	52,224	93,608	154,035
Financial expenses (-)	23	(48,464)	(86,869)	(174,479)
Profit before tax		**130,843**	**234,529**	**121,728**
Taxation expense on income:				
- Income tax expense	24	(37,939)	(68,004)	(18,796)
- Deferred tax benefit/(charge)	24	1,180	2,116	(3,465)
Net income for the year		**94,084**	**168,641**	**99,467**
Other comprehensive income/(expense):				
Changes in fair value of derivative financial instruments		250	446	660
Currency translation differences		(4,867)	(8,723)	1,185
Financial instruments and currency translationdifferences associated with profit loss statementdue to subsidiary share sales		4,653	8,341	-
Total comprehensive income		**94,120**	**168,705**	**101,312**
Net income for the period attributable to:				
Equity holders of the parent		92,607	165,993	97,049
Non-controlling interests		1,477	2,648	2,418
		94,084	168,641	99,467
Total comprehensive income attributable to:				
Equity holders of the parent		92,643	166,057	98,894
Non-controlling interests		1,477	2,648	2,418
		94,120	**168,705**	**101,312**
Earnings per share for equity holders of the parent (Kr)	**25**	**0.51**	**0.90**	**0.52**

(*) USD amounts presented above have been translated from TL for convenience purposes only, at the USD average CBRT bid rates for the year ended 31 December 2012, and therefore do not form part of these consolidated financial statements (Note 2.5).

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2012 AND 2011

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

	Attributable to equity holders of the parent										
	Share Capital	Adjustments to share Capital	Share Premium	Restricted Reserves	Current translation differences	Hedge Reserve	Retained Earnings	Net income for the period	Total	Non-controlling interests	Total equity
Balances at 1 January 2011	**185,000**	**195,175**	**44**	**48,523**	**-**	**(4,000)**	**276,528**	**56,718**	**757,988**	**17,777**	**775,765**
Transfers	-	-	-	4,019	-	-	52,699	(56,718)	-	-	-
Changes in the scope of consolidation	-	-	-	-	-	-	2,025	-	2,025	(9,283)	(7,258)
Dividends paid	-	-	-	-	-	-	(17,478)	-	(17,478)	(1,394)	(18,872)
Total comprehensive income	-	-	-	-	1,185	660	-	97,049	98,894	2,418	101,312
Balances at 31 December 2011	**185,000**	**195,175**	**44**	**52,542**	**1,185**	**(3,340)**	**313,774**	**97,049**	**841,429**	**9,518**	**850,947**

	Attributable to equity holders of the parent										
	Share Capital	Adjustments to share Capital	Share Premium	Restricted Reserves	Current translation differences	Hedge Reserve	Retained Earnings	Net income for the period	Total	Non-controlling interests	Total equity
Balances at 1 January 2012	**185,000**	**195,175**	**44**	**52,542**	**1,185**	**(3,340)**	**313,774**	**97,049**	**841,429**	**9,518**	**850,947**
Transfers	-		-	-	8,102	-	-	88,947	(97,049)	-	-
Dividends paid	-	-	-	-	-	-	(46,863)	-	(46,863)	(1,869)	(48,732)
Total comprehensive income	-	-	-	-	(2,283)	2,347	-	165,993	166,057	2,648	168,705
Balances at 31 December 2012	**185,000**	**195,175**	**44**	**60,644**	**(1,098)**	**(993)**	**355,858**	**165,993**	**960,623**	**10,297**	**970,920**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 31 DECEMBER 2012 AND 2011

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

	Notes	31 December 2012 USD(*)	31 December2012 TL	31 December 2011 TL
Profit before taxation		**130,843**	**234,529**	**121,728**
Adjustments to reconcile income before taxto net cash generated from operating activities:				
Depreciation and amortization	20	29,837	53,188	46,594
Provision for employment termination benefits		3,148	5,642	3,593
Interest income	22	(12,455)	(22,325)	(21,182)
Interest expense	23	7,274	13,038	17,898
Income from government grants		(343)	(614)	(1,513)
Reversal of impairment on inventory		(576)	(1,033)	(2,709)
Provision for impairment on trade receivables	8	13	24	11,632
Unrealized exchange differences		(6,437)	(11,538)	49,107
Gain on sale of shares of subsidiary	6	(49,189)	(88,169)	-
Currency translation differences		(4,739)	(8,797)	(112)
Other		(1,423)	(2,550)	(734)
Cash flows before changes inoperating assets and liabilities		**95,789**	**171,395**	**224,302**
Changes in operating assets and liabilities:				
Taxes paid		914	1,638	960
Changes in restricted cash		(860)	(1,541)	(886)
Changes in trade receivables		38,563	69,122	(72,981)
Changes in other receivables		30	53	(62)
Changes in inventories		(530)	(950)	(44,483)
Changes in other receivables		(24,677)	(44,233)	(41,234)
Changes in trade payables		6,190	11,096	47,554
Changes in other payables		1,364	2,444	(1,408)
Changes in other liabilities		11,084	19,868	7,689
Employment termination benefits paid	15	(1,150)	(2,062)	(2,170)
Net cash generated from operating activities		**126,717**	**226,830**	**117,281**
Investing activities:				
Purchase of property, plant and equipment		(77,073)	(138,150)	(245,676)
Proceeds from sale of property, plant and equipment		951	1,704	350
Interest received		13,113	23,505	21,108
Proceeds from subsidiary share sales		12,640	22,656	-
Net cash used in investing activities		**(50,369)**	**(90,285)**	**(224,218)**
Financing activities:				
Investment loans received		-	-	197,710
Investment loans paid		(19,982)	(35,817)	(49,500)
Changes in revolving loans, net		9,404	16,857	25,740
Dividends paid by the parent company		(26,145)	(46,863)	(17,478)
Dividends paid to non-controlling interests		(1,043)	(1,869)	(1,394)
Changes in non-controlling interests		-	-	(9,283)
Interest paid		(7,720)	(13,838)	(19,184)
Net cash (used in) / generated from financing activities		**(45,486)**	**(81,530)**	**126,611**
Net increase in cash and cash equivalents		**30,862**	**55,015**	**19,674**
Cash and cash equivalents at 1 January	4	**46,949**	**83,691**	**64,017**
Cash and cash equivalents at 31 December	4	**77,811**	**138,706**	**83,691**

(*) USD amounts presented above have been translated from TL for convenience purposes only, at the USD average CBRT bid rates for the year ended 31 December 2012, and therefore do not form part of these consolidated financial statements (Note 2.5).

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

Aksa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in the Istanbul Stock Exchange ("ISE") since 1986. As of 31 December 2012, the principle shareholders and their respective shareholding rates in the Company are as follows (Note 18):

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

(*) As of 31 December 2012, 37.27% of the Group's shares are traded on ISE.

Akkök, 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:

Miralay Şefik Bey Sokak
No: 15 Akhan
Gümüşsuyu 34437 İstanbul

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

- Fibers
- Energy
- Other

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

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

Joint venture	Country	Nature of business
DowAksa Advanced Composites Holdings BV ("DowAksa Holdings")	Holland	Investment

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial Reporting Standards Applied

The consolidated interim financial statements of the Group 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") (In November 2011 TASB has been dismissed and its responsibilities are transferred to Public Oversight Accounting and Auditing Standards Authority), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") accepted by the TASB which are in line with the aforementioned standards shall be considered.

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

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 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, as announced through the CMB's weekly bulletins numbered 2008 / 16, 2008 / 18, 2009 / 2 and 2009 / 4 with the compulsory disclosures.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

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 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.

The consolidated financial statements are prepared in Turkish Lira ("TL") based on the historical cost convention except for the financial assets and liabilities which are expressed with their fair values.

Amendments in International Financial Reporting Standards

Group has applied standards and interpretations which is published in International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee IFRIC) and valid after 1 January 2012.

a) Standards, amendments and IFRICs newly applicable for companies with 31 December 2012 year ends are set out below:

- IAS 24 (revised) (amendment), "Related party disclosures", is effective for annual periods beginning on or after 1 January 2011. The revised standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party. Earlier adoption is permitted either for the entire standard or for the reduced disclosures for government-related entities.

- IFRIC 14 (amendment), "IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction", is effective for annual periods beginning on or after 1 January 2011. The amendment removes unintended consequences arising from the treatment of pre-payments where there is a minimum funding requirement.

- Annual Improvements to IFRSs 2010 amendments effect six standards and one IFRIC: IFRS 1, IFRS 3, IFRS 7, IAS 27, IAS 34, IAS 1 and IFRIC 13.

- IFRS 7 (amendment), "Financial instruments: Disclosures on transfers of assets", is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets.

- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2011. These amendments include two changes to IFRS 1. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

- IAS 12 (amendment), "Income taxes" on deferred tax, is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.

- IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Early adoption is permitted.

- IAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Early adoption is permitted.

- IFRS 9, "Financial instruments: Classification and Measurement", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.

- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.

- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

- IFRIC 20, Stripping costs in the production phase of a surface mine

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

- IFRS 7 (amendment), “‘Financial instruments: Disclosures’, on offsetting financial assets and financial liabilities”, is effective for annual periods beginning on or after 1 January 2013. This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.

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

- IFRS 1 (amendment), “‘First time adoption’, on government loans”, is effective for annual periods beginning on or after 1 January 2013. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.

- Annual Improvements to IFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments affect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

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

2.1.2 Basis of Consolidation

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

The table below sets out all subsidiaries and demonstrates their shareholding structure as of 31 December 2012 and 2011:

	Direct and indirect ownership interest Aksa and its subsidiaries (%)	
Subsidiary	**31 December 2012**	**31 December 2011**
Ak-Tops [(1)]	60.00	60.00
Fitco [(1)]	100.00	100.00
Aksa Egypt [(1)]	99.14	99.14
Akgirişim [(2)]	-	58.00
DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti. [(3)]	-	-

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

(2) The sale has occurred on 20 April 2012, besides the group has the power to exercise more than 50% of the voting rights directly or indirectly, this subsidiary has been reflected to consolidated financial statements with a carrying value of their initial acquisition cost deducted by impairment, if any, since the company does not have a significant effect on consolidated financial statements.

(3) Established with partial spin off on 2 January 2012 (previously title was Aksa Karbon Elyaf Sanayi A.Ş.), and has been transferred to DowAksa as capital in kind on 29 June 2012, all financial results have been included in the scope of consolidation by this date (Note 6).

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

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

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

c) Joint ventures

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

Joint venture is accounted for using the equity method of accounting in accordance with IAS 31 "Interest in joint ventures" alternative method (Note 6).

Eliminations that are not subjected to consolidation are presented in balances and transactions with related parties note (Note 26).

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

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

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

	Direct and indirect ownership interest Aksa and its subsidiaries (%)	
Joint venture	**31 December 2012**	**31 December 2011**
DowAksa Holdings	50.00	-

(d) Investment in Associates

Investment in associates is included with fair value which is corresponding to participation rate of the Company in the consolidated financial statements.

	Direct and indirect ownership interest by Aksa and it's subsidiaries (%)	
Associates	**31 December 2012**	**31 December 2011**
Ak-Pa	13.47	13.47

2.2 Changes in Accounting Policies, Accounting Estimates and Errors

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

2.3 Summary of Significant Accounting Policies

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 recognized 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 recognized 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 31 December 2012 and 31 December 2011 the Group does not have any financial assets at fair value through profit or loss.

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

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 amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization 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 recognized directly in equity, through the statement of changes in equity, except for impairment losses, dividend and interest gains, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in equity shall be recognized in profit or loss. If a fair value loss on an available-for-sale asset has been recognized directly in equity, and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized 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 recognized at original invoice amount and carried at amortized 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 8).

Trade payables

Trade payables have average maturities changing between 30-180 days and consist of the amounts invoiced or not invoiced related with the realized material or service purchases, and are carried at amortized cost (Note 8).

Inventories

Inventories are valued at the lower of cost or net realizable 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 realizable 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 10).

Tangible assets

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 11). 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. As of 31 December 2012, the depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Period (Year)
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 an 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.

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.

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Intangible assets

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. They are initially recognized at acquisition cost and amortized on a straight-line basis over their estimated useful lives. The depreciation period for the intangibles capitalized 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 12).

Useful lives of intangible assets are determined as 3-15 years.

Research and development costs

Expenditures for research and development are charged against income in the period incurred except for project development costs which comply with the following criteria. The costs related to the development projects are capitalized when the criteria above are met and amortized by straight-line basis over the useful lives of related (Note 12).

- 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.

Company monitors research and development costs via declaration of project documentation. Capitalization or recognition as expense of R&D expenditures are supervised through the declaration documents which are approved by the Company's senior management and based on revisions that are made during the project in the beginning or completion phase of those projects.

Revenue recognition

Significant part of revenue of the Group is received from fiber and energy sales. Revenue is recognized 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 recognized 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 and sales discounts.

Interest income is recognized 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 recognized on an accrual basis as credit sale financial income (Note 22).

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

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

The Group has 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 discount" account in sales.

Bank borrowings

All bank borrowings are initially recognized 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 amortized cost using the effective yield method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement (Note 7). In factoring applications, the Group, in case it is required, may prefer the early collection of some of its receivables bearing the costs of such transactions. These transactions are carried out in line with irrevocable risk management applications. Related amount is classified to financial liabilities and disclosed in notes (Note 7).

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 capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Without this context, the borrowing costs are expensed as incurred. Capitalized borrowing costs are classified to the purchase of tangible and intangible assets in the consolidated statement of cash flow.

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.

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 amortized 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 unrealized cost is estimated to be their fair values.

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Employee termination 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 15).

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 24).

Earnings per share

Earnings per share disclosed in the income statement are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned (Note 25).

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.

Events after the balance sheet date

The Group adjusts the amounts recognized 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 29).

Provisions

Provisions are recognized 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 14).

Contingent assets and liabilities

Probable obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial statements and are treated as contingent liabilities. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable (Note 14).

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 recognized in the statements of income.

Goodwill

The cost of a business combination is allocated by recognizing 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 recognized 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 2012. 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 13).

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.

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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 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 (Note 3).

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

The Group's reportable business segments are "fibers", "energy" and the remained operations are reported as "other", Aksa Egypt and DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti. (Until the date of 29 June 2012) are included under "fibers", Fitco and Ak-tops are reported under "other" segment (Note 3).

The supportive functions of industrial segments namely 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 under unallocated corporate expenses. Unallocated corporate expenses are followed at the Group level by management as the expenses are made to ensure the integrity of the Group by the management.

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, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading (IAS 39).

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 17).

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 26).

Reporting of 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 recognized 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 recognized 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.

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2.4 Critical Accounting Judgments, 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:

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. Recorded goodwill amount of the balance sheet date is arisen from acquisition of 50% share of Ak- Tops Tekstil Sanayi A.Ş. in 2007. The Group tests annually goodwill for impairment and carries goodwill at cost less accumulated impairment loss. 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 value-in-use 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.

As of 31 December 2012, 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. The discount rate used in the value in use calculations is 10.71% and the risk premium is 3%.

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) 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 8).

c) Provisions

As discussed in Note 2.3, provisions are recognized 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 14).

2.5 Convenience Translation into English of Consolidated Financial Statements

As of 31 December 2012, the financial reporting standards described in Note 2.1 (defined as "CMB" Financial Reporting Standards) to the consolidated financial statements differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the periods between 1 January and 31 December 2005.Accordingly, these consolidated financial statements are not intended to present the financial position and the results of operations in accordance with IFRS

USD amounts shown in the consolidated balance sheet prepared in accordance with CMB Financial Reporting Standards have been translated from TL, as a matter of arithmetic computation only, at the official USD bid rates announced by the Central Bank of the Republic of Turkey on 31 December 2012 of TL1,7826 = USD1 and USD amounts shown in the consolidated statements of income, comprehensive income and cash flow have been translated from TL, as a matter of arithmetic computation only, at the average official USD bid rates calculated from the official daily bid rates announced by the Central Bank of the Republic of Turkey for the period ended 31 December 2012 of TL1,7924 = USD1, and do not form part of these interim condensed consolidated financial statements.

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NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

	1 January- 31 December 2012			
	Fibers	Energy	Other	Total
Total segment revenue	1,551,242	85,215	43,434	1,679,891
Inter-segment revenue	-	(14,407)	(40,021)	(54,428)
External revenues	**1,551,242**	**70,808**	**3,413**	**1,625,463**
Adjusted EBITDA	**235,129**	**8,206**	**(3,312)**	**240,023**
Unallocated corporate expenses (*)	-	-	-	(44,493)
Amortization and depreciation (Note 20)	(33,157)	(16,151)	(3,880)	(53,188)
Other operating income, net (Note 21)	-	-	-	93,815
Share of profit/loss of investment in Joint Ventures	(8,367)	-	-	(8,367)
Financial income, net (Note 22-23)	-	-	-	6,739
Profit before tax				**234,529**

(*) As of 31 December 2012, unallocated corporate expenses consists of general administrative expenses amounting to TL 43,081, research and development expenses amounting to TL 1,412.

	1 January- 31 December 2012				
	Fibers	Energy	Other	Unallocated	Total
Capital expenditure	84,897	39,501	13,752	-	138,150
					31 December 2012
Total segment assets	719,579	347,236	48,713	-	1,115,528
Investment in joint venture	227,742	-	-	-	227,742
Inter- segment adjustment and classification	-	(770)	(6,605)	-	(7,375)
Unallocated corporate assets	-	-	-	221,061	221,061
Total assets	**947,321**	**346,466**	**42,108**	**221,061**	**1,556,956**
Total segment liabilities	258,972	659	6,325	-	265,956
Inter-segment adjustments and classification	(6,605)	-	(770)	-	(7,375)
Unallocated corporate liabilities	-	-	-	327,455	327,455
Total liabilities	**252,367**	**659**	**5,555**	**327,455**	**586,036**

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	1 January- 31 December 2011			
	Fibers	Energy	Other	Total
Total segment revenue	1,634,482	46,829	37,627	1,718,938
Inter-segment revenue	-	(7,552)	(35,916)	(43,468)
External revenues	**1,634,482**	**39,277**	**1,711**	**1,675,470**
Adjusted EBITDA	**227,720**	**13,159**	**(2,828)**	**238,051**
Unallocated corporate expenses (*)	-	-	-	(45,233)
Amortization and depreciation (Note 20)	(36,834)	(5,707)	(4,053)	(46,594)
Other income, net (Note 21)	-	-	-	(4,052)
Financial expenses, net (Note 22-23)	-	-	-	(20,444)
Profit before tax				**121,728**

(*) As of 31 December 2011, unallocated corporate expenses consists of general administrative expenses amounting to TL 42,541, research and development expenses amounting to TL 2,692.

	1 January- 31 December 2011				
	Fibers	Energy	Other	Unallocated	Total
Capital expenditure	91,887	145,457	8,332	-	245,676
					31 December 2012
Total segment assets	1,100,686	330,687	40,447	-	1,471,820
Inter-segment adjustments and classification	-	(348)	(6,276)	-	(6,624)
Unallocated corporate assets	-	-	-	187,369	187,369
Total assets	**1,100,686**	**330,339**	**34,171**	**187,369**	**1,652,565**
Total segment assets	252,500	16,096	3,541	-	272,137
Inter-segment adjustments and classification	(6,276)	-	(348)	-	(6,624)
Unallocated corporate assets	-	-	-	536,105	536,105
Total liabilities	**246,224**	**16,096**	**3,193**	**536,105**	**801,618**

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Segment Assets

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

	31 December 2012	31 December 2011
Reportable segment assets	**1,335,895**	**1,465,196**
Cash and cash equivalents	141,472	85,106
Other receivables	146	185
Other assets	57,935	86,638
Financial investments	1,327	1,385
Tangible and intangible assets	20,181	14,055
Total Assets	**1,556,956**	**1,652,565**

Segment Liabilities

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

	31 December 2012	31 December 2011
Reportable segment liabilities	**258,581**	**265,513**
Financial liabilities (*)	299,523	493,231
Derivative financial instruments (**)	1,723	4,175
Other liabilities	2,992	2,072
Provisions	4,202	2,382
Taxes on income	5,902	369
Other liabilities	1,689	14,207
Provision for employment benefits	2,981	2,487
Deferred income tax liabilities	8,443	17,182
Total liabilities	**586,036**	**801,618**

(*) As of 31 December 2012, TL 72,099 (31 December 2011: TL 114,614) of the borrowings issued for energy unit investment and TL 214,155 (31 December 2011: TL 265,247) is secured for fiber investments.

(**) As of 31 December 2012, the swap agreement liability, amounting to TL 1,181 (31 December 2011: TL 3,077) of the derivative financial instruments is related to borrowings for fiber investment and amounting to TL 542 (31 December 2011: TL 1,098) of the derivative financial instruments is related to borrowings for energy investment.

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NOTE 4 - CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents of the Group as follows:

	31 December 2012	31 December 2011
Cash	19	104
Bank		
Demand deposit (TL)	9,572	10,042
Foreign currency demand deposit	13,182	12,770
Time deposits (TL)	38,688	13,732
Foreign currency time deposit	77,336	47,122
Other	2,675	1,336
Total	**141,472**	**85,106**

Maturity of time deposit are less than three months and weighted average effective interest rates on TL denominated time deposits at 31 December 2012 is 7.88% (31 December 2011: 11.01%), and for USD 3.45% (31 December 2011: 4.44%), respectively. Weighted average effective interest rates of Euro denominated time deposits are 2.70% (31 December 2011: 4.41%).

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

	31 December 2012	31 December 2011	31 December 2010
Cash and cash equivalents	141,472	85,106	64,499
Less: Restricted cash with maturity of three months or less	(2,675)	(1,336)	(450)
Interest accrual	(91)	(79)	(32)
Cash and cash equivalents	**138,706**	**83,691**	**64,017**

NOTE 5 - FINANCIAL INVESTMENTS

Details of financial assets of the Group are as follows:

	31 December 2012	31 December 2011
Unquoted financial assets:		
Ak-Pa	1,327	1,327
Akgirişim (*)	-	58
Total	**1,327**	**1,385**

(*) Akgirişim, the subsidiary is not included in the scope of consolidation on the grounds of materiality due to the insignificance of their impact on the consolidated net assets, financial position and results of the Group. 58% shares of this Company are transferred to Ariş Sanayi ve Ticaret A.Ş. a group Company of Akkök, to a price of TL 40 as of 20 April 2012 regarding to valuation report dated 26 March 2012.

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

NOTE 6 -INVESTMENT IN JOINT VENTURES

Joint Ventures	31 December 2012	31 December 2011
DowAksa Holdings	227,742	-

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

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

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

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

According to IAS Interpretation 13 Jointly controlled entities - Non-participation of entrepreneurs common shares, this transaction is defined as a loss of control over subsidiaries, and TL 88,169 of gain from the 8.108% share sale and Dow Europe Holding B.V.'s capital increase and emission premium contribution is recognized as "other operating income" (Note 21). Furthermore, income and expenses occurred until the date of the loss of control over a subsidiary, is accounted in the consolidated income statement.

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

	31 December 2012
Current assets	284,319
Non-current assets	327,485
Total Assets	**611,804**
Short term liabilities	27,760
Long term liabilities	128,561
Equity	**455,483**
Total Liabilities	**611,804**
Shareholders' Equity For 50% Share of the Group (Note 3)	**227,742**

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	29 June–31 December2012
Revenue	16,613
Net Loss	(16,733)
Net Loss for 50% Share of the Group	**(8,367)**

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

	29 June 2012
Cash and cash equivalents	4,574
Trade receivables	9,067
Inventories	31,923
Property, plant and equipments (Note 11)	290,731
Intangible asset (Note 12)	14,930
Other current and noncurrent assets	9,923
Trade payables	(20,488)
Other payables and liabilities	(1,526)
Short and long term financial liabilities	(162,413)
Derivative financial instruments	(2,182)
Provision for employment termination benefits (Note 15)	(1,570)
Deferred tax liabilities (Note 24)	(4,425)
Net book value of assets (A)	**168,544**
Share provided from the capital increase and emission premiums (50% of 170 million USD)	153,553
Cash proceeds from the sale of 8.108% share (15 million USD)	27,229
Less: Net book value of assets to the sale of 50% shares (A/2)	(84,272)
Subsidiary share sales income before hedge funds and	
currency differences associated with equity (B)	96,510
Hedge funds	*(1,901)*
Currency translation differences	*(6,440)*
Total(C)	*(8,341)*
Subsidiary share sales income (B+C)	**88,169**

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NOTE 7 - FINANCIAL LIABILITIES

Group's financial liabilities are as follows:

	31 December 2012	31 December 2011
Short term bank borrowings	126,870	114,227
Short term factoring liabilities	6,989	-
Current portion of long-term bank borrowings and interests	36,538	58,759
Short term financial liabilities	**170,397**	**172,986**
Long term factoring liabilities	4,686	-
Long term bank borrowings	124,440	320,245
Long term financial liabilities	**129,126**	**320,245**
Total financial liabilities	**299,523**	**493,231**

Bank Loans

	31 December 2012		31 December 2011	
	Yearly weighted average interest rate %	TL	Yearly weighted average interest rate %	TL
Short term bank borrowings:				
USD borrowings	2.19	124,960	1.78	114,185
TL borrowings	-	1,910	-	42
		126,870		114,227
Factoring liabilities	5.95	6,989	-	-
Current portion of long term bank borrowings:				
USD bank borrowings	3.52	36,538	3.54	58,759
Total short term financial liabilities		**170,397**		**172,986**
Long term bank borrowings:				
USD bank borrowings	3.52	124,440	3.54	320,245
Factoring liabilities	5.95	4,686	-	-
Total long term financial liabilities		**129,126**		**320,245**

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

The long term bank borrowings' fair values and book values as follows:

	31 December 2012		31 December 2011	
	Fair Value	Book Value	Fair Value	Book Value
USD borrowings (*)	142,992	129,126	354,047	320,245

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

The redemption schedule of financial liabilities is as follows:

	31 December 2012	31 December 2011
Less than 3 months	133,866	2,670
Between 3-12 months	36,531	170,316
Between 1-2 years	47,723	56,618
Between 2-3 years	22,240	72,291
Between 3-4 years	14,812	26,957
The payment within 4 year and over	44,351	164,379
	299,523	**493,231**

As of 31 December 2012, according to the credit agreements, the Group has unused credit limit amounting to TL 1,145,437 (31 December 2011: TL 1,127,883).

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables of the Group are as follows:

Short-term Trade Receivables:

	31 December 2012	31 December 2011
Trade receivables	127,905	149,555
Notes receivable and cheques	92,739	159,470
Less: Provision for doubtful receivables	(40,248)	(40,236)
Less: Unearned finance income on term based sales	(1,013)	(2,231)
Less: Provision for sales discount premium	-	(94)
Total short term trade receivables, net	**179,383**	**266,464**

Trade receivables as of 31 December 2012 and 2011 have an average maturity of 3 months and they are discounted with an average annual interest rate of 6% (31 December 2011: 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.

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Movements of provision for doubtful receivables for 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	**40,236**	**28,789**
Collections and reversal of provisions	(12)	(185)
Current period charge	24	11,632
31 December	**40,248**	**40,236**

Long term trade receivables:

	31 December 2012	31 December 2011
Notes receivables and cheques	4,532	1,090
Less: Unearned finance income on term based sales (-)	(42)	(16)
Total long term trade receivables, net	**4,490**	**1,074**

The explanation for the nature and level of the risk in trade receivables is shown in Note 27 Credit Risk section.

Short term trade payables:

	31 December 2012	31 December 2011
Suppliers	216,884	228,040
Less: Unincurred finance costs on purchases (-)	(1,091)	(1,905)
Total	**215,793**	**226,135**

Trade payables as of 31 December 2012 have an average maturity of 67 days (31 December 2011: 75 days) and they are discounted with an average annual interest rate of 3% in USD terms (31 December 2011: 4%).

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

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

Short term other receivables:	31 December 2012	31 December 2011
Deposits and guarantees given	170	223

Short term other payables:	31 December 2012	31 December 2011
Accrued tax liability	2,867	1,931
Other	125	141
Total	**2,992**	**2,072**

NOTE 10- INVENTORIES

	31 December 2012	31 December 2011
Raw materials	102,308	124,882
Semi-finished goods	13,482	20,272
Finished goods	35,975	35,005
Other stocks and spare parts	13,380	12,459
Less: Provision for impairment on inventories	(210)	(1,243)
Total	**164,935**	**191,375**

The inventory impairment provision is related with the finished goods.

Group has included the movements in the provision for impairment to cost of goods sold between 31 December 2012 and 2011. The decrease in provision for the impairment amount is partially due to the sale of inventory and increase in sales prices.

Group has USD 60 million worth insurance on inventories as of 31 December 2012 and 2011.

As of 31 December 2012 raw materials include goods in transit of TL 41,420 (31 December 2011: TL 53,669).

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2012	Additions	Disposals	Transfers [1]	Currency translation differences	Subsidiary share sales (Note 6)	31 December 2012
Cost							
Land	63,611	356	-	-	(198)	(3,863)	59,906
Land improvements	79,740	36	-	9,385	(90)	(2,025)	87,046
Buildings	154,093	-	-	4,089	(1,266)	(26,750)	130,166
Machinery and equipment	943,800	1,182	(3,145)	29,290	(8,065)	(175,280)	787,782
Motor vehicles	1,449	135	(65)	-	(6)	(12)	1,501
Furniture and fixture	26,427	1,511	(149)	3,097	(41)	(1,002)	29,843
Construction in progress	172,842	134,985	-	(46,225)	(3,153)	(126,532)	131,917
	1,441,962	138,205	(3,359)	(364)	(12,819)	(335,464)	1,228,161
Accumulated depreciation							
Land improvements	30,343	3,626	-	-	(15)	(368)	33,586
Buildings	34,949	2,960	-	-	(87)	(1,872)	35,950
Machinery and equipment	519,184	47,200	(1,625)	-	(1,746)	(42,225)	520,788
Motor vehicles	1,016	179	(61)	-	(5)	(7)	1,122
Furniture and fixtures	17,555	1,468	(72)	-	(10)	(261)	18,680
	603,047	55,433	(1,758)	-	(1,863)	(44,733)	610,126
Net book value	838,915						618,035

[1] The transfer of TL 364 is related with intangible asset. (Note 12)

Since foreign exchange gains of investment loans for construction of coal plant and efficiency projects are more than interest costs, there is not capitalized net attributable borrowing cost for the period ended 31 December 2012.

TL 48,818 of current year depreciation and amortization expense is charged to "cost of goods sold", TL 1,491 is included in "general administrative expenses, TL 19 is included in "selling and marketing costs" TL 1,600 which is related with projects in progress is charged to "construction in progress", TL 3,500 is included in "inventory".

As of 31 December 2012 there is no mortgage on property, plant and equipment. At the date of reporting, Group's tangible assets' insurance worth USD 333 million.

TL 11,030 development cost is included in construction in progress.

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	1 January 2011	Additions	Disposals	Transfers [1]	Changes in the scope of consolidation [3]	Currency translation differences	31 December 2011
Cost							
Land	59,457	2,341	(54)	713	1,154	-	63,611
Land improvements	43,925	-	-	35,815	-	-	79,740
Buildings	109,640	800	(297)	45,368	(1,418)	-	154,093
Machinery and equipment	748,983	3,365	-	186,993	4,459	-	943,800
Motor vehicles	1,358	84	(234)	-	241	-	1,449
Furniture and fixtures	23,255	1,101	-	2,097	(26)	-	26,427
Construction in progress	221,633	239,379	-	(288,170)	-	-	172,842
	1,208,251	**247,070**	**(585)**	**(17,184)**	**4,410**	**-**	**1,441,962**
Accumulated depreciation							
Land improvements	27,676	2,667	-	-	-	-	30,343
Buildings	33,357	2,445	(81)	-	(786)	14	34,949
Machinery and equipment	471,004	43,903	-	-	4,265	12	519,184
Motor vehicles	912	169	(204)	-	133	5	1,015
Furniture and fixtures	16,360	1,205	-	-	(9)	-	17,556
	549,309	**50,389**	**(285)**	**-**	**3,603**	**31**	**603,047**
Net book value	**658,942**						**838,915**

(1) The transfer of TL 232,622 is related with capitalization of Company's energy plant investment.
(2) The transfer of TL 17,184 is related with intangible fixed assets (Note 11).
(3) 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 are mainly comprised of expenditures related with the coal plant and carbon fiber investments,

For the year ended 31 December 2011, borrowing costs amounting to TL 24,073 related with power plant investment, carbon fiber investment and efficiency projects have been capitalized on property, plant and equipment.

TL 44,114 of current year depreciation and amortization expense is charged to "cost of goods sold", TL 1 is charged to "research and development expenses", TL 556 is included in "general administrative expenses", TL 16 is included in "selling and marketing costs", TL 2,189 which is related with projects in progress is charged to "construction in progress", TL 3,513 is included in "inventory".

As of 31 December 2011 there is no mortgage on property, plant and equipment. At the date of reporting, Group's tangible assets' insurance worth USD 255 million.

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NOTE 12 - INTANGIBLE ASSETS

	1 January 2012	Additions	Disposals	Transfers [1]	Currency translation differences	Subsidiary share sales (Note 6)	31 December 2012
Cost							
Rights	2,993	244	(5)	-	-	-	3,232
Development cost	24,301	922	-	364	(20,366)	(878)	4,343
Other intangible assets	1,646	379	-	-	(3)	-	2,022
	28,940	1,545	(5)	364	(20,369)	(878)	9,597
Accumulated depreciation							
Rights	2,086	133	(5)	-	-	-	2,214
Development cost	3,988	2,517	-	-	(5,439)	(169)	897
Other intangible assets	1,460	205	-	-	-	-	1,665
	7,534	2,855	(5)	-	(5,439)	(169)	4,776
Net book value	21,406						4,821

	1 January 2011	Additions	Disposals	Transfer [1]	Changes in the Scope of consolidation [2]	Currency translation differences	31 December 2011
Cost							
Rights	1,648	726	-	-	542	77	2,993
Development cost	7,117	-	-	17,184	-	-	24,301
Other intangible assets	1,577	69	-	-	-	-	1,646
	10,342	795	-	17,184	542	77	28,940
Accumulated depreciation							
Rights	1,480	146	-	-	445	15	2,086
Development cost	2,316	1,672	-	-	-		3,988
Other intangible assets	1,371	89	-	-	-	-	1,460
	5,167	1,907	-		445	15	7,534
Net book value	5,175						21,406

[1] Consists of the capitalized cost of development projects regarding to R&D Center.
[2] 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.

TL 1,946 (2011: TL 153) of the current amortization expense is charged to "cost of goods sold", 661 TL (2011: TL 1,626) is charged to "research and development expenses", TL 248 (2011: TL 128) is included in "general administrative expenses.

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NOTE 13 - GOODWILL

The goodwill balance with the carrying amount of TL5,989 (2011: TL5,989) as of 31 December 2012 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 TL 5,989 for the period ended as of 31 December 2012 (31 December 2011: TL 5,989).

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	31 December 2012	31 December 2011
Bonus provision	3,256	1,671
Provision for lawsuits	538	538
Provision for unused vacation (Note 15)	513	1,061
Provision for other payable and expenses	332	6
Total	**4,639**	**3,276**

Contingent assets and liabilities are as follows:

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

	31 December 2012	31 December 2011
Collaterals given	202,890	249,213
Letter of credit commitments	135,067	149,914
Total	**337,957**	**399,127**

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

	31 December 2012	31 December 2011
Credit insurance	193,385	139,522
Limits of Eximbank	86,595	78,444
Pledges received	72,056	47,730
Confirmed/unconfirmed letter of credits	64,629	42,190
Guarantee notes and cheques received	59,553	95,007
Limits of Direct Debit System ("DDS")	22,236	29,464
Guarantee letters received	7,222	7,913
Total	**505,676**	**440,270**

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

		31 December 2012	31 December 2011
A.	CPM given on behalf of the Company's legal personality	337,040	397,151
	- Turkish Lira	*99,207*	*112,655*
	- USD	*237,566*	*275,643*
	- Euro	*-*	*3,519*
	- Other	*267*	*5,334*
B.	CPM given on behalf of fully consolidated subsidiaries	-	-
C.	CPM given for continuation of its economic activities on behalf of third parties	917	1,976
	- USD	*917*	*1,976*
D.	Total amount of other CPM given	-	-
	i) Total amount of CPM given on behalf of the majority shareholder	-	-
	ii) Total amount of CPM given to on behalf of other		
	group companies which are not in scope of B and C	-	-
	iii Total amount of CPM given on behalf of		
	third parties which are not in scope of C.	-	-
Total		**337,957**	**399,127**

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NOTE 15 - EMPLOYEE BENEFITS

Short Term Employee Benefits	31 December 2012	31 December 2011
Provision for unused vacation (Note 14)	513	1,061
Long Term Employee Benefits		
Provision for employee termination benefits and employee termination incentive	16,156	14,220

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 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. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The liability of employee termination benefit 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.

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:

	31 December 2012	31 December 2011
Discount rate (%)	1.67	2.91
Probability of retirement (%)	99.00	98.94

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 TL 3,129.25 effective from 1 January 2013 (1 January 2012: 2,805.04 TL) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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

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

	2012	2011
Balances as of 1 January	**14,220**	**13,168**
Service cost	2,047	2,294
Interest cost	450	614
Changes in the scope of consolidation	-	(371)
Compensation paid	(2,062)	(2,170)
Sale of shares of the subsidiary	(1,570)	-
Currency translation differences	(74)	-
Actuarial losses	3,145	685
Balances as of 31 December	**16,156**	**14,220**

NOTE 16 - OTHER ASSETS AND LIABILITIES

Other current assets:

	31 December 2012	31 December 2011
VAT receivables	44,153	61,082
VAT to be transferred	17,215	17,168
Prepaid expenses	2,817	1,855
Purchase advances given	2,143	2,024
Prepaid taxes and funds	196	5,522
Personnel advances	142	700
Job advances	48	1,598
Other	493	225
Total	**67,207**	**90,174**

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Other non-current assets:

	31 December 2012	31 December 2011
Advances given for purchase of property, plant and equipment	2,233	15,527
Other	61	95
Total	**2,294**	**15,622**

Other current liabilities:

	31 December 2012	31 December 2011
Expense accrual	608	509
Advances received	568	21
Deferred income (*)	23	978
	1,199	**1,508**

Other non current liabilities:

	31 December 2012	31 December 2011
Deferred income (*)	983	12,771
Other	9	51
Total	**992**	**12,822**

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

Incentives, grants and benefits which have been obtained from TÜBİTAK and Undersecretaries of the Prime Ministry for Foreign Trade regarding R&D projects and which have been received in cash in 2008 and 2009, are recognized in the consolidated statement of income on a systematic basis over the estimated useful life of related assets.

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

NOTE 17 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2012		31 December 2011	
	Asset	Liability	Asset	Liability
Held for hedging	-	1,723	-	4,175

Derivative instruments held for hedging:

	31 December 2012		31 December 2011	
		Fair value		Fair value
	Contract Amount (USD thousand)	Liability TL	Contract amount (USD thousand)	Liability TL
Interest rate swap	32,593	1,723	90,747	4,175

Derivative financial instruments are initially recognized in the balance sheet at cost (including transaction cost) and are subsequently re-measured at their fair value. Group accepts initial cost of derivative financial instruments equal to their fair value. Derivative financial instruments of the Group generally consist of forward foreign exchange 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 recognized asset or liability ("fair value hedge"), or a hedge of a forecasted transaction or a firm commitment ("cash flow hedge").

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

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

At 31 December 2012, the fixed interest rates vary from 1.35% to 2.5% (31 December 2011: 2.5% - 4.2%). and the main floating rates are EURIBOR and LIBOR. Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts as of 31 December 2012 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 7).

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NOTE 18 - EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the CMB and set a limit on its registered share capital representing type of registered shares with a nominal value of TL1. Historical, authorized and issued capital of Aksa as of 31 December 2012 and 2011 is presented below:

	31 December 2012	31 December 2011
Limit on registered share capital (historical)	425,000	425,000
Issued share capital	185,000	185,000

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

	Share %	31 December 2012	Share %	31 December 2011
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	39.59	73,237	39.59	73,237
Emniyet Ticaret ve Sanayi A.Ş.	18.72	34,638	18.72	34,638
Other	41.69	77,125	41.69	77,125
	100,00	**185,000**	**100,00**	**185,000**
Adjustment to share capital		195,175		195,175
Total paid-in share capital		**380,175**		**380,175**

The approved and paid-in share capital of the Company consists of 18.500.000.000 (31 December 2011: 18.500.000.000) shares issued on bearer with a nominal value of Kr 1 (31 December 2011: Kr 1) each. All shareholders have same rights and there are not issued different type of shares such as privilege and common shares.

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 TL 60,644 as of 31 December 2012 (31 December 2011: 52,542 TL). 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.

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 utilized in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilized 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 utilized 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. In 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.

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NOTE 19 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the years ended at 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Domestic sales	1,052,250	1,105,026
Export sales	607,119	625,533
Less: Sales returns	(7,200)	(6,839)
Less: Other discounts	(26,706)	(48,250)
Net sales income	**1,625,463**	**1,675,470**
Cost of sales (-)	**(1,394,019)**	**(1,442,272)**
Gross profit	**231,444**	**233,198**

NOTE 20 - EXPENSES BY NATURE

Cost of sales, marketing, selling and distribution expenses and general administrative expenses by nature for the years ended as of 31 December 2012 and 2011 are as follows;

	31 December 2012	31 December 2011
Raw materials and goods	1,242,338	1,311,887
Employee benefits	69,680	67,152
Depreciation and amortization	53,188	46,594
Repair, maintenance and cleaning expenses	21,890	17,811
Commission expense	17,597	14,598
Consultancy expenses	14,588	9,557
Export expenses	9,646	9,805
Information technologies expense	4,318	6,166
Miscellaneous tax expenses	4,240	4,759
Travel expenses	4,152	3,686
Other	41,484	37,231
Total	**1,483,121**	**1,529,246**

NOTE 21 - OTHER OPERATING INCOME / EXPENSE

As of 31 December 2012 net other income / expense amounting to TL 93,815 (2011: TL (4,052)). Other income balance is mainly comprised of "gain on sale of subsidiary shares" amounting to TL 88.169. The amount of 2011 mainly comprise of TL 40,248 of provision for doubtful trade receivable expense.

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NOTE 22 - FINANCIAL INCOME

Financial income for the years ended at 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Foreign exchange gains	71,283	132,853
Interest income from term based sales	16,145	15,590
Interest income	6,180	5,592
Total	**93,608**	**154,035**

NOTE 23 - FINANCIAL EXPENSES

Financial expense for the years ended at 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Foreign exchange expense	73,831	156,581
Borrowing costs	6,885	6,870
Due date charges on term purchases	6,153	11,028
Total	**86,869**	**174,479**

NOTE 24 - TAX ASSETS AND LIABILITIES

Tax expenses for the years ended at 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Income tax expense	(68,004)	(18,796)
Deferred tax income/(expense) net	2,116	(3,465)
Total tax expense	**(65,888)**	**(22,261)**

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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 31 December 2012 and 31 December 2011 are as follows:

	Temporary taxable differences		Deferred income tax asset/liability	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Property, plant and equipment and intangible assets	(61,348)	(110,410)	(12,270)	(22,082)
Trade payables	(1,147)	(1,880)	(229)	(376)
Other	-	-	-	-
Deferred income tax liabilities			**(12,499)**	**(22,458)**
Employee benefits	16,156	14,220	3,231	2,844
Derivative financial instruments	1,723	4,175	345	835
Trade receivables	1,068	2,312	214	462
Inventories	831	2,765	166	553
Other current liabilities	358	2,485	72	497
Other	141	423	28	85
Deferred income tax assets			**4,056**	**5,276**
Deferred income tax liabilities, net			**(8,443)**	**(17,182)**

Movement for the deferred income tax liabilities for the periods ended at 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	**17,182**	**13,463**
Deferred tax (income)/expense for the period, net	(2,116)	3,465
Amounts recognized under equity	562	165
Currency translation differences	(2,760)	-
Changes in the scope of consolidation	-	89
Subsidiary share sales (Note 6)	(4,425)	-
31 December	**8,443**	**17,182**

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	31 December 2012	31 December 2011
Taxes on income calculated	68,004	18,796
Amount deducted from VAT tax receivables and prepaid corporate taxes	(62,102)	(18,427)
Taxes payable	**5,902**	**369**

The reconciliation of tax expenses stated in consolidated income statements for the years ended 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Profit before tax	234,529	121,728
Expected tax expense of the Group (20%)	**46,906**	**24,346**
Subsidiary share sales (*)	88,453	-
Disallowable expenses	6,204	4,780
The effect of application of equity method	8,367	-
Research and development incentive	(5,830)	(10,001)
Dividend income	(551)	(2,690)
Other	(1,735)	(2,516)
Tax Effect (20%)	18,982	(2,085)
Current period tax expense of the Group	**65,888**	**22,261**

(*) As discussed within the framework of partnership process in Note 6, as a result of transferring all shares of Aksa Karbon Elyaf Sanayi A.Ş. amounting to USD 185,000,000 as capital in kind to Aksa Netherlands (with new title DowAksa Advanced Composites Holdings BV) of the Group, corporate tax base according to legal regulation is TL 176,622. The difference such tax base and "Subsidiary share sales income" amounting to TL 88,169 which is reflected to Group's consolidated financial statements is taken in consideration in the reconciliation above.

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NOTE 25 - 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. The earnings per share calculation for the years ended 31 December 2012 and 2011 as follows

	31 December 2012	31 December 2011
Net income attributable to the equity holders of the parent (TL) (*)	165,992,798	97,049,347
Weighted average number of shares (B)	18,500,000,000	18,500,000,000
Earnings per share (Kr) (A/B)	0.90	0.52

(*) Amounts expressed in Turkish Lira.

NOTE 26 – TRANSACTIONS AND BALANCES WITH RELATED PARTIES

As of 31 December 2012 and 2011, trade receivables from related and short-term financial liabilities due to related parties are as follows:

	31 December 2012	31 December 2011
Ak-Pa (*) (1)	129,930	134,552
Akkim Kimya San. ve Tic. A.Ş. (2)	4,239	2,606
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş. (3)	2,828	-
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. (4)	2,118	-
Other	31	3
Less: Provision for sales discounts (-)	-	(2,231)
Less: Unearned finance income on term based sales (-)	(55)	(98)
Total	**139,091**	**134,832**

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

As of 31 December 2012 and 2011, short-term trade payables due to related parties are as follows:

	31 December 2012	31 December 2011
Ak-Pa (1)	12,977	22,504
Akkim Kimya San. ve Tic. A.Ş. (2)	4,359	2,898
Akkök (5)	2,684	659
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. (2)	285	496
Dinkal Sigorta Acenteliği A.Ş. (2)	45	87
Other	117	100
Less: Unincurred finance costs on purchases (-)	(56)	(116)
Total	**20,411**	**26,628**

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	31 December 2012	31 December 2011
Ak-Pa (1)	8,280	-
Less: Unincurred finance costs		
on purchases (-)	(17)	-
Total	**8,263**	**-**

(1) Akkök's subsidiary and Company's financial investment
(2) Subsidiary of Akkök
(3) Joint Venture of Akkök
(4) Subsidiary of Joint Venture of the Company
(5) Shareholder of the Company

Sales to related parties for the years ended as of 31.12.2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Ak-Pa (*) (1)	570,869	611,144
Akkim Kimya San. ve Tic. A.Ş. (2)	41,044	36,077
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş. (4)	20,305	-
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. (5)	10,760	-
Ak-Al Gayrimenkul Geliştirme Ve Tekstil Sanayii A.Ş. (2)	-	17,877
Other	868	1,015
Total	**643,846**	**666,113**

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

Foreing exchange income from related parties for the years ended at 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Ak-Pa (1)	5,099	29,402

Product and service purchases from related parties for the years ended 31 December 2012 and 2011 are as follows:

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	31 December 2012	31 December 2011
Akkim Kimya San. ve Tic. A.Ş. (2)	42,819	36,252
Ak-Pa (1)	9,846	6,251
Akkök (3)	7,030	9,736
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. (2)	6,148	7,009
Dinkal Sigorta Acenteliği A.Ş. (2)	3,055	2,386
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. (2)	2,106	1,033
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. (2)	1,061	603
Ak-Al Gayrimenkul Geliştirme Ve Tekstil Sanayii A.Ş. (2)	-	754
Other	167	637
Total	**72,232**	**64,661**

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

(1) Akkök's subsidiary and Company's financial investment
(2) Subsidiary of Akkök
(3) Company's shareholder
(4) Joint Venture of Akkök
(5) Subsidiary of Joint Venture of the Company

The Company defined its key management personnel as member of action committee and board of directors, benefits provided to key management personnel as of 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Salary and other short term employee benefits	3,704	4,490
Provision for employee termination benefit	(26)	27
Providing benefits after working period	-	-
Other long term benefits	-	-
Share payments	-	-
Total	**3,678**	**3,194**

Benefits provided to the Board of Directors, for the years ended 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Salary and other short term employee benefits	2,828	2,559
Provision for employee termination benefit	10	11
Providing benefitsafter working period	-	-
Other long term benefits	-	-
Share payments	-	-
Total	**2,838**	**2,570**

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NOTE 27 - 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 summarized 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:

31 December 2012	Trade Receivables
1-30 days overdue	10,141
1-3 months overdue	4,850
3-12 months overdue	5,381
More than 12 months overdue	17
Total (*)	**20,389**
Secured with guarantees	**18,843**

(*) Overdue trade receivables amounting to TL 14,737, has been collected in the period between the balance sheet date and the date of publication of these financial statements.

31 December 2011	Trade Receivables
1-30 days overdue	12,690
1-3 months overdue	10,963
3-12 months overdue	2,201
More than 12 months overdue	131
Total	**25,985**
Secured with guarantees	**21,530**

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As of 31 December 2012 amounts carried in the balance sheet reflect maximum credit risk of the Group:

	Trade Receivables		Other receivables		Deposits at bank	
31 December 2012	**Related Parties**	**Other**	**Related Parties**	**Other**	**Related Parties**	**Other**
Maximum credit risk exposure as of reporting date	**139,091**	**183,873**	**-**	**24**	**-**	**138,778**
- Secured portion of maximum credit risk by guarantees (*)	**123,036**	**164,852**	**-**	**-**	**-**	**-**
Net book value of financial assets either are not due or not impaired	128,720	173,855	-	24	-	138,778
Financial assets with renegotiated conditions (**)	-	5,009	-	-	-	-
Net book value of the expiredor not impaired financial assets	10,371	10,018	-	-	-	-
- Secured portion with guarantees	10,040	8,803	-	-	-	-
Net book value of impaired assets	-	2,000	-	-	-	-
- *Matured (net book value)*	-	42,248	-	-	-	-
- *Impairment (-) (Note 8)*	-	(40,248)	-	-	-	-
- *Secured portion with guarantees*	-	2,000	-	-	-	-

(*) Guarantees taken from the related parties consist 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 31 December 2012, re-structured receivables amount of TL 448 has been collected in subsequent period and TL 4,945 portion of given receivables secured with guarantees.

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As of 31 December 2011 amounts carried in the balance sheet reflect maximum credit risk of the Group:

	Trade Receivables		Other receivables		Deposits at bank	
31 December 2011	**Related Parties**	**Other**	**Related Parties**	**Other**	**Related Parties**	**Other**
Maximum credit risk exposure as of reporting date	**134,832**	**267,538**	**-**	**30**	**-**	**83,666**
- Secured portion of maximum credit risk by guarantees (*)	**119,520**	**229,130**	**-**	**-**	**-**	**-**
Net book value of financial assets either are not due or not impaired	128,577	247,809	-	30	-	83,666
Financial assets with renegotiated conditions (**)	-	13,656	-	-	-	-
Net book value of the expired or not impaired financial assets	6,256	19,729	-	-	-	-
- Secured portion with guarantees	*5,706*	*15,824*	-	-	-	-
Net book value of impaired assets	-	*2,000*	-	-	-	-
- Matured (net book value)	-	*42,236*	-	-	-	-
- Impairment (-) (Note 8)	-	*(40,236)*	-	-	-	-
- Secured portion with guarantees	-	*(2,000)*	-	-	-	-

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Foreign Exchange Risk

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

Foreign currency position presented in TL is as follows:

	31 December 2012	31 December 2011
Assets	394,025	435,426
Liabilities	(497,464)	(723,383)
Net balance sheet position	**(103,439)**	**(287,957)**

Foreign currency position as of 31 December 2012 and 2011 are as follows:

	31 December 2012			
	USD position	EURO position	Other foreign currency position	Total
Assets:				
Cash and cash equivalents	79,541	11,246	2,406	93,193
Trade receivables	274,845	25,035	-	299,880
Other assets	43	68	841	952
Total assets	**354,429**	**36,349**	**3,247**	**394,025**
Liabilities:				
Financial liabilities	285,938	-	-	285,938
Trade payables	209,589	1,228	-	210,817
Other liabilities	-	-	709	709
Total liabilities	**495,527**	**1,228**	**709**	**497,464**
Net foreign currency position	**(141,098)**	**35,121**	**2,538**	**(103,439)**

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	31 December 2011			
	USD position	EURO position	Other foreign currency position	Total
Assets:				
Cash and cash equivalents	57,526	1,233	1,133	59,892
Trade receivables	335,236	39,329	57	374,622
Other assets	43	23	846	912
Total assets	**392,805**	**40,585**	**2,036**	**435,426**
Liabilities:				
Financial liabilities	493,189	-	-	493,189
Trade payables	226,065	2,400	1,528	229,993
Other liabilities	-	52	149	201
Total liabilities	**719,254**	**2,452**	**1,677**	**723,383**
Net foreign currency position	**(326,449)**	**38,133**	**359**	**(287,957)**

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

31 December 2012	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% change of USD against TL		
USD net asset/ (liability)	(14,110)	14,110
Amount hedged for USD risk	-	-
USD net effect	**(14,110)**	**14,110**
In case 10% change of EUR against TL		
EUR net asset/ (liability)	3,512	(3,512)
Amount hedged for EUR risk	-	-
EUR net effect	**3,512**	**(3,512)**

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31 December 2011	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% change of USD against TL		
USD net asset/liability	(32,645)	32,645
Amount hedged for USD risk	-	-
USD net effect	**(32,645)**	**32,645**
In case 10% change of EUR against TL		
EUR net asset/liability	3,813	(3,813)
Amount hedged for EUR risk	-	-
EUR net effect	**3,813**	**(3,813)**

Interest Risk

The Group is exposed to interest risk arising from the borrowings interest rate changes. According to balance sheet position of the floating interest rate financial liabilities as of 31 December 2012, other things being constant, if the interest rate depreciate/ appreciate by 1%, profit before tax would increase/decrease TL 260 (31 December 2011: TL 31), capitalized financial cost on construction in progress would not change (31 December 2011: TL 474).

	31 December 2012	31 December 2011
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents (Note 4) (*)	116,024	60,854
Financial liabilities		
USD borrowings	237,440	204,974
TL Borrowings	-	-
Floating interest rate financial instruments		
Financial assets		
Cash and cash equivalents (Note 4) (*)	-	-
Financial liabilities		
USD borrowings	62,083	288,257

(*) Cash and cash equivalents consist of bank deposits with maturity less than three months.

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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 one year column.

31 December 2012:

Expected or maturities per agreement	Carrying value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Financial liabilities	299,523	313,576	135,031	37,328	90,347	50,870
Trade payables	215,793	216,884	166,823	50,061	-	-
Due to related parties	28,674	28,747	27,399	1,348	-	-
	543,990	**559,207**	**329,253**	**88,737**	**90,347**	**50,870**
Derivative financial instruments						
Derivative cash outflow	1,723	2,125	193	922	1,010	-

31 December 2011:

Expected or maturities per agreement	Carrying value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Financial liabilities	493,231	557,115	2,335	183,621	229,764	141,395
Trade payables	226,135	228,040	147,965	80,075	-	-
Due to related parties	26,628	26,685	25,447	1,238	-	-
	745,994	**811,840**	**175,747**	**264,934**	**229,764**	**141,395**
Derivative financial instruments						
Derivative cash outflow	4,175	4,288	311	1,954	2,023	-

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Import export information:

Import export for the years ended at 31 December 2012 and 2011 are as follows:

Export

	31 December 2012	31 December 2011
USD	352,921	334,244
EUR	219,452	134,305
Other	17,995	41
Total	**590,368**	**468,590**

Import

	31 December 2012	31 December 2011
USD	776,429	632,741
EUR	39,031	45,454
Other	786	920
Total	**816,246**	**679,115**

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.

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The ratio of net debt to equity is as follows:

	31 December 2012	31 December 2011
Total liabilities	543,990	745,994
Less: Cash and cash equivalents (Note 4)	(141,472)	(85,106)
Net debt	**402,518**	**660,888**
Total shareholders' equity	970,920	850,947
Total capital	**1,373,438**	**1,511,835**
Debt/equity ratio	**29%**	**44%**

NOTE 28 - 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, judgment 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 realize 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.

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 7).

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).

31 December 2012

	Level 1	Level 2	Level 3
Hedging derivative financial instruments	-	1,723	-
Total Liabilities	**-**	**1,723**	**-**

31 December 2011

	Level 1	Level 2	Level 3
Hedging derivative financial instruments	-	4,175	-
Total Liabilities	**-**	**4,175**	**-**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize 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.

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NOTE 29 - EVENTS AFTER THE BALANCE SHEET DATE

1. There has been a fire in Company's Yalova plant at the finished good warehouse as of 27 January 2013 The fire has been intervened immediately by the Company's technical team, along with fire departments of neighboring provinces and districts. As a result of the fire, finished goods warehouse, some cutting and packaging equipments and finished goods in the warehouse were damaged. A draft damage claim has been prepared through insurance contracts related with aforementioned assets. Based on the claim USD 5 million has been received as advance from the insurance companies. As of the release date of these financial statements, the expertise report and reimbursement file have not been finalized yet. However net book value of damaged assets are below the claim for compensation.

2. The memorandum of intention in order to consider probability of investing to Prepreg- ACM and Nanotechnology Center of Composite, the companies which are located in Russia, by Dow Aksa, was signed at 25 January 2013, between the Company's joint venture, DowAksa, and the Chemical Company Holding Company Compasite and Rusnano. The possibility within the occurrence of the investment, the contracting parties will continue to evaluate opportunities in aerospace, construction, energy, oil, gas and transportation businesses and they will continue assessment of demand in Russia's market and global market.

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WWW.FINARKURUMSAL.COM • TEL +90 212 269 37 20

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
Miralay Şefik Bey Sokak No: 15 Ak Han
Gümüşsuyu 34437 İstanbul/Turkey
Tel: +90 212 251 45 00 Fax: +90 212 251 45 07
www.aksa.com.tr