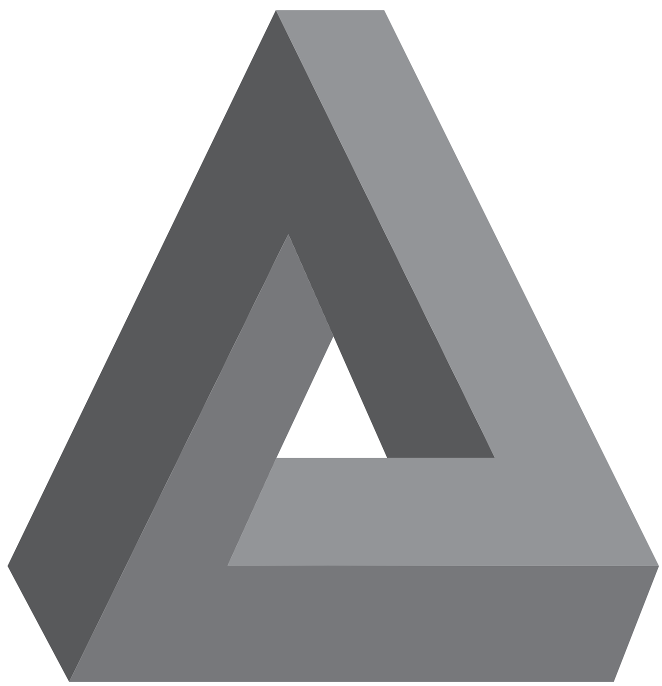
AKSA

Annual Report 2018



AKKÖK
HOLDİNG

OUR IMMEASURABLE LOSS

We are experiencing an indescribable sadness for the loss of Akkök Holding Chairman, Mr Ali Raif Dinçkök.

Mr. Dinçkök was an exemplary person who guided each and every one of us with his work ethics, hardwork, discipline and philanthropy. He was a visionary businessman with the emphasis he placed on culture and art.

We will always remember him fondly with love, respect and gratitude that transcends time.

Ali Raif Dinçkök

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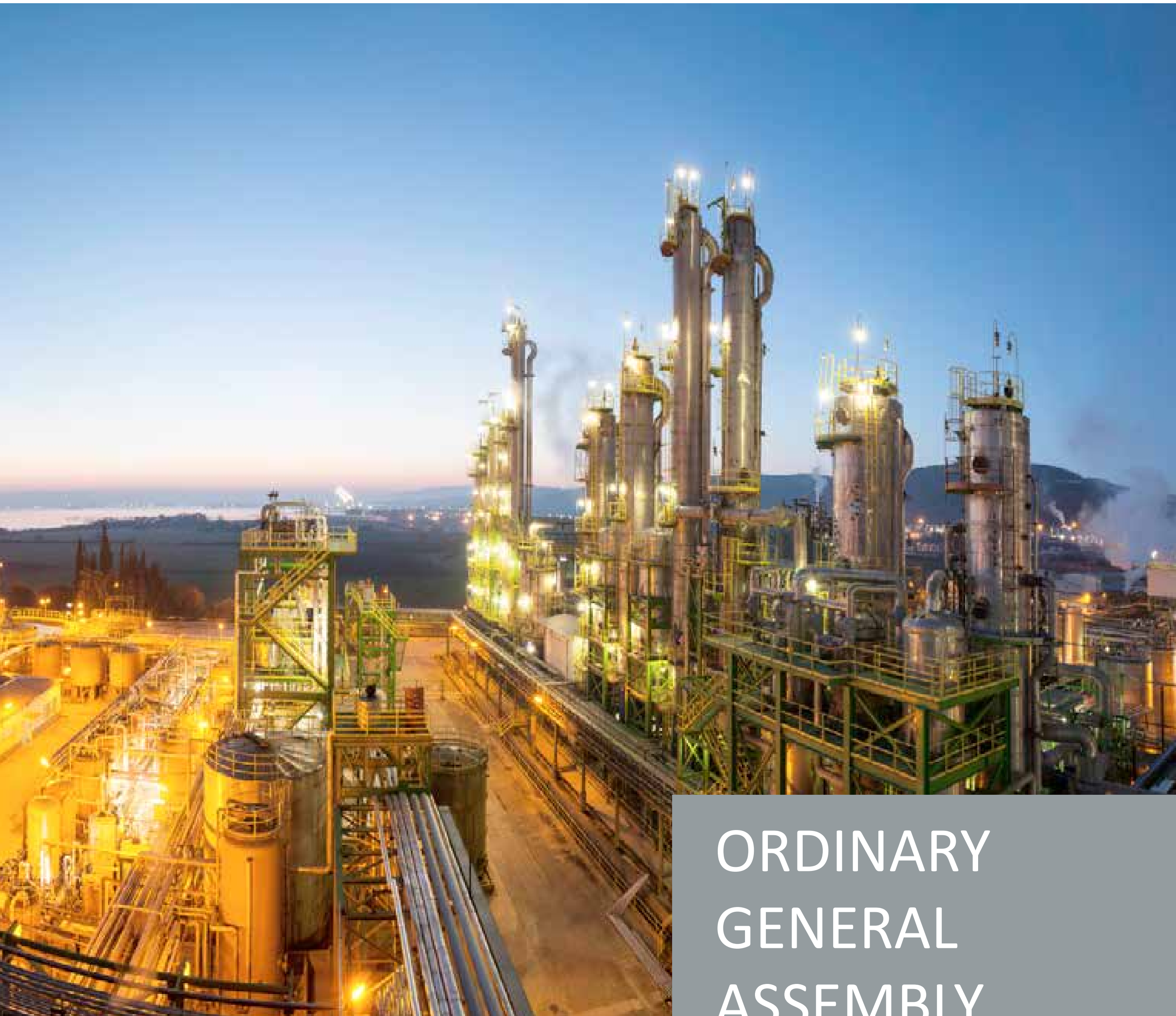
THE LARGEST ACRYLIC FIBER PRODUCER IN THE WORLD, THE FOREMOST BRAND IN TURKEY AND A LEADER IN INNOVATION...

acryluna acrysole acrylusion acryterna



ORDINARY GENERAL ASSEMBLY AGENDA

AGENDA FOR THE 2018 ORDINARY GENERAL ASSEMBLY MEETING OF AKSA AKRİLİK KİMYA SANAYİİ ANONİM ŞİRKETİ

1. Opening of the meeting and election of the Presiding Board of the General Assembly,

2. Reading and discussing the 2018 Annual Report prepared by the Board of Directors,

3. Reading the Auditors' Report for the year 2018,

4. Reading, discussing and approval of the Financial Statements for the year 2018,

5. Releasing the members of the Board of Directors individually with regard to the Company's activities in 2018,

6. Determining the usage of profit, percentages of profit distribution and profit sharing,

7. Determination of the number of members and term of office of the Board of Directors; election of Board Members and Independent Board Members according to the number of members determined,

8. Determination of remuneration for the Board Members and Independent Directors,

9. Submitting the selection of the Independent Auditor for approval pursuant to the Turkish Commercial Code, the 'Communiqué on Independent Auditing Standards in Capital Markets' issued by the Capital Markets Board of Turkey, and the decision of the Board of Directors on the matter,

10. Pursuant to the Capital Markets Board's Communiqué on Corporate Governance, in the event that controlling shareholders, members of the Board of Directors, executive management and their first and second degree relatives by blood or by marriage have carried out significant transactions that may result in conflict of interest either with the Company or its subsidiaries, and/or have carried out commercial transactions in the same line of business with the Company or its subsidiaries either 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, informing the shareholders with regard to such transactions,

11. Pursuant to articles 395 and 396 of the Turkish Commercial Code, granting permission and authority to the members of the Board of Directors,

12. Informing the shareholders about the Company's share buyback transactions on the stock exchange in accordance with the permission given by the Capital Markets Board in its press releases dated 21 July and 25 July 2016 and based on the decision of the Board of Directors dated May 9, 2018 and its disclosure on the Public Disclosure Platform.

13. Pursuant to the Capital Markets Law, informing the shareholders about the donations and aid made by the Company in 2018,

14. Pursuant to Article 12 of the Communiqué on Corporate Governance, informing the shareholders about 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 2018.

15. Submission of the amendment draft of Article 7 of the Articles of Association of the Company entitled 'Board of Directors' for the approval of the General Assembly, provided that the necessary permissions are obtained from The Energy Market Regulatory Authority, the Capital Markets Board and the Ministry of Customs and Trade, and as approved by them.

Message From the Chairman of the Board of Directors

Dear Shareholders,

In 2018, as Akkök Holding, we experienced an indescribable sadness for the loss of our Chairman, Mr. Ali Raif Dinçkök. We have lost a visionary businessman, an inspiring leader. As an industrialist who loved his country very much, he invested back in this country what he had gained and had put his signature on many successes. We will miss him very much and we will continue to invest in the future of our country from where he left.

With Mr. Trump's coming to power in the United States, there have been substantial changes in global politics and economy. The measures taken to limit imports from China, incentives to direct the investments of US multinationals back to the US, interest rate hikes and the strengthening the US dollar, withdrawal from the nuclear agreement with Iran and trade measures were events that came into prominence. Especially the political and military developments in Syria, the struggle of the USA and Russia to establish supremacy in this country and the civil war caused millions of refugees to come to our country resulting in a major economic impact. The Al-Bab and Afrin operations, which were carried out to prevent the opening up of a corridor throughout our southern border, were completed successfully. The S-400 missile purchase agreement with Russia and the pastor Brunson incident on top of all these tensions have seriously affected our relations with the United States.

On the other hand, the Brexit within the E.U. and especially the request made by the US to no longer cover the bulk of the military spending of the NATO has also created tension in relations with Europe.

Because of the geopolitical position of our country, we have been seriously affected by all these developments both politically and economically.

Our country, which has been in a phase of rapid growth for a long time until the beginning of 2018, faced the rapid depreciation of the Turkish Lira against the US Dollar and the Euro and interest hikes in August. The economic problems we had left behind over the last 15 years have once again surfaced to become the most important item on the agenda.

Both global developments and economic fluctuations in our country affected all sectors without exception. We have, with urgency put into place various measures with regard to the shrinking domestic and foreign markets due to the rising borrowing and raw material costs. We realized a 20% reduction in production on August 16, 2018 and a second 20% on 26 September 2018 in our factory where we have been operating at full capacity for many years. We managed to get out of the general economic crisis with the least loss and rapidly by controlling our expenses and thanks to the rational management of our inventories, receivables and debts. Exports in our total sales reached 46% and contributed significantly to our income and balance sheet with the rising exchange rate.

Our total turnover rose by 28% to TL 3.5 billion. In spite of all the unfavorable conditions, we recorded a profit before interest, tax and depreciation of TL 552 million.

We secured the top prize for the 3rd consecutive time at the 9th Corporate Governance Awards, organized by the Association of Corporate Governance of Turkey, by leaving behind once again the 46 companies located in the Corporate Governance Index of the Borsa Istanbul. We raised our Corporate Governance Rating from 9.63 to 9.70. With this award, the practices that we have implemented in the fields of fairness, transparency, accountability and responsibility have been recognized. The recognition of our steady and successful efforts throughout the year encouraged us to do better. We raised this year's rating with the aim of increasing the number of female members in the board of directors. At Aksa Acrylic we believe that a better world will be possible with the active participation of women in every field of life, especially in the business world.

We are taking steps to ensure gender equality in business life and to raise the productivity of women in the workforce. This year, we were awarded with the Equal Opportunity Model certificate, which was developed by KAGİDER with the technical support of the World Bank and the consultancy of the Sabancı University Gender Equality Forum. With this respect, we have committed to the full and transparent implementation of our procedures.

EXPORTING TO MORE THAN 300 CUSTOMERS IN MORE THAN 50 COUNTRIES IN 5 CONTINENTS, OUR COMPANY WILL CONTINUE TO WORK WITH STRONG ETHICAL VALUES, SOCIAL RESPONSIBILITY PRINCIPLES AND A FULL TRANSPARENCY.

"The world's largest, and Turkey's only manufacturer of acrylic fiber, Aksa Acrylic, secured once again this year the first prize by raising its Corporate Governance Rating from 9.63 to 9.70."

Mehmet Ali Berkman
Chairman of the Board of Directors

In 2018, investments have continued in joint venture of our company. Turkey is one of eight countries in the world in the production of Carbon Fiber, a very strategic product in aviation, aerospace, defense, automotive, energy and infrastructure investments, while DowAksa is the sole producer in Turkey. Among the customers of DowAksa are TAI Aviation Industry and Vestas, the world's largest wind energy producer. With its advanced technology, our company will continue to create more added value for the Turkish economy by multiplying its investments in the coming years.

We will remember 2018 with the political and economic developments that the world and our country faced. From an economic perspective, 2018 can be considered as one of the four biggest economic contractions Turkey has faced in the last fifty years. Nevertheless, Aksa Acrylic has maintained its respectable position in the world and its leading status in the sector thanks to the swift measures taken by our government, as well as the quick implementation of necessary measures by our Company.

With strong ethical values, a vision for social responsibility and transparency, Aksa adds to the economic strength of Turkey with exports today to over 300 customers in more than 50 countries in 5 continents. I would like to thank our valued employees that are the architects of this success, our loyal customers and our business partners, whom we try to be worthy of their trust. I wish a fruitful year for all of us.

Sincerely,

Mehmet Ali Berkman
Chairman of the Board of Directors

A Message From the General Manager

Dear Aksa Family,

In the year that we left behind, we had many developments in which we rejoiced and saddened together. However, none of these developments has shaken us as much as the loss of the Chairman of Akkök Holding, Mr. Ali Raif Dinçkök. He was a great leader, an impeccable person. His deep love for his country, his in-depth research into the subjects he was interested in, and his desire to achieve firsts were his most influential characteristics. He also placed great emphasis on the carbon fiber production carried out by DowAksa and often expressed that we needed to achieve this for Turkey. Mr. Diçkök contributed greatly to Aksa Acrylic's achievement of the highest grades in corporate governance rankings in Turkey. It is important to remember that a company can only be institutionalized by virtue of the opportunity its leader provides. With Mr. Dinçkök's trust in us, we did our best and we have succeeded in printing Aksa's name on the top of the corporate governance rankings consecutively for the last 3 years. We will work harder than ever to carry our company, which he has entrusted upon us, to better places and we will always remember him with love, respect and gratitude.

From an economic point of view, we had a difficult year filled with economic uncertainty both in the world and in Turkey. While Turkey was trying to deal with the economic problems that were even more pronounced after the June 24th elections, the US President Donald Trump's trade showdown with China and the sanctions imposed on Iran were high on the world's agenda. The uncertainty of economic policies between the US and Turkey, as well as the relations with the Middle East and the embargos have affected the course of the economy throughout the year.

In our sector, the shortage of cash in the market and the excessive rise in raw material prices have affected all of us. We achieved a high sales volume in the first half of 2018 in the domestic market. However, the excessive rise in raw material prices and the shortage of cash in the markets since August have unfortunately led to a drop of demand on all supply chains. As a company with a capacity utilization rate of approximately 98.6 percent in the last five operating years, we too have had to take some measures and reduce our capacity first by 20 percent and then by a further 20 percent. At the beginning of 2019, the outlook started to change slowly and in parallel with the positive developments in acrylic fiber demand, we raised our capacity rate to sector averages.

On the raw material side, although Acrylic Fiber factories performed production cuts, high capacity utilization rates and demand in the two other ACN users, ABS and Acrylamid, contributed to higher prices. However, towards the end of the year, the trade wars in the world and the downward trend in oil prices affected other sectors as well and caused a decline in raw material prices.

In 2018, the demand for acrylic fiber remained limited in the Far East, especially in the Chinese market and remained standard in the US and the European markets. Conditions were uncertain throughout the year in Iran, the world's third largest Acrylic Fiber market, as the US revamped embargoes and took tougher measures than before. Securing the right to continue oil trade with Iran for another six months period as of November 2018, gave the opportunity to Turkey together with some other countries, to continue to export to Iran. Despite all the economic difficulties in Turkey and in the world markets, we at Aksa, closed the year 2018 with a successful export rate of 46%.

WITH ASSETS AMOUNTING TO TL 4.2 BILLION,
AKSA WILL CONTINUE TO BE AN EXEMPLARY BRAND THAT PROVIDES
THE BEST QUALITY PRODUCTS AND SERVICES TO EXISTING CUSTOMERS,
WHILE REACHING NEW CLIENTS WITH NEW PRODUCTS.

"We are experiencing the indescribable sadness for the loss of Mr. Ali Raif Dinçkök, one of the real industrialists of Turkey who had put his signature to many firsts. May he rest in peace."

Cengiz Taş
Member of the Board of Directors
General Manager

One of the developments in which we took pride in 2018 as Aksa Acrylic was that we were included in the BIST Sustainability Index together with 50 other companies. As a company that builds its medium and long-term strategy within the framework of the world's trends and sustainable growth principles, we will also register our practices regarding sustainability from global warming to health, employment and water resources through this index. In this year's "Industry 4.0" Platinum Global 100 Awards, we were proud in emerging the first in the 'Chemistry' sector. While the concept of Industry 4.0 provides quality, sustainability and efficiency, we also see it as a tool to better serve our country.

Last year, we signed an significant loan agreement that encouraged us to invest in new investments. In order to finance investment and modernization projects, our company signed an important USD 95 million syndicated loan agreement under the leadership of the European Bank for Reconstruction and Development (EBRD). This loan agreement was the only syndicated loan provided in Turkey by the EBRD in 2018.

I would like to thank all of our employees, customers and business partners that contributed to the success of our Company which was founded in Yalova 50 years ago and has today reached an assets size of TL 4.2 billion. I sincerely believe that our successes will expand exponentially in 2019, and we will continue to be a company that retains the memory of Mr. Ali Raif Dinçkök alive by continuing to contribute to its country on the path he opened for us.

Sincerely,

Cengiz Taş
Member of the Board of Directors
General Manager

KEY INDICATORS

Asset Size (Thousand TL)

2018	4,188,627
2017	3,354,301

Aksa's asset size expanded by 25% in 2018.

25%

Dividend (TL)

2018	207,200,000
2017	185,000,000

Aksa dividends paid to shareholders in 2018 rose by 12% to TRY 207.2 million.

12%

Export Rate

2018	46%
2017	36%

Aksa's export share reached 46%.

46%

AKSA IN BRIEF

Aksa Akrilik Kimya Sanayii A.Ş. ("Aksa" or "Company"), affiliated to Akkök Holding, commenced operations in Yalova in 1971, with an annual capacity of 5,000 tons, to meet Turkey's acrylic fiber need. It became the world's largest acrylic fabric producer, through constant growth and by developing its own technology.

With a headcount of more than 1,200, Aksa is established on an area of 502,000 square meters. It is the world's largest and Turkey's only acrylic fiber producer, with an annual capacity of 315,000 tons. Focusing on active marketing activities in the domestic market throughout the year, Aksa Akrilik managed to maintain its market share and sales volume, owing to its 82% capacity utilization rate. As of 2018 year-end, the Company has a share of 18% in the global market, and 68% in the domestic market.

Aksa Acrylic manufactures 850,000 kilograms per day, producing enough fiber to provide knitwear for two million people. The company has an energy production license with a capacity of 145 MW, which is powerful enough to generate energy and steam for itself and for the group companies in Yalova.

Aksa exports to more than 300 customers in no less than 50 countries on 5 continents. 54% of 2018 sales were made to the domestic market, and 46% were made to foreign markets.

Aksa as a result of research and development activities entered the carbon fiber market in 2009. Subsequently in 2012, the Company established DowAksa as a 50% joint venture with Dow Europe Holdings B.V., a subsidiary of the Dow Chemical Company. Today, the Company carries out carbon fiber production under the roof of DowAksa, with an annual capacity of 3,500 tons.

Major Developments in 2018

FAIR, TRANSPARENT AND ACTIVE MANAGEMENT HAS LED AKSA TO REACH THE PINNACLE FOR THE THIRD TIME IN CORPORATE GOVERNANCE.

The IX. Corporate Management Awards were presented by The Corporate Governance Association of Turkey (TKYD). Our Campany won the first prize for the third time in a row in the study that was based on the Corporate Governance Principles of the Capital Markets Board and included 47 companies in the Borsa Istanbul Corporate Governance Index. In the evaluation made by the independent corporate rating institution Saha, our Company raised its Corporate Governance Rating Score from 9.63 to 9.70.

This award recorded once again the success of the practices implemented in the areas of fairness, transparency, accountability and responsibility by Aksa Acrylic. The company demonstrated that it monitored the rights of the shareholders and stakeholders in the best way possible, carried out the public disclosure and transparency activities at the highest level, maintaned the structure and the functionning of the Board of Directors in the best practice category, formed effectively the management and internal control mechanisms, identified all the corporate governance risks and managed them actively.

You can access the Aksa Acrylic Corporate Governance Rating Report from the Saha corporate website, www.saharating.com, the Aksa Acrylic corporate website (www.aksa.com), and from the Public Disclosure Platform website www.kap.org.tr.

Corporate Governance Rating: 9.70

***Main parts: App.** 97.02*

Sub-Categories	Rating Obtained	Rating Allocated
Shareholders	0,25	9,75
Public Disclosure and Transparency	0,25	9,84
Stakeholders	0,15	9,85
Board of Directors	0,35	9,50

Highlights

• Investment Support from the Ministry of Economy to Aksa and DowAksa
In order to bring operational perfection to the highest level, Aksa plans to invest in technology and create sustainable and profitable new areas of use for acrylic fiber. To this end, the expansion of investments in chemistry worth TL 480 million by Aksa to be made in the coming years, was granted the investment incentive by meeting the criteria set by the Ministry of Economy.

Our joint venture, DowAksa will invest between the years of 2017-2027, TL 2.2 billion in the production of carbon fiber and intermediate products. The principles and procedures with respect to supporting these investments in a project-based manner were published in the Official Gazette in 2018.

• Aksa Akrilik signed a first in the chemical industry and obtained the Water Footprint Standard Certificate
Aksa Acrylic adopts the integrated water management approach covering the vision for sustainable production, the diversity of water resources, the efficient consumption of water and the disposal of wastewater to the environment. Aksa Acrylic has realized a first in its sector and was awarded the ISO 14046 Water Footprint Standard Certificate of the BSI, a standardization and certification body, with its works in the scope of water management. With this achievement, Aksa Akrilik became the first company to receive this document in the chemical and textile sector.

• Aksa Akrilik rose to the 39th place in ISO 500 this year
Our Company, which held the 44th place in 2016 in the ISO 500 list, which is known as the Giants' League, took the 39th place in 2017 with net sales of 2.8 billion TL from production.

• Aksa Akrilik got to the finals in the PERYÖN Human Value Awards
For 10 years, People Management Association of Turkey (PERYÖN), has aimed to present innovative, creative and successful practices in the field of human resources management, introduce the exemplary applications of superior quality to the sector and support the learning process of institutions from each other. Aksa Akrilik was listed among the finalists in the main category of Development and Transformation Management at the 10th PERYÖN Human Value Awards.

• Aksa Acrylic qualified for the Authorized Operator Certificate
Having successfully completed the audits conducted by the Ministry of Customs and Trade, Aksa received the Authorized Operator Certificate. This certificate is granted to facilitate customs procedures and companies that have proven their reliability and have fulfilled the requirements of certain regulations.

• Our operational efficiency improves with AKSAGO
Aiming to provide better service to its customers and augment operational efficiency, Aksa Acrylic has completed the design of the Aksa Global Orders (AKSAGO) platform. The platform has been ready for use since January 2018 and customers can access it through the web environment as well as via mobile applications (IOS and Android). Aksa Acrylic's new digital platform AKSAGO basically includes order entry, order management, checking of existing orders, shipment tracking and inquiry functions.

• Aksa Acrylic continues its ascent in Fortune 500 and Capital 500
Aksa Acrylic which creates value-added products that add value to Turkey's economy, once again succeeded to take part in the top spots in a research called Top 500 Private Companies of Turkey conducted by the Capital magazine. Aksa Acrylic entered the list where the largest companies of Turkey are present, as 93rd with a total turnover of TL 2.8 billion in 2017. In Fortune 500, Aksa Acrylic moved up 14 notches from 96th place in 2016 to 82nd, thanks to the total turnover achieved in 2017.

• Export performance brought Aksa Acrylic to the top
Istanbul Textile and Raw Materials Exporters' Association (İTHİB), rewarded the largest exporting members in 2017. 36 companies received platinum plaques in the night, 58 companies received gold plaques and three companies received a special award. Aksa Acrylic came first in terms of export performance.

• A major step from Aksa Acrylic for equal opportunity
Aksa Acrylic has received the Gender Equality Model certificate which was developed by the Association of Women Entrepreneurs of Turkey (KAGİ-DER) with the World Bank's technical assistance and the counselling of Sabanci University Gender Equality Forum. In this way, Aksa Acrylic took an noteworthy step towards achieving gender equality in business life and raising the level of productivity of women in the workforce. Aksa Acrylic, who sets the procedures for equal opportunity with the FEM certificate, has committed itself to the implementation of these procedures in a complete and transparent manner throughout the Company.

• Awareness expands with the job safety (ISG) Forum Theater
In addition to the standard in-class technical trainings, Aksa Acrylic achieved many complementary and reinforcing job safety practices such as the Akat and the Kök Project, and finally launched the ISG Forum Theater. The plays that were prepared in an interactive concept by the Akademika Theater Group were staged in eight sessions in September. With the plays staged within the framework of the ISG Forum Theater, the aim was to take a vital step towards raising the awareness of employees while having fun and thus minimizing occupational accidents.

• Confidence index rose in the GPTW project
After the completion of all actions within the scope of the Best Place to Work (GPTW Project) at the end of 2017, another survey was conducted in May. According to the results of the project, while the general perception of "I can say that Aksa is a very good workplace" rose by 10% and the average of the positive answers given in the Confidence Index augmented by 4%.

• Aksa Acrylic in the BIST Sustainability Index
Since inception, Aksa Acrylic has put into practice all its activities with the principle of efficient use of resources and respect for the environment and took its place in the BIST Sustainability Index together with 50 other companies. As a company that builds its medium and long-term strategy within the framework of the world's trends and sustainable growth principles, we will also put into place our approaches regarding the sustainability from global warming to health, employment and water resources through this index that is certainly crucial for Turkey and the world. The Company will register its practices in a sense by accepting an independent assessment of its activities and decisions in these areas.

• Aksa Acrylic utilized a syndicated loan
In June, Aksa Acrylic signed a syndicated loan agreement in two separate tranches of USD 52.5 million and EUR 36 million with the participation of the European Bank for Reconstruction and Development (EBRD) and two private foreign banks in order to finance investment and modernization projects. This credit agreement is the only syndicated loan provided by the EBRD in 2018 in Turkey, apart from the refinancing of existing loans.

Capital and Shareholding Structure

SUSTAINABLE AND STRONG PERFORMANCE.

Aksa accepted the registered capital system outlined in the provisions of Law No. 2499, and on the basis of Permission No. 90 granted by the Capital Markets Board on February 20, 1992, the Company adopted this system. The Company's registered capital is TL 425,000,000 (valid for 2016-2020), and its paid in capital stands at TL 185,000,000.

Company shareholders and their respective shareholding are as provided in the table:

Capital and Shareholding Structure

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

(*) 37.43% of Aksa's shares are traded on BİST, de facto, as of December 31, 2018, and 5.28% of the shares are owned by Somerset em.mar.d.v.ge.f, 1.56% of the shares are owned by the Company.

Shares that were bought back

The share buyback program was initiated with the decision of the Board of Directors dated 9 May 2018. Within the scope of the current program, a total of 2,878,534 shares, which corresponds to 1.56% of the Company's capital were bought for TL 31.464 thousand.

The financing of the share buyback is obtained from the Company's internal resources. As of the date of this report, the shares that were bought back were not sold.

Subsidiaries

Subsidiaries Title	Country	Operation	Subsidiary Amount(**)	Subsidiary (%)
Aksa Egypt Acrylic Fiber Industry S.A.E. (***)	Egypt	Textile	25,956,114	99.84

Müşterek Yönetime Tabi Ortaklık Unvanı	Country	Operation	Subsidiary Amount(**)	Subsidiary (%)
DowAksa Advanced Composites Holding B.V. (***)	The Netherlands	Foreign Investment	360,674,145	50.00

(**) These are the registered values in the books subject to Tax Procedure Law.
(***) No dividends were received from these companies.

"Our company has utilized a syndicated loan of USD 95 million with the leadership of the European Bank for Reconstruction and Development (EBRD) to finance new product, efficiency and modernization projects."

Erdinç Kazak
Director of Financial Affairs

Companies, the shares of which are owned indirectly

Trade Name	Country	Operation
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti.	Turkey	Chemical
DowAksa Switzerland Gmbh	Switzerland	Investment
DowAksa USA LLC	USA	Chemical
DowAksa Deutschland GmbH	Germany	Investment
Nanotechnology Centre of Composites	Russia	R&D/Chemical
c-m-p GmbH	Germany	Chemical
LLC NCC-EVOPRO	Russia	R&D/Chemical
LLC NCC-SIM-R	Russia	R&D/Chemical
LLC NCC-TVF	Russia	R&D/Chemical
LLC NCC-Alabuga	Russia	R&D/Chemical

Stock Information	2018
Market Value	TL 1,380 million
BIST Trading Ratio	37.4%
Foreign Investor Shares(*)	48%

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

AKSA VISION MODEL

MISSION

Why do we exist?

To direct the sector that we lead and to create value for our stakeholders

HIGH TARGETS

Where will we go?

For sustainable growth and profitability;

- To achieve the highest level of operational excellence by investing in technology,
- To create new end-uses for acrylic fiber,
- To grow by way of new products or strategic collaborations.

CORE VALUES

What are our values that determine our stance and guide our behavior?

- Health, Safety and Environment
- Compliance with Ethical Values
- Team Work and Cooperation
- Customer Oriented Approach

MAIN QUALIFICATIONS

What are or what should be our best characteristics?

- Participative Management
- Open to change and development.
- Simple, effective thinking
- Experience and know-how
- Willing, Loyal, Result Oriented Employees

Milestones

THIS IS A NEVER-ENDING SUCCESS STORY...

1968

- Aksa was established under the same roof of Akkök Holding Companies, to meet Turkey's acrylic fiber requirements.

1969

- A license agreement was signed and executed with the Italian acrylic producer company Chatillon (now Montefiber), and the Monsanto technology was acquired by Aksa. Construction of the Aksa plant commenced in Yalova.

1971

- The plant founded in Yalova began to operate with an annual capacity of 5,000 tons to produce staple fiber and tops.

1974

- Capacity was enhanced for the first time.

1976

- Four new high capacity fiber spinning machines were added, raising the annual capacity to 35,000 tons, and two gas turbines were installed to meet the energy requirements of the plant.

1977

- In addition to staple fiber and tops, tow was also offered to the market.
- The Company opened up to foreign markets with AKSA® products, and first export was made to Italy.

1978

- Technical assistance agreement with Chatillon ended. Aksa started to develop its own technology, supported by independent foreign consultants.

1982

- Online Control System was established for the first time in Turkey, and the entire processing system monitored from a single centre.

1985

- Gel dyeing technology was developed, and producer dyed tow production was initiated.

1986

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

1991

- Conducted the first CCE steam generation in Turkey.

1992

- The Fiber Pilot Plant and the R&D Lab were established to promote polymer research, and to develop new products.

1997

- Microfiber production commenced. 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.

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 service 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 alternatively to sell technological licenses.

2008

- Began manufacturing carbon fiber at 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.
- In addition to the existing power plant, a decision was made to invest in a new power plant with an electricity capacity of 100 MW, and 350 tons/hour steam production, within the Yalova plant.

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. 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.

2013

- Aksa completed and commissioned the second phase of the power plant.
- Aksa was included in the Turquality Program, the world's first and only state-sponsored brand development initiative promoted by Turkey's Ministry of Economy, with the vision of "Creating 10 Global Brands in 10 years."
- Aksa merged with Ak-Tops TekstilSanayi A.Ş., the Company's wholly owned subsidiary since August 2013, by taking over all of its assets and liabilities. The merger was registered on December 31, 2013.
- In 2013, Aksa started pilot production of pigment dyed acrylic filament yarn, using its proprietary technology. This new product boasts excellent color brightness, high-quality appearance,and ultra-high water resistance, as well as self-cleaning properties.

2014

- Aksa's Corporate Governance Rating, which is calculated as a result of evaluating the company as per CMB Corporate Governance Principles, was determined at 9.22, and the Company was included in the Corporate Governance Index.
- Aksa ranked second in Turkey, and FIRST among the Borsa Istanbul and Industry Sector, obtaining TS ISO 31000 "Risk Management System Verification Certification".
- Working efficiently and in tune with the environment since its establishment, Aksa carried its implementation level to Level B, with its 9th Sustainability report published to date, as a model for the sector by means of practices based on a voluntary approach.

2015

- Upon recent modernization and efficiency projects and investments, Aksa's annual production capacity of 308,000 tons reached 315,000. Aksa's Corporate Governance Rating, which is calculated in consequence of the assessment as per the CMB's Corporate Governance Principles, was updated to 9.5 and the Company took 3rd place in the BIST Corporate Governance Index as of year-end.
- Yalova Composite and Chemical Expertize Improvement Organized Industrial Zone, the founders of which are the Acrylic Based Composite, Advanced Materials and Technology Producers Association, including Aksa, as well as Yalova Provincial Special Administration, Taşköprü Municipality and Yalova Chamber of Trade and Industry, was established in Yalova's Çiftlikköy district, within the boundaries of Taşköprü, on an area of 113 hectares, with registration number 308, by the Ministry of Science, Industry and Technology, on July 6, 2015.

2016

- Aksa's CMB Corporate Governance Rating, which is calculated according to the assessment as per the CMB's Corporate Governance Principles, was updated to 9.6, and the Company won an award as the "Company with the Highest Rating" in the BİST Corporate Governance Index as of year-end.
- A world-leading acrylic fiber producer, with nearly 50 years experience and a customer-focused approach, Aksa Akrilik introduced customers to four new brands that touch every aspect of life in the last activity year.

2017

- The Corporate Governance Rating, calculated by evaluating Aksa in terms of Corporate Governance Principles of the Capital Markets Board, was upgraded to 9.63, and we became the company with the Highest Corporate Governance Rating on the BIST Corporate Governance Index.
- Aksa Acrylic achieved a place among other highly investible companies carried out by JCR Eurasia Rating. The JCR Eurasia Rating determined our Long-Term National Credit Rating AA (Trk) and our prospect as Stable. Our Long-Term International Foreign and Local Currency Rating and prospect were determined as BBB-, and the country ceiling as Stable.
- The R&D Center, established by Aksa Acrylic, was awarded with the R&D Center Certificate by the Ministry of Science, Industry and Technology. With this certificate, our R&D Center was registered as the 432nd active R&D Center.

2018

- Aksa Acrylic raised its Corporate Governance Rating from 9.63 to 9.70 in the evaluation made by the independent corporate rating company, Saha and won the first prize for three consecutive years again this year.
- Aksa Acrylic won the first place in terms of export performance at a ceremony where the Istanbul Textile and Raw Materials Exporters' Association (İTHİB) rewarded the largest exporters of 2017.
- Since its inception, Aksa Acrylic has implemented all its activities with the principle of efficient use of resources and respect for the environment. This has earned us a place in the BIST Sustainability Index with 50 other companies.

AKKÖK HOLDİNG IN BRIEF

PIONEER OF INNOVATION AND GUARANTOR OF QUALITY, A WORLD BRAND BORN IN TURKEY.

Founded in 1952 by the late Raif Dinçkök, and with deep know-how spanning 66 years, Akkök Holding ranks among the most well established industrial groups in Turkey. The Group conducts operations in the fields of chemicals, energy and real estate, with 19 commercial and industrial enterprises, one of which is overseas, and with 19 production plants. By closely following the trends in the world's markets and in its operating industries, Akkök Holding aims to catch up with the global competition, and achieve world-class standards together with all the companies under its roof.

Aksa Akrilik Kimya Sanayi A.Ş. was founded in Yalova to meet the requirements for acrylic fiber in Turkey in 1968, and started production in 1971 with an annual capacity of 5000 tons. Becoming the largest acrylic fiber producer in the world with its investments and innovations, Aksa is a world giant with approximately 300 customers in 50 cities on 5 continents. With 1200 employees, a production area of 502,000 square meters, and annual capacity of 315,000 tons, it is the largest acrylic fiber producer in the world and the only producer in Turkey.

Along with its success in production, Aksa is also a leader in implemented management systems, environmental practices and social responsibility projects. Thanks to its extensive product range, it supplies textile and technical textile raw materials to various fields, and has improved its new and unique product portfolio with an innovative approach each year. Along with textile fibers, Aksa initiated outdoor fiber production in 2001 and is becoming more ambitious within the technical fiber industry for products such as flock tow, homopolymer and filament fiber. Aksa Acrylic upgraded its technological infrastructure in 2009 and started production of carbon fiber, one of the most crucial raw materials of the 21st century.

DowAksa was established in 2012 as a joint venture of the Dow Chemical Company and Aksa Acrylic San A.Ş., with the aim of providing a wide range of products and technical services to the global composites industry, whose raw material is carbon fiber. Thanks to Dow's knowledge and experience in resins, and Aksa's infrastructure, which allows for growth, today DowAksa is one of the strongest companies vying for leadership in the production of carbon fiber and carbon fiber intermediate materials market. Moreover, DowAksa is the first and only Turkish company in the carbon fiber industry. DowAksa provides carbon fiber composite solutions to industrial sectors, namely the energy, transportation, defense and infrastructure sectors. The Company develops solutions aiming to reduce total costs, and offers a wide range of products to the fast-growing carbon fiber composite sector. With the support of technical service, DowAksa expanded its product range, and the Company also conducts global scale business development activities.

Turkey's pioneer chemicals company Ak-Kim was established in Yalova in 1977, and over time it expanded its production activities in various locations around Turkey. Producing basic and performance chemicals, Ak-Kim, serves the cleaning, chemistry, textile, paper, water treatment, food, metal, agricultural pesticide, energy, building, mining, plastic and paint industries. The Company is a market leader in many products included within the basic chemicals field and grows by developing products and services for alternative fields. It added advanced technological water treatment systems to the water treatment sector with an investment in ultrafiltration, and became the first and only producer of this product in Turkey. Ak-Kim acquired Gizem Frit, one of the largest enamel and ceramic frit producers in the world in 2015, entering into a different market. Serving 70 countries abroad, Ak-Kim, acquired Dinox, a chemical sales and marketing company in Germany, in order to be closer to its customers, and continues its growth in Europe. It acquired 100% of the shares of Akferal, which it founded via a 50% partnership with Feralco in 2013, and soon after acquired Dostel in November 2017.

Gizemfrit, which started production in its factory in Göktepe, Adapazarı in 1979, today keeps expanding its production every day in more than 1,000 varieties of products in 4 different product groups including ceramic, enamel, non-stick coatings and pigments. This is carried out in its 60,000m2 modern and fully automated facilities equipped with state-of-the-art technology in the 2nd Organized Industrial Zone in the Hendek district of Sakarya. The products of Gizemfrit, incorporated in the Akkök Group of Companies as of 2015, are used for coating for decorative and protection purposes of materials such as furnace, hot-water heater, kitchenware, aluminum, casting, ceramic tile, sanitaryware, porcelain, medical porcelain and glass. At the end of 2017, Gizemfrit acquired Spanish Megacolor, one of the key players in the ceramic industry, producing inkjet ink and pigment. With some 70% market share in enamel and ceramic in Turkey, Gizemfrit is the 2nd largest manufacturer of enamel in the world and the leader in its sector in Turkey. Gizemfrit has 132,500 tons of annual production capacity, more than 400 employees in Turkey and Spain, up to 1,000 indirect employees, customers in 60 countries in 6 continents and a 13% global market share.

Akiş REIT, the real estate investment company operating under Akkök Holding, continues to develop projects that help improve quality of life in the regions where it operates. The Company runs Akbatı Shopping Mall and Life Center, as well as the Akasya projects, and it is also developing street retail projects on Bağdat Street as an alternative to shopping mall investments. Akiş REIT has cooperated with Beymen for the Uşaklıgil Apartment in its first high street retail project, and the store opened its doors to visitors in September 2017. The Company aims to provide regular dividends to its shareholders with a regular rental income from these investments. Furthermore in 2018, the Company made its first move abroad with an investment in a housing project developed in the UK. The Company will continue to realize projects that will make a difference in the real estate sector by closely following the everchanging sector trends and socioeconomic developments and by signing up to projects that will create new trends at the right time, at the right location.

KidZania, a country of children at the Akasya shopping center, is a significant social space spreading over 8,000 m2 with the concept of education while entertaining children. In KidZania, which operates in 20 countries and 26 cities, children aged 4-14 experience 21st century professions. Every KidZania city is a real-world simulation, with its square, streets, traffic lights, hospital and fire brigade. In the areas of activity with partner brands that are scaled for kids, children discover their abilities while getting to know professions and concepts.

Since its opening, Akmerkez has been investing in the future and has been the leader in creating new values. Akmerkez has been a hotspot for intimate experiences, and the most popular meeting point in the city, with distinguished brands and stores, shopping, entertainment facilities and food court, since 1993. Akmerkez shopping center adds dynamism to the social life of the city. It also adds value to the lives of its guests with its innovative projects such as the new breath of the city, the 'Triangle Terrace', the 'Agriculture in the Terrace', an award-winning project that proves that a sustainable life is possible in the city and 'Concierge' which was revamped to cater to current needs. Achieving a first in Turkey by winning the Best Shopping Center in Europe award in 1995 and in the World award in 1996 presented by the International Council of Shopping Centers (ICSC), Akmerkez improves itself constantly with projects adding value to city life.

Starting its activities as an auto-producer group in the Akkök Group of Companies in 1989, Akenerji has been operating as an independent power generation company since 2005. With the 50-50 strategic partnership of Akkök Holding and CEZ, the Company has installed power of 1,224 MW.

Sepaş Enerji, a strategic partnership between Akkök Holding and CEZ Group, which is considered as one of Europe's 10 largest energy firms, is one of Turkey's 21 authorized supply companies. Sepaş Enerji supplies electricity to 1.7 million consumers all over Turkey, mainly in Bolu, Düzce, Sakarya and Kocaeli.

Sakarya Electricity Distribution Inc. (SEDAŞ) provides energy distribution services to 1.8 million consumers in Sakarya, Kocaeli, Bolu and Düzce. SEDAŞ carries out its operations through its 33 distribution centers and a total of 22 Customer Services Centers. As of the end of 2018, the total electricity distributed in the 4 provinces in the Eastern Marmara region stood at 9.75 billion kWh.

2018 ACTIVITIES

"Within the framework of sustainability, recycled product trials were carried out with the Acrycycle brand by making a difference in acrylic products and the Recycled Claim Standards (RCS) certificate has been received."

Sabri Arca
Marketing, Sales and New Business Development Director

Marketing and Sales

Our acrylic fiber domestic customers displayed strong demand in the first quarter of the year in order to guarantee the raw materials for their sales. During this period, acrylic fiber imports rose, as sales expanded. The upward trend of the price of the ACN, the main raw material of acrylic fiber, has spurred demand until July. The spike in raw material prices as of August, the contraction in our markets and the squeeze of cash in the markets caused the demand to diminish in all chains of supply. As a result, our company had to undergo a cut in production.

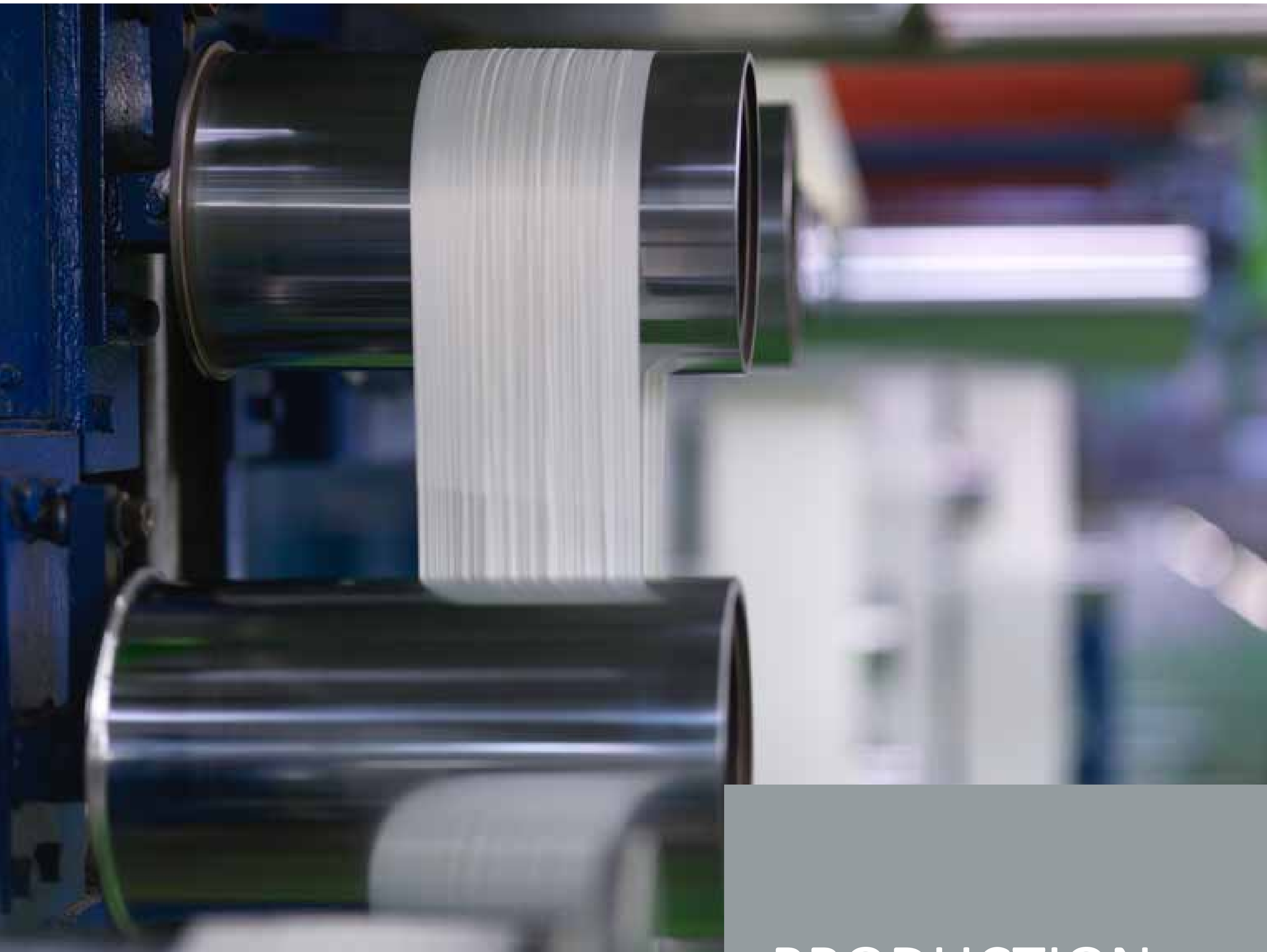
On the ACN side, demand fluctuated in relation to other sectors. Although the demand of acrylic fiber producers declined in the second half of the year, high capacity utilization rates and demand of the ABS and Acrylamid sectors that use this raw material, caused the ACN prices to rise. Towards the end of the year, global trade wars and the downward trend in oil prices affected other sectors too. This development led to a decline in raw material prices.

Looking at the sub-sectors, the knitwear sector started 2018 with a strong demand. This demand remained intense until August due to the rising trend in prices and low levels of inventories in the sector. In the last 4 months of the year however, total demand diminished except for the limited demand from exports. Looking at the whole year in general, the capacity utilization rates in the sector contracted. The problems in the knitwear sector and the expectations for a drop in the prices of raw materials have led to a fall in inventories towards the end of the year. While this situation creates a positive expectation for domestic demand in 2019, the general economic indicators lead us to be cautious in this expectation.

In the carpet industry, acrylic yarn producers have experienced a weaker year in the domestic market and the Iranian markets, which constitute the two main markets. The fact that high raw material prices in the domestic market opened up the price difference with the competing synthetic fibers and some consumer demand moved towards natural fibers, have reduced the number of acrylic fiber and yarn-using machines. Carpet manufacturers, which turned to exports, continued to sell cheap synthetic fibers in the European and the US markets. In Iran, another major market, the foreign exchange rates applied to imports made a dent on yarn sales by the Turkish producers. They also faced problems in collecting their receivables. Following a distressed year, by the end of 2018, the price drop in the ACN and the revival of imports from the Iranian market, albeit limited, created a light of hope for the market for 2019.

In the second quarter of the year, there was a strong, though short-lived demand for acrylic fiber in the Far East and especially in the Chinese market. This has led the Chinese producers to make changes in their capacities throughout the year. In the other Asia Pacific markets, the usual demand continued until the last quarter of the year, while in the last quarter, there was a slight drop in demand in line with prices.

In the US and the European markets, there has been a similar demand for acrylic fiber as compared to previous years. In Iran, the world's third largest acrylic fiber market, conditions were uncertain throughout the year as the US revamped embargoes and took tougher measures than before. Securing the right to continue oil trade with Iran for another six months period as of November 2018, gave the opportunity to Turkey together with some other countries, to continue to export to Iran though for a limited period. As a result, sales in the Iranian market have grown compared to the previous year. The expectations of the Iranian market in 2019 remain uncertain and hinges on the political and economic developments.



PRODUCTION

"Since its inception, Aksa Acrylic has implemented all its activities with the principle of efficient use of resources and respect for the environment. This has earned us a place in the BIST Sustainability Index with 50 other companies."

İsmail Murat İnceoğlu
Deputy General Manager - Technical

With these developments in all sectors and especially the shrinkage in demand in our domestic market, led us to close 2018 below expectations. In 2019, we aim to compensate for part of this loss by expanding our market share in export markets. On the other hand, lower raw material prices and lower inventory levels are likely to boost the demand for acrylic fiber in 2019, provided the uncertainties in the market can be eliminated.

In our other production line of technical fibers, we have preserved our market shares in existing products and conducted trials with new customers for industrial applications for which we have obtained positive results. We expect the positive impact of such studies to be reflected on our business volumes in this area in 2019. We have cooperated with our customers in the distribution channel with our new products, Acrylusion and Armora. We continue our search for new markets with product certifications for different markets. Our product, which serves the synthetic hair sector, has been fully accepted in the market as of 2018 and a significant growth is expected in the demand.

Production, New Product Development and R&D Operations

Based on the unique technology knowledge obtained from the R&D works conducted in Aksa, new areas of business are targeted.

With the capacity expansion of 1,000 tons/year completed in 2017, our modacrylic product, Armora which has a high degree of flammability, was tested on an industrial scale in 2018. Also, product varieties were studied, samples were provided to our customers for product certification and product conditions for different usage areas were determined. In addition, development projects for 2019 were planned to determine the needs to provide differentiation from existing products in the market. Efforts are made towards making the product more compatible with the environment and ecological life.

In addition to creating new areas of use for acrylic, work on the diversification of acrylic continues. Laboratory research has been undertaken in order to use the warmth and comfort of acrylic for underwear and performance sports products. Efficiency tests have been carried out with world-renowned firms, with good results. Production will commence in 2018 with leading sports brands for products in 2019 collections.

Acrylusion has been a sought-after product especially in the hand-woven carpets sector thanks to filament yarn's silky softness and texture. Some of our customers have put on the market carpets made with Acrylusion in their collections. Studies were started for the US market since the carpets woven with Acrylusion were more successful than the usual acrylic carpets in the US non-flammability tests. Product differentiation was attained by folding, inflating processes.

Within the framework of sustainability, a difference has been made in Acrylic and trials for recycled products were executed under the Acrycycle brand and the RCS (Recycled Claim Standards) certificate has been obtained. Product demonstrations and customer trials are ongoing.

The use of acrylic fiber in the synthetic hair sector continued to grow in 2018 and the aim is to grow even more with the collaborations established in this sector.

INVESTMENTS

"With the combustion optimization made in the coal boiler, the unburned carbon ratio in the fly ash was reduced and the same amount of production was obtained with less coal. With this efficiency enhancing project, both the amount of carbon emission and waste ash were reduced and a major contribution has been made to environmental sensitivity."

Ceyhan Arık
Energy Director

In 2018, due to the economic developments and the demand for acrylic fiber, the amount of production diminished in the last 4 months of the year. Because of the surge in raw material prices and the shrinkage in our markets we realized a 20% reduction in production on August 16, 2018 and a second 20% on 26 September 2018. Therefore, capacity utilization rate in 2018 was 82% and the production amounted to 247,000 tons.

Energy, Production and Sales

Our company meets its own energy needs with the electric energy and process steam it produces and sells the excess of the energy produced in the free market. Our company, which has 145 MW electricity and 1,005 tons/hour steam production capacity, achieved significant results in environmental and economic terms with the combustion optimization project in the coal boiler. At the end of the project, the amount of unburned carbon in fly ash, which is the main indicator of the boiler efficiency, has been reduced from 9% to 4%. Thanks to the project, the same amount of production was achieved with less coal. Accordingly, both the carbon emission and the amount of waste ash have declined and a significant contribution has been made to the environment.

Investments

In 2018, Aksa prioritized the establishment of new facilities, and continued to carry out projects focused on raising the level of efficiency and quality in line with its operational excellence strategy. The modernization and standardization of the existing production machines continued as before.

The breakdown of investment projects amounting to TL 386 million in 2018 is as follows:

Project

Infrastructure and Maintenance Investments
Energy Efficiency Enhancing Investments
Textile Investment
Process and Product Development Investments
Seveso Investment
Renewal Modernization Investment

In 2018, Aksa, in line with its operational excellence, sustainable growth and profitability strategies, provided an expansion in polymer capacity following the renewal of some of the existing polymer units, which started in 2017 and still ongoing.

In the reporting period, Renewal, Modernization and Infrastructure and Maintenance investments have been undertaken. In 2019, we plan investments suitable for the operational excellence, sustainable growth and profitability strategies.

SUBSIDIARIES

"In 2018, we tested at industrial scale, our modacrylic product produced under the Armora brand which has a high degree of flame retardancy. We studied product variety and identified the needs to ensure product differentiation."

Gürcan Koman
Chemistry Director

DowAksa Karbon Elyaf

With the aim of offering an extensive product range and technical service to the global composite sector, which uses carbon fiber as raw materials, DowAksa was established as a joint venture between the Dow Chemical Company and Aksa Akrilik San. A.Ş. in 2012. With the completion of projects focusing on reducing product costs in 2018, the base product cost has been reduced to its lowest since 2012 and cost savings of up to 40% have been created compared to previous years. Having achieved cost reduction projects through R&D works, DowAksa strengthened its supply network in 2018 by adding alternative local suppliers to its supply chain.

In 2018, we decided to support on project-basis a total of TL 2.2 billion of investments related to the production of carbon fiber and intermediates over the next 10-year period (2017-2027). Within the scope of the incentive package, there are elements such as VAT exemption, customs duty exemption, VAT refund, corporate tax reduction, employer share support for insurance premium, income tax withholding support, qualified personnel support, interest and/or dividend support and energy support.

Aksa Egypt

Aksa Egypt is a 98.4% subsidiary of Aksa and extends the scope of activities of Aksa in the whole North Africa region and especially in Egypt. In 2018, Aksa Egypt maintained its position as the key player in the Egyptian market with approximately 11,000 tons of sales and a turnover of up to USD 30 million. Egyptian acrylic demand, which started strongly in 2018, followed a volatile course for the rest of the year as in other markets due to raw material prices. The Egyptian money markets, which achieved a balance in 2017 and 2018, are expected to be stable also in 2019.

Fitco BV

Fitco, which had been the direct shareholder of 32.67% of Aksa Egypt, was liquidated in 2018 and its shares have been transferred to Aksa.

SUSTAINABILITY

"Our product, which serves the synthetic hair industry, has been fully accepted in the market as of 2018 and demand for this product is expected to grow in the coming years."

Haydar İnan
Textile Director

The students of Okay Temiz caught the rhythm with Aksa

Our Company carries out social responsibility projects that support personal development of children. To this end, it brought together world-famous percussionist Mr. Okay Temiz with children from Yalova this year as well. Mr. Okay Temiz, who is adept at transforming even the simplest rhythms into a striking narrative, gave rhythm training to 80 children studying in the 75th year Mehmet Akif Ersoy Secondary School in Yalova for two and a half months. The students, who experienced the importance of collective work beyond the rhythm, appeared before the audience in KidZania Istanbul, on June 10th.

The students received full marks in the concert from the audience which included our managers, the administrators and teachers from the 75th year Mehmet Akif Ersoy Secondary School, families from Yalova and the press, as well as the visitors of KidZania.

At the concert, the students combined their rich repertoire consisting of zeybek, samba and classical jazz with traditional Turkish rhythms and they had a great success. They got carried away and exhilarated the audience. Attuned nicely to Mr. Temiz's solo performance, they received a standing ovation. Aksa Acrylic Rhythm Workshop under the direction of Mr. Temiz posed for a group photo at the end of the concert.

Aiming to make the project sustainable with the support of the Yalova Provincial Directorate of National Education, our Company has given as a gift to the 75th year Mehmet Akif Ersoy Secondary School darbukas, maracas, tambourines, rhythm bars and erbane drums used in education. Since 1968, our Company has been producing acrylic fiber in its facilities in Yalova. Our Company aims to contribute to the social and cultural life of the region in which it operates through social responsibility projects.

Corporate Communication Projects

IN 2018, 31 PROJECT BASED WORKS WERE PURSUED IN THE R&D CENTER THAT ADOPTED THE STRATEGY TO DEVELOP TECHNOLOGIES TO SUPPORT AKSA VISION AND STRATEGIES, ADD NEW AND VALUE ADDED PRODUCTS TO ITS PORTFOLIO AND BOOST THE COMPETITIVE ADVANTAGE OF THE COMPANY.

Yalova children celebrated April 23 with us

Children of Yalova celebrated April 23 National Sovereignty and Children's Day with a free film event organized by our company. A thousand children took the opportunity to spend a pleasant time together watching the film Masha and the Bear 2-Eternal Friendship.

Aksa continues welcoming visitors

Aksa Acrylic continued to host hundreds of students who expressed interest in receiving information and various training about our production processes from a variety of educational institutions in 2018. Students had a chance to see production processes closely during visits arranged according to their departments and special requirements. Within the scope of our Open Door Visits, as well as students, non-governmental organizations, locals, customers, comparison teams and visitors from Turkey and abroad were hosted.

Aksa News with its renewed look!

Aksa News, that provides up-to-date information about the Aksa Acrylic family, will continue its publications in a renewed magazine format. Since 2013, Aksa News publishes news about the investments, achievements and awards about Aksa, the giant of the acrylic world. Now, Aksa News meets its readers with a more colorful and richer content. With the renewed design starting from the 19th issue, the latest news can be followed on our website.

Aksa Akrilik stand has been a focus of attention at international fairs

Our company has been admired with its stands and products at the fairs that it participated in national and international platforms. In 2018, Aksa Acrylic was presented in the fairs of Domotex Hannover and H + H Cologne held in Germany, the FMCEX held in Iran and at Domotex Turkey as well as at the 15th International Istanbul Yarn Fair.

The Company exhibited its products Acryluna, Acrylusion, Acare and PillouT at the H+H Cologne Creative Crafts Hobby Materials Fair and at the 15th International Istanbul Yarn Fair. Its stand where it showcased its colorful products in the form of acrylic fiber and yarn, were met with great interest by both the yarn manufacturer companies and the fair visitors.

The company exhibited carpets produced from Acrylusion, a newly developed acrylic filament product at fairs guiding the carpet industry, such as Domotex Turkey, Domotex Hannover and the FMCEX. Acrylusion was the focus of attention of visitors with its shine that created a silk carpet effect. There, carpets were appreciated for their functional features as well.

Charitable Donations and Social Welfare

Aksa is keenly aware that sustainable social development can only be achieved with young generations who are well educated, well-qualified and well-cultured; who are environmentally and socially sensitive; and who are able to take the initiative. The Company's corporate social responsibility activities earned Aksa additional prestige whenever they were mentioned in 2018.

"In line with our operational excellence, sustainable growth and profitability strategies, our company has expanded the production capacity of polymer within the scope of modernization investments."

Abdullah Ocak
Investment Director

The details of Aksa's "Charitable Donations and Social Welfare" expenditure in 2018, mainly in the areas of education, culture, arts and sports are as follows:

Charitable Donations and Social Welfare	Amount (TL)
Associations, foundations and municipalities	133.556
Education	23.294
Other	3.641
Total	**160.491**

Compliance with the Law on the Protection of Personal Data

Today, various data related to individuals can be easily processed and transferred on different platforms every day with the effect of developing technology. While the processing of these data sometimes provides some convenience and advantages in the execution of the works, it sometimes brings some risks.

The protection of fundamental rights and freedoms, protection of privacy, information security and respect to ethical values constitute our primary principles.

In this context, our project for compliance with the Personal Data Protection Act, which we conduct with PwC Management Consultancy, was completed in November and our internal awareness raising efforts are ongoing.

Quality Management System Standard Revision

The International Standardization Organization (ISO) reviews the standards every 5 years, revises them in line with the needs and makes them useful for the related parties. Within this framework, the ISO 9001 Quality Management System standard was published as the TS EN 9001: 2015.

In the new version, high-level leadership, risks and opportunities are particularly emphasized, and issues such as legal requirements, competitive market, technology, social-cultural-economic environments, culture, knowledge and performance of the organization play an essential role in understanding the context of the organization.

IN 2018, WE PROVIDED 85% OF OUR TOTAL ANNUAL WATER CONSUMPTION FROM OUR REVERSE OSMOSIS PLANT AND CONTRIBUTED TO THE EXISTING WATER RESOURCES AND EQUILIBRIUM OF THE REGION.

The most noticeable change is the transition of the standard to the new high-level structure (HLS). This structure facilitates us to ensure the integration of management systems in our company where many management systems are in place. In 2018, we ensured the continuity of our certificate with transition to the Quality Management System 9001: 2015.

Simple and Agile Aksa

At Aksa, we are taking firm steps in the light of our high targets determined for sustainable growth and profitability.

The Simple and Agile Aksa project was launched in September 2018 as a sub-project of the Productivity Improvement Project (VAP), aiming at identifying the efficiency-reducing factors that emerge while implementing our strategies, and implementing actions that add simplicity and agility to our processes, business conducts and organizational structure.

The design studies of the planned studies, which are mainly composed of the phases of analysis, design and improvement, are about to be completed. With the implementation of the improvements in the first quarter of next year, we believe that our value-added processes and businesses will come to the forefront and we will become a more efficient and dynamic company that is able to keep pace with the changes in the world.

In addition, in the context of the six sigma studies, which have been going on for many years, the green belt trainings and projects of new engineers and experts were carried out in 2018. We obtained short turnaround times in some projects and improvements in projects such as process and energy efficiency and standardization with simplistic and the six sigma approaches.

Vision and Participation in Strategies

As a sign of our core feature of Participatory Management that is present in our vision model, we organized a Workshop on Employee Participation in Strategy with two groups of 25 people each on April 24th and 25th, 2018. We listened to Aksa through the eyes and ears of our employees and received suggestions to support the 5-year Strategic Goals.

In the Strategic Planning Workshop held on May 11th, 2018 with medium and high-level management, employees were listened to in areas of general evaluations on raw material, market, energy and financials. Then the outputs of the Workshop on Employee Participation in Strategy that was held in April were shared and discussed.

In the continuation of the program, the 5-year Strategic Goals were reviewed and focal issues were determined by taking into account general evaluations, SWOT analysis and the outputs of the Workshop on Employee Participation in Strategy.

Environmental Sustainability

Aksa runs its operations in full awareness of the undertaken responsibilities. We conduct our operations in all processes in tune with the environment, in order to make them continuous and efficient. We are well aware that we can provide a habitable environment for future generations by minimizing our environmental impact, and using environment-conscious processes.

On every job, we strive to be respectful to the environment and smart in the use of resources. As for our Health, Security and Environment performances, we display a transparent approach for our stakeholders.

"While market development activities are being carried out in cooperation with clients for our new products Acrylusion and Armora, we continue our efforts to develop new products for different markets."

Didem Tunçbilek
Director of Marketing and Sales (Technical Fibers) and New Business Development

Aksa has had the ISO 14001 Environmental Management System Certificate since 1997 and made a transition to the 2015 version of the ISO 14001 Environmental Management System Certificate in 2018. Therefore, it manages its operations and environmental performance not only in full compliance with the rules determined by laws and regulations, but also by setting examples for the sector.

Ensuring the sustainability and efficient use of natural resources and taking the necessary measures are paramount issues for the entire world today. One of the most fundamental of all natural resources, the critical importance of water use and water management comes to the fore even more with the impact of climate change.

Based on our sustainable production approach, we adopted an integrated water management approach, covering the diversity of water sources, efficient consumption of water, and the state of sewage water reaching the environment. In this context, the efforts to improve the performance of our Reverse Osmosis and Common Treatment Plants, which we put into use in 2015 to make our water resources and production sustainable, are carried out every year.

Last year, we provided 85% of our total annual water consumption from our Reverse Osmosis plant and contributed to the existing water resources and equilibrium of the region.

We received the ISO 14046 Water Footprint Standard Certificate with the works done in the last year within the scope of sustainable water management approach. Aksa Acrylic became the first company to receive this certificate in the chemical and textile sector.

At the same time, as a manufacturing company, we conduct our operations with the awareness that the waste generated as a result of our processes is managed with precision. Waste resulting from our operations is managed in accordance with the waste management hierarchy.

The disposal of waste is ensured in accordance with the legislation. To this end, the works undertaken with the waste from its generation until its disposal without causing harm to the environment and human health are reduction, reuse, recycling, recovery, separate collection and disposal. 97% of our waste is recycled and used as raw materials in other sectors.

FOR 4 YEARS WE HAVE BEEN ROOTING OUT ACCIDENTS IN AKSA!

Our greenhouse gas emissions were audited by BSI as part of ISO 14064-1, and certified with comprehensive assurance. Within the scope of our legal obligation and as part of the Regulation on the Follow-up of Greenhouse Gas Emissions, the monitoring, reporting and verification of greenhouse gas emissions has been completed and in 2018 the Ministry of Environment and Urban Development was notified.

Energy Efficiency and Climate Change

Uninterrupted energy supply and energy management bear special significance in ensuring operational sustainability in Aksa. While ensuring continuity with our energy generation, we also provide energy for sister companies that operate in our field. Extra energy is made available to the electricity market.

In accordance with our process, the efficient use of energy is as fundamental as continuous energy supply for the continuity of our operations. With systematic energy management, supply, efficiency, climate change and other related environmental impacts are managed together. Aksa evaluates climate change within the framework of risks and opportunities, and maintains its operations along with legal applications. In this context, we participated in the CDP Climate Change Program, which was created in 2018 in order to enable companies to voluntarily explain their greenhouse gas emissions and climate change strategies to the public and investors.

Aksa has established its ISO 50001 Energy Management System to create the necessary energy and efficiency improvements and sustained its continuity. With the Energy Management System, it is aimed to ensure efficient usage of energy in each phase of the process, and to reduce the amount of energy consumed in unit production. Based on systematic energy management, the reduction of greenhouse emissions, and other related environmental impacts and energy costs, is ensured.

Responsible Production

Understanding the needs of our customers and market constitute the foundation of our work. Aksa always develops better and new products in order to offer value to customers and the environment. Moreover, huge effort is made so that products can be safely produced and safely utilized during their lifecycles, for employees, customers, society and the environment.

With this approach, Aksa conducts operations by complying with international standards ensuring product quality, and environment and personal safety. Our understanding of working in tune with human health and the environment by following both local and international regulations (CLP, REACh, Ca Prop. 65, ETAD, ZDHC, INDITEX etc.) is applied across the entire supply chain, from our suppliers to our customers. Furthermore, in product development processes, each step is taken in harmony with the regulations for human and environmental health.

OEKO-TEX® Standard 100, an independent auditing and certification system including all production processes of textile products, has been applied in Aksa since 1995. Our certificate is renewed every year when products pass the Category 1 compliance tests successfully. Thanks to this application, the audit and certification guarantee that Aksa's products are produced without causing harm to human health and the environment.

On the other hand, in accordance with the Regulation for Chemicals Registration, Evaluation, Authorization and Restriction (KKDİK-REACh), applications in Europe and Turkey are closely monitored, and customer demands are answered so as to determine the limitations of chemicals for the safety of human health and the environment.

"New areas of use and new markets have provided solutions to market volatility. "

Serhan Belener
Director of Marketing & Sales (Acrylic Fibers)

Green IT Applications

We carried out almost 49,000 flows in 2018 with the applications developed on eBA (Electronic Document Flow) software, enabling us to carry many transactions found as hard copy into the computer environment (i.e. Project Management, Incoming and Outgoing External Correspondence, Meeting Notes, Announcements, Unit Work Permits, Business Tracking Systems, etc.) and it helped with paper saving.

Health - Work Hygiene

The improvement of the quality of work directly influences the development of work environment parameters. Studies have been done on psychosocial and ergonomic factors which are two notable topics within the scope of work hygiene.

The COPSOR Psychosocial Risk Survey consisting of 88 questions was completed by 1,026 employees.

An Ergonomics Team has been established. This 12-person team applied the Rapid Exposure Assessment Method (REAM) in the chemical and textile production departments by monitoring field workers one-on-one. These studies will ultimately yield an internationally recognized ergonomics score on the basis of job description. As a result of the evaluations, the success of the improvement will be measured by applying the REAM again in the sections that need ergonomic improvement.

Process Safety

Within the scope of the Regulation on the Prevention of Major Industrial Accidents, the monitoring of hazardous situations that may occur in the process and what needs to be done have been brought into the procedure and the monitoring of the critical points is carried out in a hazard-based as well as quality-based manner. In this process, our basic process control has been reviewed with a new perspective. As transferring the Hazard and Operability (HAZOP) studies into numerical data and monitoring them has come into prominence, the HAZOP system has been redesigned in a similar way to our Failure Modes and Effects Analysis (FMEA) system and entries to the system have been initiated.

BEST PLACE FOR SAFE WORK!

The Functional Safety Management System was established under the System Security Management System in order to ensure the control of the Safety Instrumented Functions (SIF) to be applied to the actions of the HAZOPs on the site and to ensure that their tests are carried out correctly.

The commissioning of fire detection and extinguishing systems and evidence tests of these systems will be completed by the end of the year. It is ensured that the information of these systems be accessed by the whole factory. In all commissioned areas, training is provided for each shift and user awareness has been enhanced.

"Every Aksa employee will one day be member of AKAT"
Accident Prevention Culture (KÖK) and
AKAT (Aksa Accident Mitigation Team)

From 2015 to 2018, we made 510 employees, members of AKAT, after providing them with observer training. For the last two years, 150-200 employees have been on the field as active observers in the Aksa working areas. A positive, determined and effective internal eye works as both an auto control and an internal audit mechanism.

Observer training is a significant step in the cultural exchange project. The first day of two full days of training focuses on the fundamental change in the perception of working safely and the effective change in decision-making processes. We emphasize that the activities carried out in an unsafe environment are not only inefficient, but do not comply with our ethical principles either. We try to take the first steps in the voluntary introduction of the cultural change process by supporting the training with actual visuals. The second day, we do practical examples on how positive communication should be done in working environments. In the observations, all participants witness the power of positive communication. At the end of the training, it is expected that the differences of opinion on safe working among the participants should be aligned among all positions and companies. After the training, we began to observe changes in the decision-making processes of the participants. Safe working rules are not perceived as an obstacle to efficient work and production. They are not discussed anymore and considered as necessary from an ethical point of view and take place among the parameters that are considered to be natural parts of the work.

All the effective answers to the question "How can we work more safely?" guarantee the sustainability of all kinds of resources of AKSA. Half of the employees of AKSA will start 2019 as members of AKAT. As the safe working culture develops, the obstacles faced will be removed.

Environmental Management Unit

Since its establishment, Aksa has adopted the understanding of being a sustainable, efficient and environmentally friendly producer. By adding this understanding to its mission and vision over the years, Aksa raises its corporate performance thanks to its efforts with its environmental policy and sustainability approach. Apart from legal obligations, it also aims to be an example with its voluntary practices. With its efforts in line with its operational excellence strategy, Aksa enhances its productivity, maintains economic stability and carries out its responsibility to the environment and all stakeholders through its sensitive production approach.

All the legislation, conditions and obligations for which we are responsible in the context of environmental laws and regulations are monitored by various sources. Aksa works in cooperation with relevant public institutions and the NGOs in the sectors it operates in. It contributes to the development of legislation and is a pioneer in the sector in legal applications. In this context, the environmental engineer in charge works as a member of the TÜSİAD Environmental Working Group and the Environmental Protection Group of the TKSD.

The Environmental Management Unit of the HSE Directorate is responsible for the efficient use, protection of natural resources and surveillance

"Our company has successfully completed the audits performed by the Ministry of Customs and Trade and has received the Authorized Operator Certificate."

Barış Devrimsel
Purchasing Director

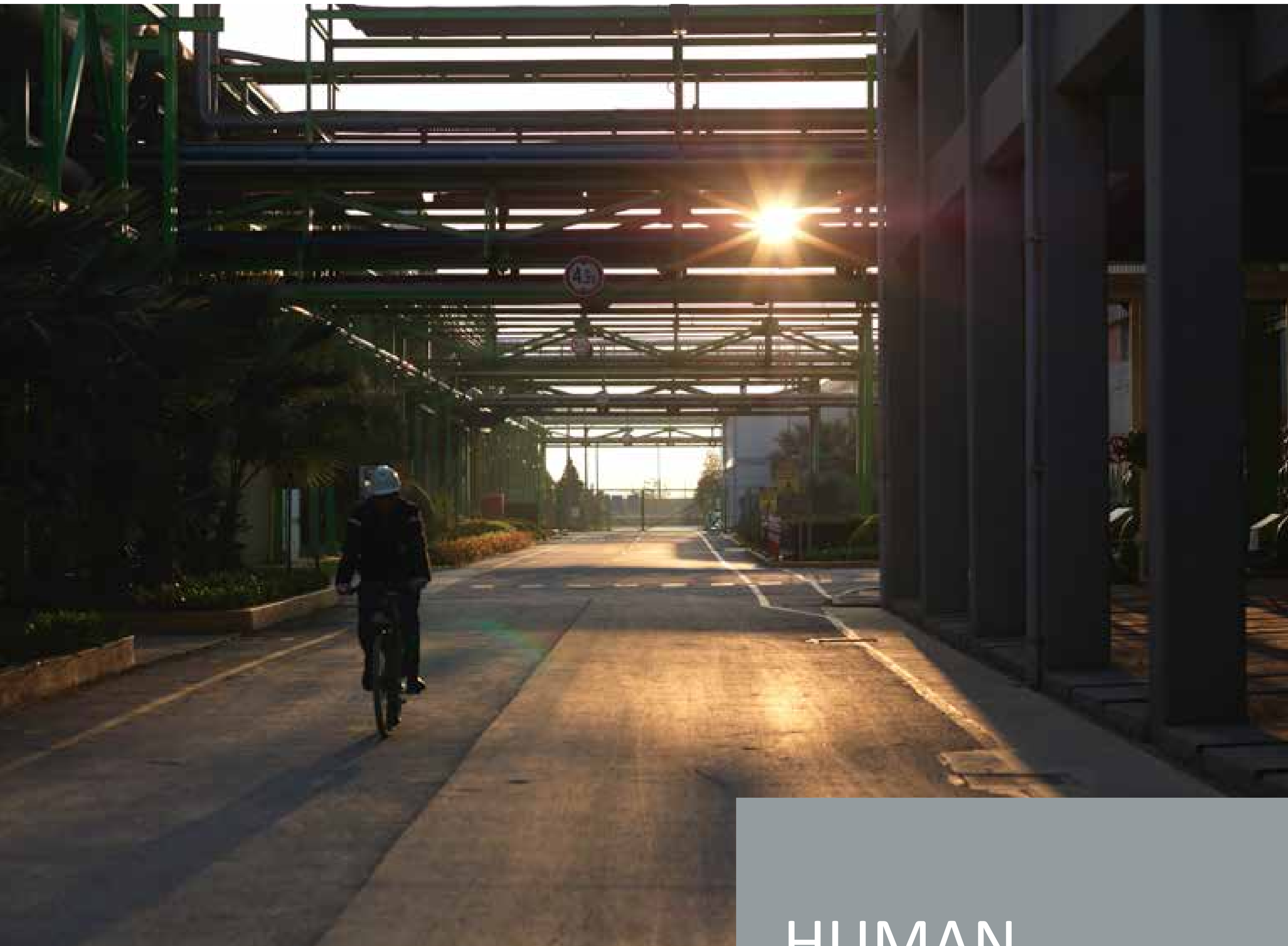
of possible environmental impacts. All legal and voluntary environmental issues are followed up and environmental practices are managed effectively through weekly directorates and management meetings, and with the supervision and support of the senior management through the Industrial Evaluation Meetings held every 3 months and chaired by the General Manager. Compliance with environmental issues are followed constantly by audits conducted by internal and external organizations within the scope of Integrated Management Systems and by the Environmental Management Unit within the scope of Environmental Audit Regulation with Environmental Internal Inspections performed at least once a year.

In order to eliminate the possible environmental negativities in port facilities, and if possible, to remove them, and bring about port facilities which are more sensitive to the environment, the Green Port (Green Port) certificate was received by the Ministry of Transport, Maritime and Communication General Directorate of Maritime Trade. We passed the inspection of the certificate with zero non-conformity and the certification continued.

Environmentally and Human Health-Sensitive, Reliable Aksa Products in Textile

Aksa reflects its sustainability philosophy that it uses in all areas to its environmentalist approach as well. Aksa is working on environmentally friendly products for a sustainable environment by following the social needs and innovations in the sector with the works carried out under the Process and Product Development Directorate. We act in accordance with European Union Directives, the REACh and the national legislation especially for the use of chemicals. For this purpose, methods and substances are investigated to improve human health and environmental measures in both development and production stages.

The ISO 14001 Environmental Management System Certificate that was first received on September 3, 1997 was updated to that of 2015 and the TS EN ISO 14001-2015 certificate was obtained.



HUMAN RESOURCES

"AKSA Acrylic has received the Gender Equality Model certificate which was developped by the Association of Women Entrepreneurs of Turkey (KAGİ-DER) with the World Bank's technical assistance and the counselling of Sabanci University Gender Equality Forum."

Aydın Fethi Baytan
Human Resources and Corporate Development Director

Human Resources

Our basic human resources policy is to create and maintain a climate where employees are proud of their contribution and cooperation to successful business results, where they bond themselves with confidence. For this purpose, we aim to bring together happy employees who are responsible, creative, participatory, open to development, adaptable to change and able to communicate effectively. Our practices shaped within the framework of our policy, our investment in human resources and the communication we have established, support Aksa's basic strategies and facilitate the achievement of targeted business results.

At the Human Resources Department, in 2018, we focused on continuous development, employee engagement, workplace culture, internal communication, organizational development, digitalization and talent management in the long-term targets that we developed and implemented.

While we plan and put into practice our actions to improve our systems with our development-oriented approach, we believe in the value that the external eyes might add. For this purpose, we make benchmark visits to institutions with successful practices related to the subjects in our agenda every year. In addition, we opened all Human Resources processes and practices to the scrutiny of consultants we worked with in the projects such as the 2015 Workplace Culture Analysis within the Best Place to Work Project and the Aksa Culture and Internal Communication Project that we initiated in 2017. We have brought many of our best practice proposals to our Company by harmonizing them with our corporate culture.

In 2018, we made changes to contribute to our organizational development. In order to strengthen internal communication, to keep the pulse of the field and to take action without any problems related to human resources, we moved to a partnership structure. Business partners shared the responsibility of the directorates in the activities related to planning. This new model, which strengthens the communication and where Human Resources are more involved, was formed in order to develop strong-proactive dialogues between the departments and Human Resources. In line with our organizational needs, the Purchasing Directorate, the Brand and Corporate Communication Department and the Internal Audit Department were established.

WITH OUR BELIEF IN NURTURING LEADERS WITHIN OUR COMPANY, IN LINE WITH OUR ORGANIZATIONAL REQUIREMENTS, 23 OF OUR CURRENT EMPLOYEES WERE PROMOTED TO MANAGERIAL/NEXT LEVEL POSITIONS.

With our belief in nurturing leaders within our company, in line with our organizational requirements, 23 of our current employees were promoted to managerial/next level positions. Forty-two employees were deemed satisfactory in their roles as next level experts, 21 of our employees were promoted to next level operator roles as a result of applications to our Assessment Center. 10 employees at expert level and above moved to a different section with a change of task or rotation.

As of the year end, the total headcount reached 1,231, and 81 new personnel joined the Aksa Family in 2018, composed of 1 manager, 1 executive level, 17 specialist and engineer level, and 62 operational level staff.

Education Level	Distribution %
PhD	0.2
Master’s Degree	2.8
Undergraduate Degree	15.9
Associate Degree	27.7
Vocational high School	33.1
High School	12.3
Elementary School	8.0

In our selection and placement process, we continued university visits by focusing on employer brand works in order to incorporate the persons who have competencies required by the job and compatible with the vision, mission and values of our Company. We have provided internship opportunities to 16 students in 2018 within the scope of the Long-Term Internship Program, which we started with the approach that cares about the progress of our employees, as well as for the talents of the future. As the 5th year of the program was completed, 3 of our long-term trainees joined our Company.

In order to adapt quickly to change, we constantly keep-up with technology and reflect its advantages to our electronic Human Resources systems. We continue our efforts to adapt agile and user-friendly systems to our institution. In order to monitor the Human Resources systems in the electronic environment more effectively and end-to-end, we put into practice the Basic Personal Management, Performance Management System, Talent Management modules in the Oracle Cloud system in 2017. In 2018, we put into use the Compliance Process modules, which are designed to ensure that wage management, recruitment and dismissal and newly recruited employees are optimally adapted to the Aksa business environment and culture. The infrastructure of the Technical Competency Evaluation Process was established in the system. In 2019, we have started working on the transfer of some personnel affairs to the electronic environment.

Within the scope of our Great Place to Work project, we established several project groups that involved employees from all levels following the employee survey in made in 2015 and we carried out many actions that we believe moved our Company forward. In order to find out what we achieved, we repeated the survey in 2018 and observed that the positive effect of the studies was reflected on the results. The results of the survey were shared with our employees with transparency by our Directors and suggestions on actions were collected. In line with our belief in continuous progress, we persist in our efforts to improve our practices and working environment.

Within the scope of the Aksa Culture and Internal Communication Project, which we launched in 2017, we identified the basic elements of our workplace culture by conducting focus-group discussions, measuring the perceptions of our employees at different levels and examining our current practices. With the awareness that one of the key factors in the successful implementation of strategic goals is culture, we have focused on the strong values that we want to protect as well as the elements that will give us momentum in reaching our strategies. In 2018, we set out the employer promise of our Company, based on our cultural elements and we identified our internal communication brand that represents our values as “Aksa, Together and With Pride”.

One of the most pertinent goals of the project was making visible and prevalent our values that will lead us to success, in all areas of our internal communication. At this point, we have carried out interviews on the experiences of our employees regarding Aksa values in the belief of the power of living stories. For the theatrical activity we planned for the transfer of cultural elements, we started the preparations of the scenario by collecting inside information.

We added the option of sending SMSs to our announcement system to disseminate information that all employees might need to reach directly from a single source, and also to ensure that our employees without a company e-mail address would be able to access it as well. We created a shortcut for announcements in our in-house portal. We are working on different electronic alternatives in order to ensure fast communication.

We reviewed the operation of the Representation Committee, which is one of our active communication tools consisting of our employees’ representatives, together with the Chairman and Vice Chairman of the Committee. We developed recommendations to ensure that our employees receive messages in a balanced, accurate and fast manner from the selection process to the orientation and through the communication channels used.

In 2017, we handed out the Executive Handbook, which we prepared in 2018, in a practical design to ensure that our managers quickly reach the answers to the common questions and standardize our Company-wide practices among departments. We have started to prepare the Employee Handbook in order to enable our employees to reach the information they are interested in directly and easily. We organized workshops with our employees in line with our participatory culture. We have prepared a source where they can reach the information they are looking for by listening to the topics they are curious about.

At the 3rd Yıldız Akkök Award Process, which was held in 2018 for the purpose of recognizing the successes and identifying and spreading the best practices, the Aksa Acrylic team, consisting of Mr. Ali Yıldızhan, Mr. Aziz Yazıcı, Mr. Bülent Mansuroğlu, Mr. Engin Değirmenci, Mr. Fevzi Mollaoğlu, Mr. Mehmet Tunçer, Mr. Metin Kaya, Mr. Tansel Köybaşı, Mr. Türker İnce and Mr. Yiğit Taş, were deemed worthy of the award in the category of Operational Excellence with the new Filament Machines Installation project. In 2018, 7 of our employees were rewarded with a total of 8 discovery incentives, and 3 of our employees were rewarded with instant rewards as a result of their outstanding performance and achievements.

In accordance with the great significance we place on the Talent Management process, employees’ competencies and improvement areas are identified by means of modern human resources methods, continuous development of employees is supported, and engagements are conducted to shed light on employees’ career development. In 2018, our evaluation center, development planning and mentor-mentee practices continued. This year, a one-year-long mentor-mentee program was completed between our mentors consisting of our General Manager, Assistant General Managers, Directors, Managers, and 20 mentees from positions of experts and managers.

With the belief that the employees who have gained the opportunity to experience different positions during their career life would contribute significantly to their individual development as well as to the development of the positions they undertake, we set-up a rotation system that supports the internal mobility in 2017. In this context, 3 employees were on project rotation and 3 employees realized specific learning rotation in 2018.

As part of our operational level talent management process, which has been one of our focal points since 2016, career maps were created and a transition system was defined and the transparent system that was created was shared with the whole organization. Succession plans were prepared for the critical roles and development plans of the successors were prepared. In 2018, the Evaluation Center process applied to the candidates who will be promoted or appointed from our operational level employees was reviewed and was specially designed for the position. The OHS Comprehensive Selection Exam, Personality Inventory, Case Study, Competency Based Interview and Transition Criteria Score are used as measurement tools in this process based on the competencies

determined according to the job definition of the candidate position. The application is being carried out by our Human Resources team.

With the OHS Comprehensive Selection Exam, which we started to implement in 2018 at the operational level recruitment and evaluation center processes, we began to measure the behavioral trends of candidates/ employees within the scope of occupational health and safety, reasoning skills along with personality assessment and their strengths and their traits prone to development. We implemented an exam which carries internationally recognized validity-reliability certificates approved by the European Federation of Psychologist Associations (EFPA) and the British Psychological Association (BPS), on the digital environment.

In order to support continuous development, plans have been prepared in line with the development needs of the successors determined for the critical roles at the operational level along with specialists and employees above the rungs of specialists.

In 2018, the infrastructure studies to establish the development areas for technical competencies determined for positions of specialists and employees above the rungs of specialists were carried out by an evaluation with the employee and its manager. The training matrices created together with the technical competencies will be a guide for the training demand and development planning stages after the managers and employees agree on the development needs.

In 2018, 28 man-hour training programs were organized in line with orientation programs, personal development training demands which are the outputs of development plans, legislative requirements and professional development needs determined by departments.

Training Type	Man*Hour	%
Internal Training	8,762	24%
External Training	25,380	70%
E-learning Training	1,570	4%
Abroad Training	580	2%
	36,292	100%

In our Professional Qualification Certification Process that we have been conducting since 2016, 5 occupations were identified in line with the legislation in 2018 and training activities for 129 employees were completed. The theoretical and practical exams of our employees will be held in 2019.

The Aksa School program was held in October with the participation of 14 employees in order to provide personal, professional and career development to operational level employees who had been working for more than two months in our Company. The program which included 51 internal trainers and 46 lectures, was completed with the presentations of the participants.

The Aksa Institute 2018 program, which was formed by the cooperation of all directorates in order to create the infrastructure to develop internal cooperation of our specialists and employees above the rungs of specialists and to provide information and awareness about processes outside their departments, was carried out with 24 topics and 26 internal trainers.

Our employees participated in many national and international fairs and congresses which provided training and professional development. Within the scope of leader development, 10 of our first-tier managers participated in a Multi-Dimensional Leadership Training, 2 of our managers started the Turquality Executive Development Program and 1 of our managers began the Sabancı Executive Development Program.

ACTIVITIES OF THE INVESTOR RELATIONS

HAVEN SECURED THE FIRST PLACE IN THE CORPORATE GOVERNANCE INDEX IN 2016 AND 2017, OUR COMPANY WAS ONCE AGAIN AT THE TOP SPOT IN 2018 AMONG 47 COMPANIES AND WAS AWARDED BY THE CORPORATE GOVERNANCE ASSOCIATION OF TURKEY.

The fundamental duty of Aksa Akrilik Investor Relations is to keep in line with legal regulations and transparency to stakeholders, and it adopts an accountable, fair and responsible management model. In order to attain this goal, Aksa uses and manages an investor relations tool for the purpose of providing comprehensive and fully accurate information to stakeholders with regard the course of Aksa shares.

The basic working principles of the Investor Relations can be listed as: availability, providing swift feedback to stakeholders, transparent, consistent and prompt information sharing, and maintaining an updated website. Strict attention is paid so that the unit is composed of competent individuals, who have good command of legal regulations, hold the licenses stipulated by the Capital Markets Board, know the company and sector dynamics intimately, and have the ability to transfer the same. Accordingly, the Investor Relations department knows well and analyzes the company, has an excellent command of company strategies, and thus aims to create differentiation by communicating these strategies through the most efficient methods.

Major Developments in 2018

1- Corporate Governance Rating

The “Corporate Governance Rating Report” was issued for update work is done by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., which holds an operating license to issue ratings in Turkey, in accordance with the Capital Market Board’s (CMB) Corporate Governance Principles.

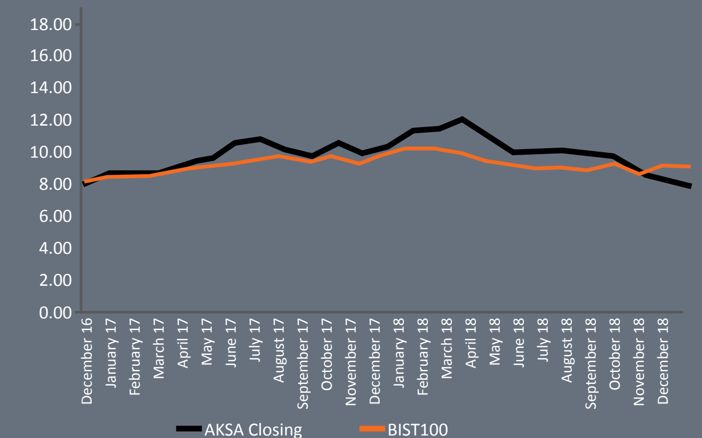
This report, which rates the Company’s alignment with Corporate Governance principles, was prepared based on the current methodology, benefiting from the results obtained from detailed reviews made by Saha at our Company.

The Company’s Corporate Governance Rating was updated at 9.70 out of 10, and the ratings of the sub-headings were identified as Shareholder 97.52, Public Disclosure 98.43, Stakeholders 98.51 and Board of Directors 95.03 out of 100. Aksa became the company with the highest Corporate Governance Rating with a score of 9.70. Haven secured the first place in the corporate governance index in 2016 and 2017, our company was once again at the top spot in 2018 among 47 companies and was awarded by the corporate governance association of turkey.

2- Share Performance

Our Company shares are listed in the following indexes of the Borsa Istanbul (BIST) stock market, and our share performance is shown below.

- BIST 100-30
- BIST Chemical, Oil, Plastic
- BIST Industrial
- BIST Dividend
- BIST Dividend 25
- BIST All
- BIST Star
- BIST 100
- BIST Corporate Governance
- BIST Sustainability



Activities of the Investor Relations

The Company's shares have been traded on the Istanbul Stock Exchange since 1986. The performance of the stocks on the stock exchange since 2014 is summarized in the table below.

Share	2014	2015	2016	2017	2018	2019 Feb.
Lowest Price (TL)	4.34	5.34	5.92	7.66	7.20	7.27
Highest Price (TL)	5.89	9.57	8.54	13.58	17.07	9.80
Closing Price (TL)	5.39	8.13	7.76	11.98	7.46	9.54
Issued Capital (thousand TL)	185,000	185,000	185,000	185,000	185,000	185,000
Market Value (thousand TL)	997,150	1,504,050	1,435,600	2,216,300	1,380,100	1,764,900

The prices valid for previous years on the table show corrected share prices.

3- Dividend

The dividend distribution for the period 2017 was approved during the Ordinary General Assembly on April 2, 2018, and it was paid in cash to the Company shareholders on April 4-6, 2018.

Gross dividend amounts distributed within the past seven (7) years, and gross dividend amount distributed per share (kurus), are as follows:

2011	45,000,000	24.32
2012	89,550,000	48.41
2013	108,475,577	58.63
2014	122,100,000	66.00
2015	157,250,000	85.00
2016	185,000,000	100.00
2017	207,200,000	112.00

4- General Assembly

The Ordinary General Assembly Meeting of the Company for the year 2017 was held on April 2, 2018 at the Yalova Factory. Shareholders representing 77.02% of the Company's shares attended the meeting.

5- Other Activities within the Year

It was aimed to answer questions from the Capital Markets Board completely and accurately, to provide documents and information swiftly, and to establish accurate and efficient communication with the Board. Activities of the Investor Relations were conducted within this scope.

The necessary replies were given to investors' questions with the same information, and retaining the principle of equal treatment for all shareholders. Disclosures made to the public via the Public Disclosure Platform were to be shared on time and in an accurate, complete, comprehensible and interpretable manner, and it was ensured that all shareholders would be informed about any developments, equally and simultaneously.

Other activities performed by the Investor Relations department during the year are summarized as follows:

- Eleven (11) press releases and one hundred seventeen (117) material disclosures on the Public Disclosure Platform,
- Four (4) teleconferences with domestic and foreign investors,
- Face-to-face or telephone interviews with hundred and two (102) local and foreign investors/analysts
- 1 roadshow in London

STRATEGIC THINKING AND EFFECTIVE COMMUNICATION ARE THE MAIN TARGETS OF OUR INVESTOR RELATIONS DEPARTMENT. AWARE OF AKSA COMPANY STRATEGIES, OUR KNOWLEDGE AND ANALYSIS AIMS TO COMMUNICATE BY EFFECTIVE METHODOLOGY AND CREATE A POSITIVE DIFFERENCE.

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Other Developments Within the Period

The Yalova Composite and Chemical Specialized Organized Industrial Zone

The Yalova Composite and Chemical Specialized Reclamation Organized Industrial Zone (YALKIM Organized Industrial Zone), to which our Company is a participant, was established on a total area of 1,130 acres within the boundaries of the Yalova province, the Çiftlikköy district and Taşköprü location with the registry number of 308 given by the Ministry of Science, Industry and Technology on 6 July 2015. It has been approved by the Ministry of Science, Industry and Technology that the zone had met the reclamation conditions.

CORPORATE GOVERNANCE

CV of the Board of Directors

Mehmet Ali Berkman
Chairman of the Board of Directors

Born in Malatya in 1943, Mehmet Ali Berkman graduated from Middle East Technical University, Faculty of Administrative Sciences, Department of Industrial Management. After wards, he obtained an MBA in Operations Research from Syracuse University (USA). Mr Berkman joined Koç Group in 1972, and assumed the role of General Manager in MAKO, Uniroyal, DÖKTAŞ and Arçelik respectively. Subsequently he worked as Head of Strategic Planning, Human Resources and Industrial Relations, and left the Group on December 31, 2003 due to the Group's retirement policy. In September 2005, he assumed the position of Member of the Board of Directors and Chairman of the Executive Board of Akkök Holding A.Ş. He also served as Member and Chairman of the Boards of Directors of other Group companies. On January 1, 2013, Mr Berkman stepped down from his position as Chairman of the Executive Board, and he continues to serve as a Board Member in Akkök Holding and Akkim, Board Chairman in Aksa, Akenerji, Akiş, Aktek and Akcez, and Vice Chairman of DowAksa, in addition to his Akkök Holding Executive Board Consultant duty. A member of the Turkish Industrialists' and Businessmen's Association and the Kalder and Turkish Education Volunteers Association, Berkman also continues to be a Member of the Istanbul Erkek High School Foundation Board of Trustees, the Turkish Education Foundation, the Turkish American Business Council and the Turkey Czechia Business Council.

Raif Ali Dinçkök
Deputy Chairman of the Board of Directors

Born in Istanbul in 1971, Raif Ali Dinçkök graduated from Boston University (USA), Department of Business Administration in 1993, and subsequently started working at Akkök Holding. Mr. Raif Ali Dinçkök continued his career in the Purchasing Department of Ak-Al Tekstil San. A.Ş. between 1994 and 2000, and later served as Coordinator of Akenerji Elektrik Üretim A.Ş. from 2000 to 2003. Prior to his current position as the Chairman of the Board of Directors at Akkök Holding A.Ş., he served as a Member of the Board of Directors and Vice Chairman of the Executive Committee at Akkök Holding A.Ş. In addition to his position as the Chairman of the Board of Directors at Akmerkez REIT, Mr. Dinçkök is the Vice Chairman of the Board of Directors at various Akkök Holding companies, including Aksa Acrylic, Akiş REIT, Ak-Kim and Gizem Frit. At the same time, he holds Board memberships at Akkök Holding 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. Assistant Chairman of the Board of Directors of Akkök Holding A.Ş., Nilüfer Dinçkök Çiftçi is acting on the Board of Directors of Akkök Group Companies.

Ahmet Cemal Dördüncü
Member of the Board of Directors

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Mr. Ahmet C. Dördüncü has served as Chairman of the Executive Board of Akkök Holding since January 2013. He also serves as the Chairman of the Board of Directors of Akenerji, Akcez, Akiş REIT, Ak-kim and Gizem Frit, as well as on the Board of Directors of Akkök Holding and various Akkök Holding Companies. Mr. Dördüncü is also a member of the Board of Directors at International Paper Co. He speaks English, German and Portuguese.

İzer Lodrik
Member of the Board of Directors

Born in Istanbul in 1971, İzer Lodrik graduated from Northeastern University (USA), Department of Economics. Subsequently, he started working at Emboy Yuntaş Tekstil Sanayi ve Ticaret A.Ş. Mr Lodrik currently serves as Chairman of the Board of Directors of Emniyet Ticaret ve Sanayi A.Ş., Emboy Yuntaş Tekstil Sanayi ve Ticaret A.Ş. Additionally, he is a Member of the Board of Directors of Akkök Holding Companies.

Cengiz Taş
Member of the Board of Directors -
General Manager

Born in Bursa in 1966, Cengiz Taş graduated from the Industrial Engineering Department at Boğaziçi University in 1989. He began his career at Kordsa as an Investment Planning Engineer in 1989. He joined Akkök Holding Companies in 1991 as a Budget Expert at Ak-Al Tekstil Sanayii Anonim Şirketi and acted respectively as Budget Chief, Budget Manager, Production Coordinator, Assistant General Manager in Charge of Planning and as General Manager between 2004 and 2011. As of February 1, 2011, he became a member of the Board of Directors and General Manager. Taş, a member of the Executive Board of Akkök Holdings is also on the Board of Directors of other Akkök Group Companies. A member of various associations, Mr. Taş is also the Vice President of the Turkish Textile Industry Employer's Union, as well as being a Board Member.

Dr. Mehmet Abdullah Merih Ergin
Independent Member of the Board of Directors -
Member of the Early Detection of Risk Committee -
Member of the Corporate Governance Committee

Born in 1983 in Istanbul, Dr Ergin received his BSc in Textile Process Engineering from the Department of Textile at the University of Leeds (United Kingdom), and received a PhD from the same university. He undertook various duties for the Sabancı Group. By the end of 2008, Ergin had worked as General Manager and Chairman of the Board of Directors at Ak-Al Tekstil Sanayii Anomin Şirketi, one of Akkök Group's companies. He later served as a member of the Board of Overseers at FMV Işık University, and Chairman of the Board of Directors at Kabataş High School. Not included in the Executive Board, Ergin holds an independent membership according to the CMB Corporate Governance Principles. The services he has provided over the last decade are briefly explained above. Regarding his services for the past five years, he has had no relationship with Aksa Akrilik Kimya Sanayii A.Ş. and its related parties. Mr. Ergin has experience in auditing / accounting and finance.

Av. Başar Ay
Independent Member of the Board of Directors -
Member of the Corporate Governance Committee -
Member of the Audit Committee

He was born in 1965 in Amasya. After his graduation from the Law School of Ankara University, he did his internship and started work as a lawyer registered with the Istanbul Bar Association. He began work at the Turkish Textile Employers' Association in 1991 as Legal Counsel. Mr. Ay was appointed Deputy General Secretary in 2005, and General Secretary in 2007 in the same organization, a position he still holds today. He is completing his Master's in International Banking and Finance at the Finance Institute of Istanbul Commerce University. He is also registered with mediators and the UYAP conciliator register at The Department of Mediation of the Ministry of Justice.

Mr. Ay also serves as a member of the Minimum Wage Fixing Commission, representing the Turkish Textile Industry Employer's Union (TISK), member of the General Assembly at the Istanbul Arbitration Center (ISTAC), commissioner of the R & D Center of the General Directorate of Science and Technology at the Ministry of Science, Industry and Trade, an independent board member of Aksa Acryilic, member of the Board of the Social Security Institution (SGK), delegate and representative of employers at İş-Kur. He is also a member of the Istanbul Provincial Employment and Vocational Training Committee, a Board member of the TİSK Microsurgery and Reconstruction Foundation established for the purpose of reducing and treating work accidents. He also carries out the duties of observer membership at the International Textile Manufacturers Federation (ITMF) and at the International Labor Organization (ILO), as a member of the Turkish Employer Delegation. Mr. Ay has experience in auditing / accounting and finance.

İlknur Gür Uralcan
Independent Member of the Board of Directors -
Member of the Early Detection of Risk Committee -
Member of the Audit Committee

Born in Ankara, İlknur Gür Uralcan graduated from the Chemistry Department at Boğaziçi University. She began her career in 1993 at Degere International Trading as Chemical Materials Sales Representative, and transferred to Kordsa's Sabancı Talent Pool Program as a Sales Representative in 1996. In 1998, Uralcan became Customer Executive in the Istanbul office of GE Plastics and then served as Country Leadership Regional Manager for Central Europe, Turkey and Israel, and General Manager of Developing Countries and General Manager of European Countries at GE Plastics / Sabic Innovative Plastics. Uralcan continues her Presidency at Wilsonart LLC in Eastern Europe, the Middle East and Africa. Uralcan is not included on the executive board but is an independent member according to the Capital Markets Board Corporate Governance Principles. Her roles over the past 10 years are explained above and she does not have any connection to Aksa Akrilik Kimya Sanayii A.Ş. or its related parties. Mrs. Gür Uralcan has experience in auditing / accounting and finance.

Declaration of Independent Membership of the Board of Directors

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

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) 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 hereby declare that:

a) There is no employment relationship between myself, my spouse, relatives by blood or by marriage up to the second degree and Aksa Akrilik Kimya Sanayii A.Ş., any partnerships of which the Company holds or significantly affects management control, or shareholders who hold or significantly affect the management of the Company, or any legal entities of which these shareholders hold the management control, at a managerial position to undertake major duties and responsibilities in the last five years, and that I do not have, together or alone, more than 5% of the Company's capital or voting rights or privileged shares, and I do not have a business relationship of significant nature,

b) I have not served as a partner (5% and above), at a managerial position to undertake major duties and responsibilities and/or as a board member in any companies, particularly those conducting the auditing (including tax audit, legal audit and internal audit), grading and counseling of the Company, to which the company has sold or purchased a significant amount of products or services in the framework of the agreements, during the periods of selling or purchasing products or services, in the last five years,

c) I have the requisite professional training, knowledge and experience in order to fulfill the tasks that I will assume in the Company as an independent member of the Board of Directors,

d) I will not work in public institutions and organizations, other than academic positions at universities, provided that it is appropriate to their relevant legislations, on a full-time basis, after being elected as a member,

e) I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,

f) I possess the requisite strong ethical standards, professional reputation and experience to contribute positively to the Company's activities, to maintain my objectivity in conflicts of interest between the company and the shareholders, and to decide freely in consideration of stakeholders' rights,

g) I will spare enough time for the Company's affairs in order to follow-up the functioning of the Company's activities, and to fully meet the requirements of the duties that I will assume,

h) I haven't served as a member of the Company's Board of Directors for more than six years during the last ten years,

i) I haven't served as an independent member of the Board of Directors in more than three companies whose management is controlled by the same person, Company or shareholders holding the management control of the Company, and in more than a total of five companies traded on the exchange,

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 : BAŞAR AY
Date : 05.03.2017
Signature :

Declaration of Independent Membership of the Board of Directors

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

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) 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 hereby declare that:

a) There is no employment relationship between myself, my spouse, relatives by blood or by marriage up to the second degree and Aksa Akrilik Kimya Sanayii A.Ş., any partnerships of which the Company holds or significantly affects management control, or shareholders who hold or significantly affect the management of the Company, or any legal entities of which these shareholders hold the management control, at a managerial position to undertake major duties and responsibilities in the last five years, and that I do not have, together or alone, more than 5% of the Company's capital or voting rights or privileged shares, and I do not have a business relationship of significant nature,

b) I have not served as a partner (5% and above), at a managerial position to undertake major duties and responsibilities and/or as a board member in any companies, particularly those conducting the auditing (including tax audit, legal audit and internal audit), grading and counseling of the Company, to which the company has sold or purchased a significant amount of products or services in the framework of the agreements, during the periods of selling or purchasing products or services, in the last five years,

c) I have the requisite professional training, knowledge and experience in order to fulfill the tasks that I will assume in the Company as an independent member of the Board of Directors,

d) I will not work in public institutions and organizations, other than academic positions at universities, provided that it is appropriate to their relevant legislations, on a full-time basis, after being elected as a member,

e) I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,

f) I possess the requisite strong ethical standards, professional reputation and experience to contribute positively to the Company's activities, to maintain my objectivity in conflicts of interest between the company and the shareholders, and to decide freely in consideration of stakeholders' rights,

g) I will spare enough time for the Company's affairs in order to follow-up the functioning of the Company's activities, and to fully meet the requirements of the duties that I will assume,

h) I haven't served as a member of the Company's Board of Directors for more than six years during the last ten years,

i) I haven't served as an independent member of the Board of Directors in more than three companies whose management is controlled by the same person, Company or shareholders holding the management control of the Company, and in more than a total of five companies traded on the exchange,

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 : MEHMET ABDULLAH MERİH ERGİN
Date : 04.03.2017
Signature :

Declaration of Independent Membership of the Board of Directors

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

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) 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 hereby declare that:

a) There is no employment relationship between myself, my spouse, relatives by blood or by marriage up to the second degree and Aksa Akrilik Kimya Sanayii A.Ş., any partnerships of which the Company holds or significantly affects management control, or shareholders who hold or significantly affect the management of the Company, or any legal entities of which these shareholders hold the management control, at a managerial position to undertake major duties and responsibilities in the last five years, and that I do not have, together or alone, more than 5% of the Company's capital or voting rights or privileged shares, and I do not have a business relationship of significant nature,

b) I have not served as a partner (5% and above), at a managerial position to undertake major duties and responsibilities and/or as a board member in any companies, particularly those conducting the auditing (including tax audit, legal audit and internal audit), grading and counseling of the Company, to which the company has sold or purchased a significant amount of products or services in the framework of the agreements, during the periods of selling or purchasing products or services, in the last five years,

c) I have the requisite professional training, knowledge and experience in order to fulfill the tasks that I will assume in the Company as an independent member of the Board of Directors,

d) I will not work in public institutions and organizations, other than academic positions at universities, provided that it is appropriate to their relevant legislations, on a full-time basis, after being elected as a member,

e) I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,

f) I possess the requisite strong ethical standards, professional reputation and experience to contribute positively to the Company's activities, to maintain my objectivity in conflicts of interest between the company and the shareholders, and to decide freely in consideration of stakeholders' rights,

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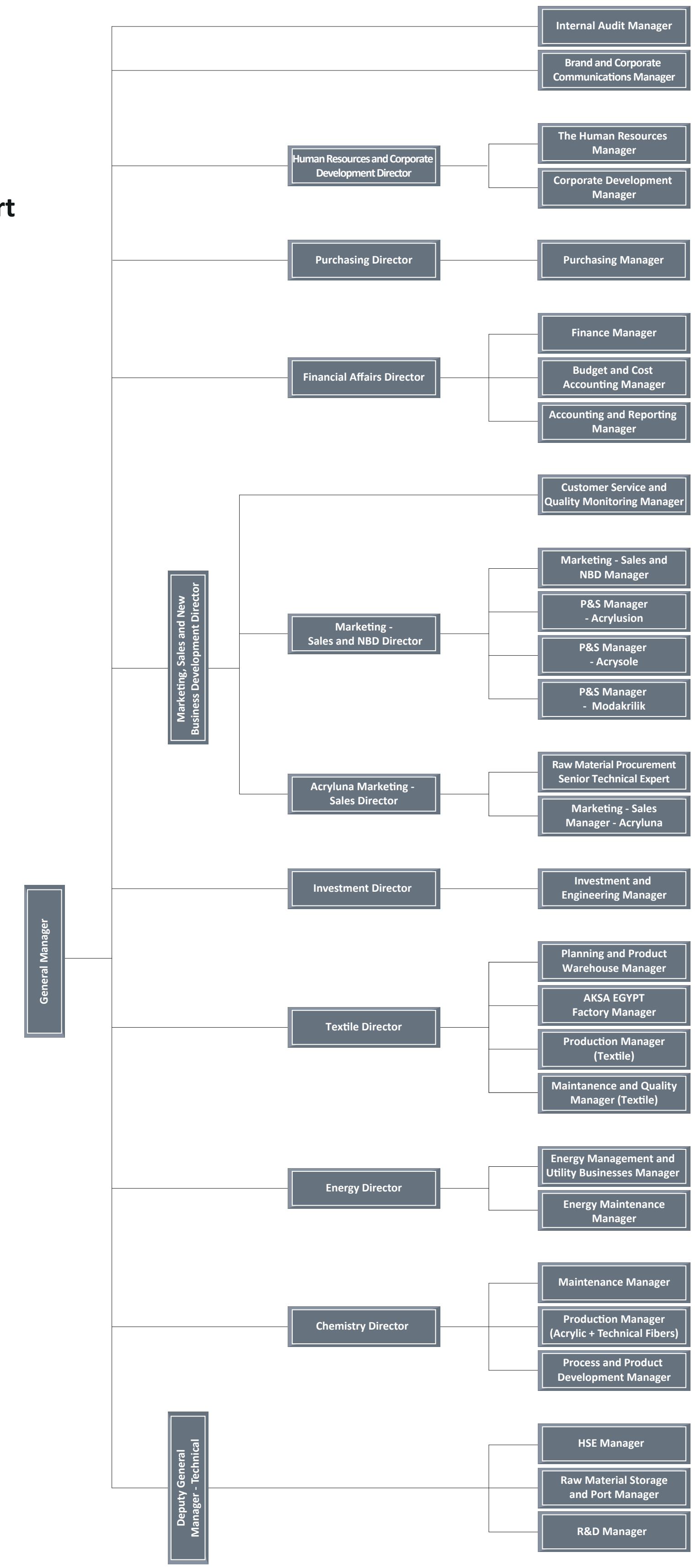
I will therefore act as an independent member of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi. Pursuant to the related legislation, I also declare that should a situation arise that removes my independence, I would communicate this to the Board of Directors in order for it to be announced to the public, and that I would resign on principle.

Sincerely,

Name and Surname : İlknur GÜR URALCAN
Date : 03.03.2017
Signature :

Organization Chart



Corporate Governance Principles Compliance Report
SECTION I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

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 equitable 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.

The Company abides by all obligatory corporate governance principles stipulated under the Capital Markets Board's Corporate Governance Communiqué numbered (II-17.1). Pursuant to Article 6 of the Capital Markets Board's Corporate Governance Communiqué numbered (II-17.1), the principle that is not available.

The reason for not applying the non-obligatory principles that are stipulated under Corporate Governance Communiqué numbered (II-17.1) of the Capital Markets Board are provided below:

- Since there are only independent Board members and licensed personnel in the committees in accordance with the "Corporate Governance Communiqué ", no 4.5.5, 3 independent Board members are appointed in 3 committees, each at a maximum of 2 committees. Other Board members do not take part in the committees.

- In accordance with the 'Corporate Governance Communiqué", no 4.6.5, the remunerations and all other benefits provided to the members of the Board of Directors and senior executives are disclosed to the public through the Annual Report. Our disclosure is not on an individual basis and includes the Board of Directors and senior executives. The remuneration policy has been issued in writing and is added as an agenda item to the General Assembly meeting. In the current situation, personal salary information will not be disclosed.

There is no conflict of interest arising from the foregoing non-obligatory principles governed under the Capital Markets Board's Corporate Governance Communiqué numbered (II-17.1). In the future period, the necessary works will be conducted in consideration of the developments and practices in the regulation towards alignment with Corporate Governance Principles.

The following Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (PIF) can be accessed via the Corporate Governance and Corporate Governance Compliance Report sections of the Public Disclosure Platform (https://www.kap.org.tr/en/sirket-bilgileri/ozet/840-aksa-akrilik-kimya-sanayii-a-s)

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twenthieth of the outstanding shares, and expand the scope of the minority rights.	X					
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 -Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					Employees, or their representatives as Representative Board were notified of decisions impacting them. All employees are members of Representative Board and there is no any syndicate
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

Corporate Governance Compliance Report

	Company Compliance Status: Yes	Partial	No	Exempted	Not Applicable	Explanation
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					

Corporate Governance Compliance Report

	Company Compliance Status: Yes	Partial	No	Exempted	Not Applicable	Explanation
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which nformation and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting but did submit their opinion in written format, were presented to other members.					X	
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	X					
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.		X				There are only independent members of the Board of Directors and licensed personnel in the committees. Three (3) independent Board Members are appointed in three (3) committees, each with a maximum of two (2) membership. The other board members are not included in the committees.

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6.FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.	X					The remunerations and all benefits provided to the members of the Board of Directors and executives with administrative responsibility are disclosed to the public through the annual report. Our disclosure is not on an individual basis and includes the Board of Directors and senior executives.

Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	In the year of 2018, 106 meetings are organised by the company as conferance call and meetings in person and we participated in a roadshow ın London
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	There is one (1) special audit request in the General Assembly for the year 2017 dated 2 April 2018
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/666796
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Company provides materials for the General Shareholders' Meeting in English and Turkish at the same time
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	-
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/727504
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/686941
The name of the section on the corporate website that demonstrates the donation policy of the company	Our corporate website at www.aksa.com/en, Investor Relations/Policies/Policy on Donations and Aids

Corporate Governance Information Form

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/426564
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	12
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Stakeholder groups that participated in the General Shareholders' Assembly is as of the link below. Representatives of Independent auditor, Corporate Governance Rating Company, Ministry of Commerce and Board of Directors and those who are not shareholder but requested, participated to General Assembly
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	(No)
In case that there are voting privileges, indicate the owner and and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	39.59%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	Yes
If yes, specify the relevant provision of the articles of association.	17
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Our corporate website at www.aksa.com/en, Investor Relations/Policies/Dividend Distrubition Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	It was decided to distribute dividend in the General Assembly for the year 2017 dated 2 April 2018
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

Corporate Governance Information Form

General Assembly Meetings	
General Meeting Date	02.04.2018
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	-
Shareholder participation rate to the General Shareholders' Meeting	77.07%
Percentage of shares directly present at the GSM	2.07%
Percentage of shares represented by proxy	75%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Our corporate website at www.aksa.com/en, Investor Relations/General Assembly/Minutes of Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Our corporate website at www.aksa.com/en, Investor Relations/General Assembly/Minutes of Assembly
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	9
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/666796

Corporate Governance Information Form

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Our corporate website at www.aksa.com/en, the information requested by Principle 2.1.1. are provided as Corporate Governance, Policies, Material Disclosures, Financial Statements and Reports, Corporate sections under Investor Relations.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Our corporate website at www.aksa.com/en, Investor Relations/Capital and Shareholding Structure.
List of languages for which the website is available	
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	Turkish and English
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Corporate Governance/CV of the Board of Directors
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Other Information
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Other Information
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Other Information
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Litigations
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Other Information

Corporate Governance Information Form

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Other Information
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Our corporate website at www.aksa.com/en, Sustainability section
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Our corporate website at www.aksa.com/en, Investor Relations/Policies/ Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	13
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	It is held by a independent organisation as "Ethical Line"
The contact detail of the company alert mechanism	0 - 800 - 211 - 0107 / 0 - 212 - 213 - 9718 / akkok@etikhat.com.tr
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Our corporate website at www.aksa.com/en, Human Resources section
Corporate bodies where employees are actually represented	Representation Board
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The succession plan for the key management positions is being prepared annually and be presented to Chairman
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy	Our corporate website at www.aksa.com/en, Human Resources/The Value Added to the Employees and Investor Relations/Policies/Women's Employment and Women's Board Membership Policy
Whether the company provides an employee stock ownership programme	(There isn't an employee stock ownership programme)

Corporate Governance Information Form

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Our corporate website at www.aksa.com/en, Human Resources/The Value Added to the Employees and Investor Relations
The number of definitive convictions the company is subject to in relation to health and safety measures	1
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Our corporate website at www.aksa.com/en, Investor Relations/Corporate Governance/Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Our corporate website at www.aksa.com/en, Sustainability section
Any measures combating any kind of corruption including embezzlement and bribery	The actions against any kind of corruption including embezzlement and bribery is held by Company.The necessary awareness-raising and control activities are coordinated by the Human Resources and ethics representative. Ethical management in this direction is available under the ar human resources section of our corporate website (www.aksa.com/en), we have disciplinary rules governing ethical management and compliance with the Company rules.
4. BOARD OF DIRECTORS - I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	21.12.2018
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	With respect to the duty distribition among the Board of Directors, Mr. Mehmet Ali Berkman was appointed as the Chairman of the Board of Directors and Mr. Raif Ali Dinçkök as the Vice Chairman. There is no any other delagated duties and authorities
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	3

Corporate Governance Information Form

Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Internal Control Mechanism
Name of the Chairman	Mehmet Ali Berkman
Name of the CEO	Cengiz Taş
If the CEO and Chair functions are combined: provide the link to the relevant PDP annoucement providing the rationale for such combined roles	The CEO and Chair functions are not combined
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/tr/Bildirim/722704
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Our corporate website at www.aksa.com/en, Investor Relations/ Policies/Women's Employment and Women's Board Membership Policy
The number and ratio of female directors within the Board of Directors	Number of 2 and %22 percentage

Corporate Governance Information Form

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Mehmet Ali Berkman	Non-executive	Not independent director	03.04.2017		Not considered		
Raif Ali Dinçkök	Non-executive	Not independent director	03.04.2017		Not considered		
Nilüfer Dinçkök Çiftçi	Non-executive	Not independent director	03.04.2017		Not considered		
Ahmet Cemal Dördüncü	Non-executive	Not independent director	03.04.2017		Not considered		
İzer Lodrik	Non-executive	Not independent director	03.04.2017		Not considered		
Cengiz Taş	Executive	Not independent director	03.04.2017		Not considered		
Mehmet Abdullah Merih Ergin	Non-executive	Independent director	03.04.2017	https://www.kap.org.tr/tr/Bildirim/666796	Considered	No	Yes
Başar Ay	Non-executive	Independent director	03.04.2017	https://www.kap.org.tr/tr/Bildirim/666796	Considered	No	Yes
İlknur Gür Uralcan	Non-executive	Independent director	03.04.2017	https://www.kap.org.tr/tr/Bildirim/666796	Considered	No	Yes

Corporate Governance Information Form

4. Meeting Procedures of the Board of Directors	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	3
Director average attendance rate at board meetings	85%
Whether the board uses an electronic portal to support its work or not	Hayır
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	At least 3 days
The name of the section on the corporate website that demonstrates information about the board charter	Our corporate website at www.aksa.com/en, Investor Relations/ /Corporate Governance/Board of Directors
Number of maximum external commitments for board members as per the policy covering the number of external duties held	While the maximum limit is not defined, nomination is accepted or not accepted by taking into consideration the duties of the candidates outside the Company in the election of board members. The Nominating Committee makes an evaluation on this issue and submits it to the Chairman of the Board of Directors.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Board of Committees
Link(s) to the PDP announcement(s) with the board committee charters	"www.kap.org.tr/tr/Bildirim/210845, www.kap.org.tr/tr/Bildirim/279952

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Denetim Komitesi (Audit Committee)	-	İlknur Gür URALCAN	Yes	Yes
Denetim Komitesi (Audit Committee)	-	Başar AY	No	Yes
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	Başar AY	Yes	Yes
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	Mehmet Abdullah Merih ERGİN	No	Yes
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	Erdinç KAZAK	No	No
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)	-	Mehmet Abdullah Merih ERGİN	Yes	Yes
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)	-	İlknur Gür URALCAN	No	Yes

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Committee
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Early Risk Detection Committee

Composition of Board Committees-I

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Committee
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Targets and Actuals
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Our corporate website at www.aksa.com/en, Investor Relations /Policies/Policy On Remunerations
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Consolidated Financial Statements / Note 25

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Denetim Komitesi (Audit Committee)	-	100%	100%	5	9
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	68%	68%	4	7
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)	-	100%	100%	4	6

Üst Yönetim

İsmail Murat İnceoğlu
Assistant General Manager - Technic
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 (United Kingdom), where he also completed his master's studies. Mr İnceoğlu began his professional career at the Royal Mail UK and Braims Steel UK-Textile Testing Laboratory. In 1981, he started working at Ak-Al Tekstil as Production Operations Engineer, and later assumed the position of Production Manager at the Semi Worsted Hand-Knitting Plant. Mr İnceoğlu was involved in various high-level projects, primarily the merger of Ak-Al and Aksu, and he recently worked as Assistant General Manager for Technical and Quality. In March 2011, Mr İnceoğlu started working as Director of Technical and Administrative Services at Aksa, and he was appointed Plant Director in July 2011. As of September 2016, he has served as a Deputy General Manager - Technical.

Sabri Arca
Marketing, Sales and New Business Development Assistant General Manager
Born in 1960, Sabri Arca graduated from the Department of Business Administration at the University of Southern California (USA). He worked at Dinarsu T.A.Ş. between 1985 and 1989, and at Ak-Al between 1990 and 1994. Mr Arca was promoted to Assistant General Manager at Aksa in 1994, and since then he has held the positions of Administrative Assistant General Manager, Assistant General Manager of Purchasing, Assistant General Manager of New Business Development and Purchasing, and Director of New Business Development and Purchasing, respectively. In December 2011, Mr Arca was appointed Director of Marketing, Sales and New Business Development. On January 1, 2018 a new Assistant General Manager for Marketing, Sales and New Business Development was assigned.

Aydın Fethi Baytan
Human Resources and Corporate Development Director
Born in 1965, Aydın Fethi Baytan graduated from Boğaziçi University, Department of Computer Engineering in 1988. Afterwards, he began working at Bios Bilgisayar as a Software Development Specialist, and continued his career there as Project Manager. Between 1994 and 2000, he served as Information Technology Manager at Continent and subsequently, post-merger, at Carrefour. Joining Ak-Al Tekstil A.Ş. in 2000 as Information Technology Manager, Mr Baytan assumed the position of Assistant General Manager of Purchasing, Logistics and Systems Development in 2007. In December 2011, he joined Aksa as Purchasing Director. Currently, he serves as Director of Human Resources and Corporate Development Director.

Barış Devrimsel
Purchasing Director
Mr. Devrimsel began his career at Çelebi Ground Handling in 1997 and held the positions of Budget Planning, Control and Reporting Specialist, Plant Specialist, Plant Planning Manager and Marketing and Strategic Planning Manager. Between 2002-2005, he worked as Assistant General Manager at Havaş Ground Handling. In 2006, he started work at Aksa Acrylic and held the following positions, respectively: Assistant General Manager (Technical), Production Planning, Project Program Execution and Budget Monitoring Manager, Marketing & Sales Planning and Support Services Manager, Planning and Product Warehouse Manager. Mr. Devrimsel is a graduate of the Business Administration Department of the Middle East Technical University.

Ceyhan Arık
Energy Director
Born in Afyon in 1978, Ceyhan Arık graduated from the Department of Industrial Engineering at Istanbul University in 2000. He started his career as a Production Planning Specialist at Bossa Tekstil A.Ş. in 2001. Between 2002 and 2007, he worked as Production and Material Planning Engineer at Areva Elektrik End. A.Ş. Starting his duty as Budgeting Specialist in the Investment Department at Aksa Akrilik Kimya Sanayii A.Ş. in 2007, he served respectively as Budget and Financing Specialist, Budget and Cost Accounting Deputy General Manager, and Budget and Cost Accounting General Manager. He was appointed Investment and Engineering Manager in November 2015. As of September 2016, Arık has acted as a deputy Investment Director. As of January 1, 2018, a new Energy Director was assigned.

Didem Tunçbilek
Technical Fibers Marketing, Sales and New Business Development Director
He worked at Aksa in the following positions, respectively: Technology Engineer, Marketing Expert Engineer, Product Development Manager, Marketing and Sales Market Research Expert Engineer, Outdoor and Special Fibers Marketing and Sales Manager, Technical Fibers Marketing and Sales Manager. Born in 1975, Mr. Tunçbilek graduated from the Middle East Technical University, Department of Chemical Engineering.

Erdinç Kazak
Financial Affairs Director, Corporate Governance Committee Member
Born in 1983, Erdinç Kazak began his career as an independent auditor at PricewaterhouseCoopers and then continued his progress as Senior Financial Control Expert at Turkcell İletişim Hizmetleri A.Ş. In 2011, he started working as a Reporting Expert at Aksa Akrilik Kimya Sanayii A.Ş., and subsequently served as Investor Relations and Reporting Manager, Accounting and Reporting Manager, Budget and Cost Accounting Manager and Financial Affairs Director in Proxy. As of January 1, 2018, he was designated Financial Affairs Director. Kazak graduated from the Business Management department at Marmara University in 2005, and has qualified as an Independent Accountant and Financial Advisor, an Independent Auditor of the Accounting and Auditing Standards Authority, and as an Advanced Level CMB/Corporate Governance Expert.

Gürcan Koman
Chemistry Director
Born in Bursa in 1982, Gürcan Koman graduated from the Department of Chemical Engineering at Middle East Technical University in 2005. He started his career at Aksa Akrilik Sanayi in 2006. Within Aksa, he undertook the duties of Investment Engineer, Process Engineer and R&D Engineer; Fabric Pullout and Dope Areas Manager; Process and Product Development Manager. As of September 2016, he has acted as a deputy Chemical Director.

Haydar İnan
Textile Director
Born in Malatya in 1979, Haydar İnan graduated from the Department of Industrial Engineering at Istanbul University in 2001, and completed his Masters in Polymer Engineering at Yalova University in 2015. He started his career as a Human Resources Specialist for the Aksa Akrilik Kimya Sanayi's facilities in Yalova in 2002, and in 2005, he worked as a Specialist in the department of Investment Planning, and Industrial Engineer at the Ak-Al Tekstil's facilities in Yalova. Serving as a Production Planning Specialist at Ak-Al Tekstil facilities between 2006 and 2008, Mr İnan undertook his additional duty at Budget Planning in 2008, while he served as Budget and Strategic Planning Manager at Ak-Al's Central office in Istanbul between 2009 and 2011. He acted as Finance Manager in 2011, reporting to Akkök Holding's Chief Financial Officer. Mr İnan started to serve as Planning and Product Warehouse Manager at Aksa Akrilik Kimya Sanayi in 2012, and was appointed Textile Director in February 2015.

Serhan Belener
Acrylic Fibers Marketing and Sales Director
Born in 1977, Mr. Serhan Belener is a graduate of the International Trade Department of Boğaziçi University. He started his career in 2000 as Export Marketing Representative at Akpa Textile Export Marketing. Between 2004 and 2011, he worked as Sales and Marketing Manager at Ak-Al Tekstile Industry. Since 2011, he has worked as Export Marketing Manager, Sales Marketing Manager (Acrylic Fibers) at Aksa Acrylic. He is currently Sales Marketing Director (Acrylic Fibers) at Aksa Acrylic.

After 2018...(*)

- In line with the positive developments in acrylic fiber demand, on 5 February 2019, our company announced that it has once again expanded its capacity to that of the sector averages.

- Between 1 January and 6 March, the shares of the Company amounting to thousand TL 3,645 have been bought within the framework of the buyback program and the Company's share in the total amount rose to 1.81%.

- Top Management and Organization Change

As of 1st of February 2019, it has been decided that;

• The name of the Marketing&Sales Directorate (Acrylic Fibers) be changed to "The Acryluna Marketing & Sales Directorate",

• The name of the Marketing&Sales (Technical Fibers) and the New Business Development Directorate be changed to "The Business Development Directorate",

• A Logistics and Planning Department be established and Mr. Haydar İnan who currently acts as the Textile Director be appointed as the "Logistics and Planning Director".

• The name of the "Investment Directorate" be changed to "The Investment and Maintenance Directorate",

• The name of the Chemistry Directorate be changed to "The Plant Directorate",

Draft Amendment to the Articles of Association

- It has been resolved that Article 7 of the Articles of Association (entitled as Board of Directors) be amended in order to allow the Board of Directors to use the system of attending the meetings and voting in an electronic environment, an application be made to the Energy Market Regulation Board, the Capital Market Board and the Ministry of Customs and Trade to obtain necessary authorizations with respect to amendment to the Articles of Association pursuant to the draft amendment appended hereto, the draft amendment to be presented at the Annual General Meeting for approval in the format as approved by the Energy Market Regulation Board, the Capital Markets Board and the Ministry of Customs and Trade, provided that necessary authorizations are obtained from the Energy Market Regulation Board, the Capital Markets Board and the Ministry of Customs and Trade.

(*) Major events for the year 2019 as of the date of the report

Draft Amendment to the Articles of Association

PREVIOUS VERSION	NEW VERSION
THE BOARD OF DIRECTORS ARTICLE 7 – In respect to the Turkish Commercial Code and the provisions of the Articles of Association, the Company shall be represented and managed by a Board of Directors consisting of a number of members to be appointed by the General Assembly for a maximum term of office of three years and at least five members. The same Board member may be re-elected.	**THE BOARD OF DIRECTORS** ARTICLE 7 – In respect to the Turkish Commercial Code and the provisions of the Articles of Association, the Company shall be represented and managed by a Board of Directors consisting of a number of members to be appointed by the General Assembly for a maximum term of office of three years and at least five members. The same Board member may be re-elected.
The number and qualifications of the independent members of the Board of Directors shall be determined in accordance with the mandatory Corporate Governance principles of the Capital Markets Board. Legal persons or real persons may be elected as members of the Board of Directors. If the legal entity is elected as a member of the Board of Directors, only one real person shall be registered and announced on behalf of and together with the related legal entity. It is also disclosed on the Company's website that the registration and announcement has been made. The real person registered in the name of the legal entity may attend the Board meetings and vote. The legal entity who is a member of the Board of Directors may change the real person registered in its name at any time.	The number and qualifications of the independent members of the Board of Directors shall be determined in accordance with the mandatory Corporate Governance principles of the Capital Markets Board. Legal persons or real persons may be elected as members of the Board of Directors. If the legal entity is elected as a member of the Board of Directors, only one real person shall be registered and announced on behalf of and together with the related legal entity. It is also disclosed on the Company's website that the registration and announcement has been made. The real person registered in the name of the legal entity may attend the Board meetings and vote. The legal entity who is a member of the Board of Directors may change the real person registered in its name at any time.
Members of the Board of Directors shall be paid a monthly fee or a fee per meeting to be determined by the General Assembly. The regulations of the Capital Markets Board regarding the compulsory Corporate Governance principles are reserved.	Members of the Board of Directors shall be paid a monthly fee or a fee per meeting to be determined by the General Assembly. The regulations of the Capital Markets Board regarding the compulsory Corporate Governance principles are reserved.
Meeting and decision quorums of the Board of Directors are subject to the provisions of the Turkish Commercial Code.	Meeting and decision quorums of the Board of Directors are subject to the provisions of the Turkish Commercial Code.
In accordance with Article 390/4 of the Turkish Commercial Code, if none of the members requests a meeting, Board of Directors' decisions may also be made on a proposal made by a member on a certain matter, by taking the written approval of a majority of the total number of members of the Board of Directors,	In accordance with Article 390/4 of the Turkish Commercial Code, if none of the members requests a meeting, Board of Directors' decisions may also be made on a proposal made by a member on a certain matter, by taking the written approval of a majority of the total number of members of the Board of Directors,
The fact that the same proposal was made to all members of the Board of Directors is the validity condition of the decision to be taken in this manner. Approvals need not be on the same paper; however, it is necessary for the validity of the decision that all of the papers with approval signatures should be affixed to the minute book of the Board of Directors or converted into a decision containing the signatures of those in favor and passed on to the minute book.	The fact that the same proposal was made to all members of the Board of Directors is the validity condition of the decision to be taken in this manner. Approvals need not be on the same paper; however, it is necessary for the validity of the decision that all of the papers with approval signatures should be affixed to the minute book of the Board of Directors or converted into a decision containing the signatures of those in favor and passed on to the minute book.
	Those who are entitled to participate in the Board of Directors meeting of the Company may also attend these meetings in an electronic environment pursuant to Article 1527 of the Turkish Commercial Code. In accordance with the provisions of the Communiqué on the Assemblies to be conducted in an electronic Environment by Joint Stock Companies, the Company may establish an Electronic Meeting System that will allow the beneficiaries to participate and vote in an electronic environment and may also purchase services from such established systems. In the meetings to be held, it is ensured that the beneficiaries exercise their rights specified in the related legislation within the framework specified in the Communiqué through the system established in accordance with this provision of the Articles of Association of the Company or on the system for which support services are received.

Other Informations

The Company's other statements within the scope of the Capital Markets Board and the Turkish Commercial Code regulations are as follows:

During the activity period, the Company has acquired its own shares and as of 31 December 2018, they accounted for 1.56% of the Company's capital.

In 2018, there were no private or public audits in our Company.

There are no administrative or judicial sanctions imposed on the Company or the Board of Directors for any reason.

There were no legislative changes in 2018 which significantly changed the Company's activities.

There were no conflicts of interest between the Company and the institutions that provide services in areas such as investment consultancy and rating in 2018.

The Company has no unredeemed capital and the Company is not in a debt-choked status.

None of the Company's partnerships has a cross shareholding relationship.

Information regarding the benefits provided in accordance with the legislation to the related party transactions and balances, as well as the Board of Directors and the senior executives, is provided in footnote No. 25, titled Related Party Disclosures, in the Financial Statements section.

Information regarding the Company's financial resources is provided in footnote No. 6, titled "Financial Borrowings", in the Financial Statements section. There are no capital market instruments issued during the year or still active.

The decisions taken in the General Assembly were implemented.

There was no extraordinary meeting held within the year.

3 Board meetings were held during the activity period and the attendance rate of the members of the Board of Directors was 85%.

Litigations

There are various lawsuits filed in 2018 in favor of or against the Company, such as debt claims, business or administrative proceedings, and various lawsuits filed by the Company's shareholders. These lawsuits do not have a material impact on the Company's financial status and activities."

Dividend Distribution Policy

In accordance with the provisions of the Turkish Commercial Code, the Capital Markets Board (CMB) Corporate Governance Communiqué, the Dividend Communiqué no II-19.1 and other CMB Legislation, Tax Legislation and other relevant legislation and also within the context of Article 25 of the Articles of Association, the Dividend Distribution Policy of our Company was determined as follows in a resolution taken in 2014.

1) In order to ensure that our partners achieve dividends regularly, in addition to return on shares, concerning the profits related to 2014 and the following years, at least 20% of the distributable profit is distributed annually within the framework of Article 25 of the Company's Articles of Association, provided that it doesn't conflict with existing regulations of the Capital Markets Board, and there aren't any negative economic conditions, and taking into consideration the Company's anticipated investment expenditures and other funds needed.

Within the framework of the provision of sub-paragraph (c) of Article 25 of the Articles of Association and the Company's "Remuneration Policy for the Members of the Board of Directors and Senior Executives", it will be possible to pay dividends to the Members of the Board of Directors depending on the General Assembly decision.

The entire amount of the dividend planned to be distributed, may be distributed only if it can be met from net distributable profits and other resources existing in statutory records.

2) There are no privileged shares in the Company. The dividends to be distributed to the shareholders are distributed equally to all of the existing shares in proportion to their share, as of the distribution date, regardless of their dates of issue and acquisition.

3) Dividend can be distributed in cash or by bonus shares or partially in cash and partially by bonus shares.

4) The dividend distribution date is determined by the General Assembly in accordance with the proposal of the Board of Directors provided that it is not contrary to the Capital Markets Board legislation, and starting no later than the end of the fiscal year of the General Assembly in which the distribution decision was taken.

5) Distributable dividend can be paid in equal or varying installments. The number of installments shall be determined by the General Assembly or by the Board of Directors, provided that it is expressly authorized by the General Assembly. In the event that the installment payment dates are determined by the Board of Directors, the payment dates shall be disclosed to the public, in the framework of the Capital Markets Board's regulations on material disclosures, within fifteen days following the date of the General Assembly.

6) Dividend advance payments may be distributed to the shareholders provided that such payments are in compliance with the relevant Capital Markets Board Legislation.

7) This "Dividend Distribution Policy" may be revised annually, taking into account the Company's financial performance, anticipated investment projects, and sectoral and economic conditions.

Risk Management

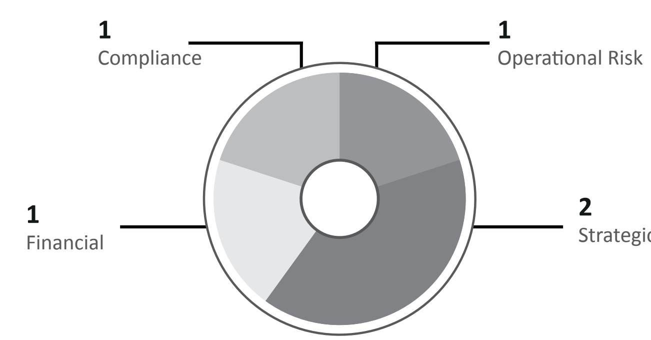
The Board of Directors of Aksa carries out its activities in a transparent, accountable, fair and responsible manner. The Board of Directors establishes internal control systems, including risk management and information systems and processes that aim at minimizing the effects of risks that would affect the stakeholders of the Company, particularly the shareholders, by obtaining the suggestions of the related committees of the Board of Directors.

A Risk Management Committee was established pursuant to article 378 of the Turkish Commercial Code No. 6102, to ensure the effective functioning of the committees within the Board of Directors.

The Committee reports every two (2) months and offers advice and recommendations to the Board of Directors upon early detection of any kind of strategic, financial, operational, etc. risks that may affect the Company, assessment of these risks, evaluation of their impact and probability, management and reporting of these risks in accordance with the Company's corporate risk-taking profile, implementation of the necessary measures in relation to the risks identified, consideration of these risks in decision-making mechanisms, and establishment and integration of effective internal control systems in this regard.

The Company's risk inventory is one of the most important follow-up tools used in Aksa's risk management activities. The risk inventory, created by considering sales, productivity, income generation capacity, profitability, indebtedness, and all future expectations depending on the corporate risk management policies of the Company, includes the company's operational, financial, reputational and strategic risks. Risks with high or very high level risk scores are monitored at the level of the Board of Directors. Detailed action plans are created for such risks, and a risk owner is assigned for each of these risks. The risk owner is responsible for managing the related risk within the framework of the agreed action plan. Thus, the risk management philosophy has become a permanent item on the agenda of routine business of Aksa executives. Updated in line with sectoral and institutional developments, this philosophy has become an integral part of the Company's applications.

The five (5) main risks with the highest scores in the Company's Risk Inventory were identified as critical in 2018. The summary of critical risks is as below and the Board of Directors is overseeing and taking action regarding these risks.



Specific processes have been developed according to the type of risks that may affect the Company's financial performance, regardless of whether they are critical or not. These risks are categorized mainly as Credit risk, Exchange Rate risk, Liquidity risk and Interest Rate risk, and they are included in footnote No. 26, titled "Nature and Extent of Risks Arising from Financial Instruments", in the Financial Statements section.

Internal Control Mechanism

The existing internal control system is audited by the Internal Audit Department within the framework of the annual internal audit plan and the results of the audit are reported to the Audit Committee. The aim of this audit is the improvement of efficiency and productivity in the operations of the Company, ensuring reliability in financial reporting and compliance with the relevant laws and regulations. The efficiency of internal audit operations has been reviewed by the Audit Committee at 5 (five) meetings held throughout the year. Opinions of the internal auditor, external auditor, or other Company executives have also been obtained when required at these meetings.

The Internal Audit team contacts independent auditors when necessary within the scope of their activities.

By reviewing the structure and activities of the existing committees within the framework of the provisions of the Corporate Governance Communiqué of the Capital Markets Board, the Board of Directors has formed the Audit Committee, the Committee for Early Detection of Risk and the Corporate Governance Committee. The duties and responsibilities of the Nomination Committee and the Remuneration Committee are fulfilled by the Corporate Governance Committee.

Assessment of the Board of Directors Regarding Committees

The Committees come together to discuss the agenda items pertaining to themselves among the agenda of the Board of Directors and submit their opinions to the Board of Directors. Unless there is a specific reason to preclude their gathering, it is essential for them to come together to discuss the issue before the meeting.

Audit Committee

The Audit Committee is composed of independent members and is responsible for taking the necessary measures for the effective and transparent performance of all kinds of internal and external audit processes of the Company. The Committee also monitors the effective implementation of the internal control system managed within the Holding. In 2018, the Committee reported 9 (nine) times to the Board of Directors within the scope of all these responsibilities. The Audit Committee held one (1) meetings in total, five (5) of which were with the Independent Audit Company. At these meetings with the Independent Audit Company, information was received regarding audit work in process for the Company, and regarding the pre-examination before the year-end audit, and development areas were observed. The audit methodology, test methods applied and the audit findings after the year-end audit were assessed together with the Independent Audit Company.

At other meetings, the audit committee assessed the financial data published within the year, evaluated the effectiveness of internal audit systems and activities and the independent auditor selection process, and gave recommendations to the Board of Directors.

Corporate Governance Committee

The Corporate Governance Committee observed whether or not the corporate governance principles are applied in the Company. If not, the committee identified the reasons and the conflicts of interests arising due to not fully complying with these principles. The committee offered recommendations on optimizing corporate governance practices, and monitored the works of the Investor Relations unit. The duties of the Nomination Committee and Remuneration Committee are also carried out by the Corporate Governance Committee. Within the scope of these responsibilities, the Corporate Governance Committee managed to;

- Undertake efforts to create a transparent system to identify, evaluate and train qualified candidates for the Board of Directors and executive management positions, and formulate the relevant policies and strategies,
- Make regular evaluations on the structure and efficiency of the Board of Directors, and to advise the Board on changes that can be made on these issues,
- Express their views in the determination of the recommendations regarding the principles of remuneration of the Board members and senior executives by taking into account the long-term goals of the Company,
- Make determinations regarding the criteria that can be used in the remuneration, depending on the performance of the Company and the member.

Early Detection of Risk Committee

The Early Detection of Risk Committee is responsible for early detection of risks that jeopardize the existence, development and continuity of the Company, applying the necessary measures and remedies in this regard, managing the related risks, and undertaking efforts to fulfill requirements. The Committee reviews the risk management systems at least once a year. The Committee reported to the Board of Directors six (6) times in line with the regulations, and met four (4) times within 2018.

Committees of the Board of Directors

Audit Committee:

Name and Surname	Title	Commencement of Duty
İlknur Gür URALCAN	Chairman of the Committee (Independent Member)	18.04.2017
Başar AY	Committee Member (Independent Member)	18.04.2017

Corporate Governance Committee:

Name and Surname	Title	Commencement of Duty
Başar AY	Chairman of the Committee (Independent Member)	18.04.2017
Mehmet Abdullah Merih ERGİN	Committee Member (Independent Member)	18.04.2017
Erdinç KAZAK	Committee Member (Licensed Personnel)	18.04.2017

Early Detection of Risk Committee:

Name and Surname	Title	Commencement of Duty
Mehmet Abdullah Merih ERGİN	Chairman of the Committee (Independent Member)	18.04.2017
İlknur Gür URALCAN	Committee Member (Independent Member)	18.04.2017

Duties and Working Principles of the Audit Committee

1. Authorization

- The Committee is formed and authorized by the Board of Directors.
- The resolutions of the Committee are in an advisory capacity to the Board of Directors and the decisions taken by the Board of Directors is ultimate in the related matters.
- All resources and support necessary for the Committee to perform its duties are provided by the Board of Directors.

2. Membership

- The Committee consists of at least two members.
- All members of the Committee are elected from among independent Board members.
- The Chairman and the Members of the Committee are determined by the Board of Directors and disclosed to the public.

3. Meeting and Reporting

- The Committee meets at least 4 times a year and at least once every three months.
- The quorum for meetings and resolutions is the absolute majority of the total number of Committee members.
- The decisions taken in the Committee meetings are written down, signed by the members of the Committee and kept regularly.
- Meetings may be held at the company headquarters or at any other location where Committee members can easily access.
  Meetings may also be held by using technological means if members cannot come together.
- The Committee submits reports containing the results of meetings and activities to the Board of Directors.

4. Duties and Responsibilities

Independent External Audit

- The Committee takes the necessary measures to ensure that the independent external audit is conducted effectively, adequately and transparently. In this context, the Committee oversees the selection of an independent audit firm, the preparation of independent audit contracts to initiate the independent audit process and the work of the independent audit firm at all stages.
- The independent audit firm and the services to be received by the Company are determined by the Audit Committee and submitted to the Board of Directors for approval.
- The Committee reviews the audit scope and audit approach proposed by independent external auditors, informs and advises the Board of Directors about the issues that restrict or limit its operations.
- The Committee ensures that any significant problems identified during or after the audits carried out by the independent external auditors and their suggestions regarding the elimination of these problems are reached and discussed in a timely manner.
- The Independent audit firm submits in writing to the Committee, pertinent aspects of the Company's accounting policy and practices, alternative options within the framework of implementation and public disclosure of accounting principles with the Turkish accounting standards, their possible consequences and their implementation recommendations and also important correspondence with the Company management.

Accounting System and Financial Reporting

- The Committee oversees the functioning and effectiveness of the accounting system.
- The Committee takes into account the views of the Company's responsible managers and independent auditors regarding the accuracy, conformity to the accounting principles followed by the Company, of the annual and interim financial statements to be disclosed to the public. The Committee notifies the Board of Directors in writing, together with its assessments.

Internal Control

- The Committee monitors the operation and effectiveness of the Company's internal control system. For this purpose, the Company reviews the work, organizational structure, duties and working principles of the internal audit unit and makes recommendations to the Board of Directors.
- Informs the Board of Directors about the issues that limit the work of the internal auditors and the efficiency of their activities and advises the Board on these issues.
- The Committee reviews and evaluates the internal audit report issued by the Company's internal audit unit. The Committee airs its opinions to the Board of Directors on the important issues in the internal audit report and on the warnings and recommendations regarding these issues.

Other Responsibilities

- The Committee reviews complaints from shareholders and stakeholders regarding the Company's accounting and internal control system and independent audit. It determines the methods and criteria to be followed so that such complaints and notifications reach the Committee within the framework of the confidentiality principle.
- The Committee also carries out other surveillance and monitoring activities requested by the Board of Directors.
- Performs other duties assigned/to be assigned to the committee by the CMB regulations and the Turkish Commercial Code.
- In fulfilling its duties, the Committee;

> May invite the manager it deems necessary to its meetings to obtain his/her opinions.

> Uses independent experts' opinions on the subjects it needs for its activities. The cost of the consultancy services required by the Committee is paid by the Company.

> In order to ensure the effectiveness of its work, it may form sub-working groups consisting of people with sufficient experience and knowledge in internal audit, financial reporting and independent audit, to be elected from amongst its members and/or from the outside.

Corporate Governance Committee - Tasks and Working Principles

1. Authorization

- The Committee is formed and authorized by the Board of Directors. The duties of the Nomination and Remuneration Committee will be fulfilled by the Corporate Governance Committee within the framework of the following principles:
- The resolutions of the Committee are advisory to the Board of Directors and the Board of Directors is the final decision maker in related matters.
- All resources and support necessary for the Committee to fulfill its duties are provided by the Board of Directors.

2. Structure of the Committee

- The Committee consists of at least two members.
- The Chairman of the Committee is elected from among the independent Board members.
- In the event that the Committee consists of two members, both of them shall be appointed from among the non-executive members of the Board of Directors. If there are more than two members, then the majority of them shall be appointed from among the non-executive members of the Board of Directors
- The CEO / General Manager cannot take part in the committees.
- The Chairman and the members of the Committee shall be determined by the Board of Directors and disclosed to the public.

3. Meeting and Reporting

- Committees meet at least once a year, as often as necessary for the effectiveness of their work.
- The quorum for meetings and resolutions is the absolute majority of the total number of Committee members.
- The resolutions taken at the Committee meetings are written down, signed by the Committee members and kept regularly.
- Meetings may be held at the Company headquarters or at any other venue easily accessible by the Committee members. Meetings may also be held by using other technological means if members cannot come together.
- The Committee submits reports containing the results of the meetings and activities to the Board of Directors.

4. Duties and Responsibilities

4.1. Corporate Governance

- The Committee ensures the establishment and adoption of Corporate Governance Principles within the Company.
- The Committee determines whether the Corporate Governance Principles are applied or not, if not implemented, determines the rationale and conflicts of interest arising due to noncompliance with these principles and makes recommendations to the Board of Directors for improvement.
- The Committee oversees the work of the Investor Relations Unit. It advises the Board of Directors to maintain effective communication with the shareholders and to resolve any disputes that may arise.
- The Committee submits the transactions that are alleged to be illegal or unethical to the Company by the stakeholders to the Audit Committee and ensures the necessary coordination.
- The Committee carries out other activities that may be evaluated within the scope of Corporate Governance as requested by the Board of Directors.

4.2. Nomination

- The Committee establishes a transparent system for identifying, evaluating and training candidates for the Board of Directors and determining policies and strategies in this regard.
- The Committee makes regular assessments on the structure and efficiency of the Board of Directors and presents its recommendations to the Board of Directors on the possible amendments to these issues.
- The Committee determines and supervises the approaches, principles and practices regarding the performance evaluation and career planning of the members of the Board of Directors and senior executives.
- In the selection of the independent members of the Board of Directors, the Committee evaluates the proposals for candidates for independent membership, including from the management and the shareholders, by taking into consideration the candidate's independence criteria, and submits its assessment in a report to the Board of Directors for approval.
- In order to ensure the minimum number of independent members of the Board of Directors to be re-established if there is a drop in the membership of the Independent Board of Directors, the Committee shall make an assessment for the election of independent members to the vacant positions to serve until the first Annual General Meeting to be held. It submits the results of its assessment to the Board in writing.

4.3. Remuneration

- The Committee determines the suggestions of the members of the Board of Directors and senior executives regarding the remuneration principles by taking into consideration the long-term objectives of the Company.
- The Committee determines the criteria that can be used in remuneration in connection with the performance of the Company and the member. It submits its recommendations to the Board of Directors regarding the fees to be paid to the members of the Board of Directors and senior executives, taking into account the degree of fulfillment of the criteria.
- In fulfilling its duties, the Committee;

> May invite the manager it deems necessary to its meetings to obtain his/her opinions.

> Uses the opinions of independent experts on the subjects that are needed for its activities. The cost of the consultancy services required by the Committee shall be borne by the company.

> In order to ensure the effectiveness of its work, may create sub-working groups composed of people with sufficient experience and knowledge to be chosen from among its members and/or from the outside.

Duties and Working Principles of the Committee for the Early Detection of Risk

1. Authorization

- The Committee is formed and authorized by the Board of Directors.
- The resolutions of the Committee are in an advisory capacity to the Board of Directors and the decisions taken by the Board of Directors is ultimate in the related matters.
- All resources and support necessary for the Committee to fulfill its duties are provided by the Board of Directors.

2. Structure of the Committee

- The Committee consists of at least two members.
- The Chairman of the Committee is elected from among the Independent Board Members.
- In the event that the Committee consists of two members, both of them shall be appointed from among the non-executive members of the Board of Directors. If there are more than two members, then the majority of them shall be appointed from among the non-executive members of the Board of Directors
- The CEO/General Manager cannot take part in the committees.
- The Chairman and the members of the Committee are determined by the Board of Directors and disclosed to the public.

3. Meeting and Reporting

- The Committee convenes at least once a year, as often as necessary for the effectiveness of its activities. The quorum for meetings and resolutions is the absolute majority of the total number of Committee members.
- The resolutions taken at the Committee meetings are written down, signed by the Committee members and kept regularly.
- Meetings may be held at the Company headquarters or at any other venue easily accessible by the Committee members. Meetings may also be held by using other technological means if members cannot come together.
- The Committee submits the reports containing the meeting and activity results to the Board of Directors every two months. Such reporting should also be shared with the independent auditor.

4. Duties and Responsibilities

- The Committee conducts studies to ensure the early identification of risks that may endanger the existence, development and continuity of the Company, to implement the necessary measures regarding the identified risks and to manage the risk.
- The Committee reviews risk management systems at least once a year.
- The Committee collaborates with those responsible for coordinating corporate risk management, examines reports and if deemed necessary, meets with the related risk holders.
- In fulfilling its duties, the Committee;

> When deemed necessary, may request information, opinions and reports from the relevant units and may invite the relevant managers to its meetings to seek their opinions.

> Uses the opinions of independent experts on the subjects that are needed for their activities. The cost of the consultancy services required by the Committee shall be borne by the company.

> In order to ensure the effectiveness of its work, may create sub-working groups composed of people with sufficient experience and knowledge to be chosen from among its members and/or from the outside.

Summary of the 2018 Subsidiary Company Report Prepared By the Board of Directors of Aksa Akrilik Kimya Sanayii A.Ş. Pursuant to Article 199 of the Turkish Commercial

Pursuant to Article 199 of the Turkish Commercial Code No. 6102, which came into force on July 1, 2012, the Board of Directors of Aksa is obliged to prepare a report within the first three months of the fiscal year about the relations of the Company with its controlling shareholder and the subsidiaries of the controlling shareholder, and to include the conclusion part of this report in the annual report. The necessary explanations on related party transactions made by Aksa are provided in footnote No. 25 of the financial report. It is stated in the Commitment report prepared by the Board of Directors of Aksa that, "An appropriate counter action was taken in all transactions made in 2018 by Aksa with its controlling shareholders or subsidiaries, according to the circumstances known by us at the time the transaction was made or the measure was taken or avoided, and any measure that was taken or avoided didn't cause any damage to the Company, and in this context, it is concluded that no damage that would require compensation was encountered".

Targets and Actuals

Our Company's expectations for the end of 2018 and the evaluations of realizations at the end of 2018 are as follows.

	Target (USD million)	Actual (USD million)
Net Sales	820-875	732
Fibers(*)	786-833	700
Energy	30-37	30
Other(**)	4-5	2
Export	315-335	333
Investment(***)	130-140	45
	Target (%)	**Actual (%)**
Capacity Utilization Rate(*)	97%	82%
EBITDA Margin (Profit before interest, tax, depreciation)	15%-17%	16%

(*) Our company reduced its capacity by 20% on 16 August 2018 and went through an additional 20% capacity reduction on 26 September 2018 due to the excessive hike in raw material prices and the contraction in our market. As a reflection of this, the capacity utilization rate and the net sales came in below our expectations.

(**) Other income materialized lower than expected in USD terms, since it is incurred in TL.

(***) Due to the conditions in 2018, some investments planned for the year were postponed to the following periods.

Statement of Responsibility

STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUE SERIAL: II- 14.1 ON PRINCIPLES REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS

UPON THE APPROVAL OF THE ANNUAL REPORT, THE BOARD OF DIRECTORS';
DECISION DATE: 06/03/2019
DECISION NUMBER: 2019/10

We hereby declare that,

The 2017 annual report, which was prepared pursuant to the provisions of the Capital Markets Board's (CMB) Communiqué Serial: II-14.1 on "Principles Regarding Financial Reporting in Capital Markets" ("Communiqué"), and in compliance with the format and content specified by the CMB and the relevant legislations;

• Was examined by our side;

• Did not include any explanation contrary to the facts with respect to important matters or any gaps that could be misleading as of the date when the explanation was made, to the extent of the information we have, as per our duty and responsibility within the Company;

• To the extent of the information we have, as per our duty and responsibility within the Company, the Annual Report, which was prepared in accordance with the relevant Communiqué, solely reflects the truth regarding the development and performance of the business; and along with those under the scope of consolidation, reflects the truth regarding the Company's financial status, together with the significant risks and uncertainties it faces, and that we are liable for the statement made.

Yours Faithfully,

İlknur Gür Uralcan	Başar Ay	Erdinç Kazak
Chairman of the Audit Committee	Member of the Audit Committee	Director of Financial Affairs

Dividend Distribution Proposal

Dear Shareholders,

We are presenting our activity data and financial tables for 2018.

In line with our dividend distribution policy, the distributable profit of our Company for 2018 is as below and will be submitted for the approval of the General Assembly.

The net period profit appearing on the consolidated financial statements drawn up within the framework of the provisions of Communiqué No. 14.1, Series II, of the Capital Markets Board is TL 224,295,974.00. The net profit for the period, based on the financial statements prepared in accordance with the provisions of Tax Procedure Law, stands at TL 141,090,484.25.

Out of the TL 224,295,974.00 net profit for the period included in the consolidated financial statements established within the framework of the provisions of the Capital Market Board's Communiqué Serial: II, No: 14.1;

- No amounts shall be set aside since the General Legal Reserves in our records didn't reach the upper limit defined in the provisions of both Article 519, Paragraph 1 of the Turkish Commercial Code, as well as sub-paragraph (a) of Article 25 of the Company's Articles of Association,

- The first dividend of TL 9,250,000.00 (the gross dividend amount corresponding to a nominal share of TL 1.00 is TL 0.05 and the gross rate of dividend is 5%), which corresponds to 5% of the Company's total paid capital of TL 185,000,000.00, be distributed to our shareholders in cash within the framework of Article 25 of the Company's Articles of Association,

- Of the remaining TL 215,045,974.00, TL 195,452,500.00 (the gross dividend amount corresponding to a nominal share of TL 1.00 is TL 1.0565 and the gross rate of dividend is 105.65%) be distributed to shareholders as second dividend in accordance with Article 25 of the Company's Articles of Association,

- allocating a General Legal Reserve of TL 19,545,250.00 for the distributed second dividend,

- It was decided that the remaining amount would be retained as Extraordinary Reserves.

- The total of 1st and 2nd dividends to be distributed to our shareholders is equal to TRY 204,702,500.00. (The dividend amount contributing to shares with a nominal value of TRY 1.00 is equal to gross TRY 1.1065, and the dividend gross share is equal to 110.65%.)

- Distribution of dividend amounts in cash shall take place on April 9, 2019.

We submit the profit distribution proposal for the approval of the General Assembly regarding:

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

Decision Date : 06.03.2019
Decision Number : 2019/10

Members of the Board of Directors of AKSA AKRİLİK KİMYA SANAYİİ ANONİM ŞİRKETİ took the following decision in compliance with Article 390/4 of the Turkish Commercial Code:

The Annual Reports, the Corporate Governance Compliance Report and the Corporate Governance Information Form of the Company for the year 2018 that were handed over with the report No. 2019/05 and dated 06.03.2019 of the Audit committee be approved and published on the Public Disclosure Platform (KAP)

YÖNETİM KURULU ÜYELERİ

Mehmet Ali BERKMAN
Chairman of the Board

Raif Ali DİNÇKÖK
Vice Chairman of the Board

Nilüfer DİNÇKÖK ÇİFTÇİ
Board Member

Ahmet Cemal DÖRDÜNCÜ
Board Member

İzer LODRİK
Board Member

Cengiz TAŞ
Board Member
General Manager

Mehmet Abdullah Merih ERGİN
Independent Board Member

Başar AY
Independent Board Member

İlknur Gür Uralcan
Independent Board Member

Building a better working world

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OFTHE BOARD OF DIRECTORS

To the Shareholders of Aksa Akrilik Kimya Sanayi ve Ticaret A.Ş.

1) Opinion
We have audited the annual report of Aksa Akrilik Kimya Sanayi ve Ticaret A.Ş. ("the Company) and its subsidiaries ("the Group") for the period of [1/1/2018-31/12/2018].

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion
We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements
We have expressed an unqualified opinion in our auditor's report dated 14 February 2019 on the full set consolidated financial statements of the Group for the period of [1/1/2018-31/12/2018].

4) The Responsibility of the Board of Directors on the Annual Report
In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.

b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,

- The research and development activities of the Group,

- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Ferzan Ülgen.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ferzan Ülgen, SMMM
Partner

6 March 2019
Istanbul, Turkey

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Convenience Translation Into English Of
Consolidated Financial Statements
At 31 December 2018 Together With
Independent Auditor's Report

(Originally Issued In Turkish)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Aksa Akrilik Kimya Sanayii A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Akrilik Kimya Sanayii A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code 2of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Auditor's response
Inventory Impairment	
The Company values its inventories at the lower of cost or net realizable value. Additionally, the reserve for impairment is provided for slow-moving, surplus or scrap materials. The Company's calculation of provisions for inventory impairment includes management's estimations and assumptions. These estimations and assumptions include the utilization of the inventory that are sold slowly due to technological changes and changing customer expectations, and utilization of the provision for non-moving and damaged inventories. Therefore, this matter is determined as a key audit matter. As of 31 December 2018, the Company had inventories amounting to TL 485,190 thousands and booked a provision amounting to TL 12,281 thousands. The disclosures related to inventory are made in Note 9.	During our audit, the following audit procedures have been applied related to provision for inventory impairment: - Understanding the accounting policy related to provisions for inventory impairment and assessing its appropriateness, - Comparing the inventory turnover rate with previous year, - Assessment of current year provision for inventory impairment through comparing it with realized impairment of previous year. - Observing whether non-moving or damaged inventories existence, during year-end stock counts, - Testing sales prices deducted by discount used in net realizable value calculation.

Recoverability of DowAksa Advanced Composites Holdings BV ("DowAksa")	
As of 31 December 2018, as stated in Note 5 to the consolidated financial statements; the investment accounted for using equity method, DowAksa, which is owned by the Group by 50%, is presented in the consolidated financial statements with the carrying value of KTL 286,658 (7% of total assets). DowAksa has losses in the years 2018 and 2017. The Group Management's assessment of the recoverable amount of DowAksa requires the use of significant estimates and assumptions. Changes in these assumptions may affect the recoverable value of DowAksa, leading to impairment.	During our audit work, the methods and assumptions used in the valuation studies prepared by the management were reviewed, together with the experts of another company within the same audit network we are affiliated with. The business plans approved by management were questioned in light of macroeconomic data and sector explanations. Reasonableness of cash flow estimations were tested through comparison with previous year. tested whether the discount rates used were reasonable and also tested the mathematical accuracy of the valuation studies was tested. In addition, we reviewed the accuracy of the information in the footnotes related to the financial statements.
Trade receivable - Impairment	
Trade receivables are considered as a significant balance sheet item since it represents 22% of total assets in the consolidated financial statement. Furthermore, collectability of trade receivables is a significant component of the Group's credit risk and working capital and includes significant judgements and estimations of the management. As of 31 December 2018, trade receivables amounted to TL 920,208 thousands in the consolidated financial statement and provision for impairment amounted to TL 27,681 thousands. Determining the collection risk and provision to be made for trade receivables or determining whether a particular trade receivable is collectible, requires significant management judgement. In this respect, the Group management assesses; the aging of receivables, review of ongoing litigation risks with the letters obtained from company lawyers, the collaterals received within the scope of the credit risk management and the nature of these collaterals, the performance of collection made in the current period and period after balance sheet date, as well as all other information. As of 1 January 2018, the Group has begun to apply TFRS 9 "Financial Instruments" standard and the credit losses for financial assets are accounted in the consolidated financial statements as per the related standard. The existence and collectability of trade receivables are determined as a key audit matter in consideration of; the size of the amounts and the judgement required in the assessment of collectability of trade receivables, and the complexity and comprehensiveness of TFRS 9.	The following procedures were applied regarding the audit of provision for trade receivables: - Assessment of the Group's process for trade receivables' collection follow-up and operational efficiency of related internal controls, - Understanding, assessing and testing the efficiency of internal controls related to financial reporting for credit risk, - Reviewing receivable aging tables analytically and comparing the collection turnover rate with previous year, - Testing trade receivable balances by sending confirmation letters through sampling, - Testing subsequent period collection, through sampling, - Testing collaterals received for trade receivables, through sampling and assessing ability to liquidate, - Assessment of the reasonableness; of key judgements and estimations used by the management, and methods and data sources used for impairment calculation; with the support of valuation experts from our organization, in the scope of "TFRS 9 Financial Instruments" standard, - Assessment of the applied accounting policies; to TFRS 9, the Group's past performance and compliance with local and global practices, - Investigating disputes and lawsuits to audit the appropriateness of special provisions made for trade receivables, and obtaining confirmation letter from legal advisors related to ongoing receivable follow-up lawsuits, - Assessing the competence and compliance of disclosures related to trade receivables and trade receivable impairment, with TFRS.

4) Emphasis of a Matter

As explained in Note 2.5 to the consolidated financial statements, US Dollar (“USD”) amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira (“TRY”), as a matter of arithmetic computation only, at the official USD bid rate announced by the Central Bank of the Republic of Turkey (“CBRT”) at December 31, 2018 for consolidated statement of financial position; and the official USD average CBRT bid rates of the year 2018 for the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and they do not form part of these consolidated financial statements.

5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to error or fraud.

During the preparation of the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

6) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with executives regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Auditors’ report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code (“TCC”) 6102 is submitted to the Board of Directors of the Company on 14 February 2019.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company’s bookkeeping activities for the period 1 January - 31 December 2018 and financial statements are not in compliance with laws and provisions of the Company’s articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Ferzan Ülgen.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ferzan Ülgen, SMMM
Partner

February 14, 2019
Istanbul, Turkey

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2018 AND 2017

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

	Notes	31 December 2018 USD(*)	Audited 31 December 2018 TL	Audited 31 December 2017 TL
ASSETS				
Current assets		**506,847**	**2,448,122**	**1,858,921**
Cash and cash equivalents	4	173,462	837,838	559,536
Trade receivables				
- Trade receivables due from unrelated parties	7	129,207	624,081	549,135
- Trade receivables due from related parties	25	61,309	296,127	180,720
Other receivables				
- Other receivables due from related parties	25	5,109	24,678	10,342
- Other receivables due from unrelated parties	8	464	2,242	3,271
Derivative financial assets	16	294	1,418	-
Inventories	9	100,451	485,190	419,114
Prepayments	15	1,717	8,291	8,114
Other current assets	15	34,835	168,257	128,689
Non-current assets		**360,346**	**1,740,505**	**1,495,380**
Other receivables				
- Other receivables due from related parties	25	-	-	102,777
Derivative financial assets	16	384	1,855	2,507
Investments accounted for using equity method	5	59,348	286,658	222,014
Investment property	10	9,240	44,631	45,891
Property, plant and equipment	11	275,053	1,328,532	1,031,738
Intangible assets and goodwill				
- Goodwill	12	1,240	5,989	5,989
- Other intangible assets	12	13,406	64,753	73,714
Prepayments	15	1,674	8,087	10,750
TOTAL ASSETS		**867,193**	**4,188,627**	**3,354,301**

(*) United States 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 2018, and therefore do not form part of these consolidated financial statements (Note 2.5).

These consolidated financial statements at 31 December 2018 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 14 February 2019.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2018 AND 2017

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

	Notes	31 December 2018 USD(*)	Audited 31 December 2018 TL	Audited 31 December 2017 TL
Current liabilities		**425,923**	**2,057,250**	**1,514,236**
Current borrowings	6	203,800	984,376	720,281
Current proportion of non-current borrowings	6	56,194	271,424	10,461
Trade payables				
- Trade payables to unrelated parties	7	149,395	721,593	713,949
- Trade payables to related parties	25	10,829	52,307	34,388
Employee benefits obligations	14	707	3,415	3,182
Other payables				
- Other payables to unrelated parties	8	214	1,035	603
Derivative financial liabilities	16	-	-	1,752
Deferred income	15	1,277	6,170	8,325
Current tax liabilities	23	1,614	7,796	8,224
Current provisions				
- Current provisions for employee benefits	14	1,598	7,720	11,027
- Other current provisions	13	293	1,414	2,044
Non-current liabilities		**141,590**	**683,895**	**463,946**
Long-term borrowings	6	133,550	645,058	419,844
Non-current provisions				
- Non-current provisions for employee benefits	14	4,592	22,179	24,178
Deferred tax liabilities	23	3,449	16,658	19,924
Total liabilities		**567,513**	**2,741,145**	**1,978,182**
EQUITY		**299,680**	**1,447,482**	**1,376,119**
Equity attributable to owners of parent		**299,680**	**1,447,482**	**1,376,119**
Issued capital	17	38,000	185,000	185,000
Inflation adjustments on capital	17	40,408	195,175	195,175
Repurchased Shares	17	(6,514)	(31,464)	-
Share premium		9	44	44
Other accumulated comprehensive income / (loss) that will not be reclassified in profit and loss				
- Gains / (losses) on remeasurements of defined benefit plans		(941)	(4,546)	(6,128)
- Other investments accounted through equity method profit or loss from comprehensive income of non-classified shares	5	509	2,459	-
Other comprehensive income / (loss) that will be reclassified in profit and loss				
- Exchange differences on translation		53,553	258,664	176,974
Restricted reserves appropriated from profits	17	33,186	160,293	140,498
Prior years' profits or losses		94,731	457,561	389,585
Current period net profit or loss		46,437	224,296	294,971
Non-controlling interests		-	-	-
TOTAL LIABILITIES AND EQUITY		**867,193**	**4,188,627**	**3,354,301**

(*) 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 2018, and therefore do not form part of these consolidated financial statements (Note 2.5).

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

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

Profit or loss	Notes	2018 USD (*)	Audited 2018 TL	Audited 2017 TL
Revenue	18	732,396	3,537,548	2,761,713
Cost of sales (-)	18, 19	(603,790)	(2,916,366)	(2,203,144)
Gross profit / (loss)		**128,606**	**621,182**	**558,569**
General administrative expenses	19	(13,580)	(65,595)	(62,503)
Marketing expenses	19	(18,392)	(88,835)	(64,232)
Research and development expense	19	(1,005)	(4,855)	(5,093)
Other income from operating activities	20	111,624	539,157	254,573
Other expenses from operating activities	20	(97,169)	(469,335)	(212,372)
Profit / (loss) from operating activities		**110,084**	**531,719**	**468,942**
Income from investment activities	21	3,495	16.881	8,106
Share of profit / (loss) from investments accounted for using equity method	5	(2,374)	(11,467)	(48,394)
Profit/ (loss) before financing income/ (expense)		**111,205**	**537,133**	**428,654**
Finance income	22	180,974	874,123	251,963
Finance cost	22	(239,059)	(1,154,681)	(315,827)
Profit/ (loss) from continuing operations, before tax		**53,120**	**256,575**	**364,790**
Tax (expense)/income, continuing operations				
- Current period tax (expense) / income	23	(7,399)	(35,736)	(60,807)
- Deferred tax (expense) / income	23	716	3,457	(9,012)
Profit / (loss)		**46,437**	**224,296**	**294,971**
Profit/ (loss), attributable to:				
Owners of parent		46,437	224,296	294,971
Non-controlling interests		-	-	-
		46,437	224,296	294,971
Basic earnings/ (loss) per share for owners of parent (Kr)	24	0.25	1.21	1.59
Other comprehensive income / (loss)				
Other comprehensive income that will not be reclassified to profit or loss				
Gains / (losses) on remeasurements of defined benefit plans	14	410	1,978	(3,754)
Investments accounted through equity method profit or loss from comprehensive income of non-classified shares				
Gains/losses measurements of defined benefit plans of investments accounted through equity method				
Taxes relating to components of other comprehensive	5	509	2,459	-
İncome that will not be reclassified to profit or loss	23	(82)	(396)	751

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Profit or loss	Notes	2018 USD (*)	Audited 2018 TL	Audited 2017 TL
Other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation		16,913	81,690	21,827
Taxes relating to components of other comprehensive income that will be reclassified to profit or loss			-	-
Total comprehensive income / (loss)		**64,186**	**310,027**	**313,795**
Total comprehensive income / (loss) attributable to:				
Owners of parent		64,186	310,027	313,795
Non-controlling interests		-	-	-
			310,027	**313,795**

(*) 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 2018, 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.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR 31 DECEMBER THE YEARS ENDED 2018 AND 2017

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

	Attributable to equity holders of the parent												
Independent Audit	Issued capital	Inflation adjustments on capital	Repurchased Shares	Share premium	Restricted Reserves appropriated from profits	Income from investments accounted for using equity method	Exchange differences on translation (1)	Gains/(losses) on remeasurement of defined benefit plans(2)	Prior years' profits or losses	Current period net profit or loss	Total	Non controlling interests	Total equity
1 January 2017	**185,000**	**195,175**	**-**	**44**	**122,685**	**-**	**155,147**	**(3,125)**	**468,981**	**125,798**	**1,249,705**	**-**	**1,249,705**
Transfers	-	-	-	-	17,813	-	-	-	107,985	(125,798)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(187,381)	-	(187,381)	-	(187,381)
Total comprehensive income/(loss)	-	-	-	-	-	-	21,827	(3,003)	-	294,971	313,795	-	313,795
31 December 2017	**185,000**	**195,175**	**-**	**44**	**140,498**	**-**	**176,974**	**(6,128)**	**389,585**	**294,971**	**1,376,119**	**-**	**1,376,119**

	Attributable to equity holders of the parent												
Independent Audit	Issued capital	Inflation adjustments on capital	Repurchased Shares	Share premium	Restricted Reserves appropriated from profits	Income from investments accounted for using equity method	Exchange differences on translation (1)	Gains/(losses) on remeasurement of defined benefit plans(2)	Prior years' profits or losses	Current period net profit or loss	Total	Non controlling interests	Total equity
1 January 2018	**185,000**	**195,175**	**-**	**44**	**140,498**	**-**	**176,974**	**(6,128)**	**389,585**	**294,971**	**1,376,119**	**-**	**1,376,119**
Repurchased Shares (Note 17)	-	-	(31,464)	-	-	-	-	-	-	-	(31,464)	-	(31,464)
Transfers	-	-	-	-	19,795	-	-	-	275,176	(294,971)	-	-	-
Dividend paid (Note 17)	-	-	-	-	-	-	-	-	(207,200)	-	(207,200)	-	(207,200)
Total comprehensive income/(loss)	-	-	-	-	-	2,459	81,690	1,582	-	224,296	310,027	-	310,027
31 December 2018	**185,000**	**195,175**	**(31,464)**	**44**	**160,293**	**2,459**	**258,664**	**(4,546)**	**457,561**	**224,296**	**1,447,482**	**-**	**1,447,482**

(1) Items to be reclassified to profit and loss
(2) Items not to be reclassified to profit and loss

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

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

	Notes	2018 USD (*)	*Audited* 2018 TL	*Audited* 2017 TL
A. Cash Flows From/ (Used in) Operating Activities		**58,286**	**281,525**	**438,678**
Profit/ (loss)		46,437	224,296	294,971
Adjustments to reconcile Profit/ (loss):		**55,585**	**268,480**	**270,054**
Adjustments for depreciation and amortization expense	19	18,598	89,829	82,738
Adjustments for impairment loss/ (reversal of impairment loss)		2,280	11,013	558
Adjustments for provisions		1,217	5,876	3,659
Adjustments for interest (income)/expense	22	1,172	5,663	4,881
Adjustments for unrealised foreign exchange losses/ (gains)		25,505	123,191	61,658
Adjustments for undistributed profits of investments accounted for using equity method	5	2,374	11,467	48,394
Adjustments for tax (income)/expenses	23	6,683	32,279	69,819
Adjustments for losses/ (gains) on disposal of non-current assets		(1,942)	(9,381)	(2,010)
Other adjustments to reconcile profit/ (loss)		(208)	(1,007)	357
Changes in working capital		**(52,642)**	**(254,269)**	**(131,704)**
Adjustments for decrease (increase) in inventories		(14,770)	(71,341)	(200,135)
Adjustments for decrease (increase) in trade accounts receivable		(46,286)	(223,568)	(117,408)
Adjustments for decrease (increase) in other receivables related with operations		19,970	96,455	(2,678)
Adjustments for increase (decrease) in trade payable		11,595	56,007	255,298
Adjustments for increase (decrease) in other operating payables		89	432	194
Other adjustments for other increase (decrease) in working capital		(23,241)	(112,254)	(66,975)
Cash flows from/ (used in) operating activities		**49,379**	**238,507**	**433,321**
Interest paid	20	(2,819)	(13,617)	(8,999)
Interest received	20	6,439	31,099	20,069
Payments related with provisions for employee benefits	14	(1,221)	(5,897)	(2,366)
Income taxes refund/ (paid)		6,508	31,433	(3,347)
B. Cash Flows From/ (Used in) Investing Activities		**(74,103)**	**(357,923)**	**(388,635)**
Cash payments to acquire equity or debt instruments of other entities	5	-	-	(35,382)
Proceeds from sales of property, plant, equipment and intangible assets		3,228	15,591	3,973
Purchase of property, plant, equipment and intangible assets		(77,330)	(373,514)	(357,226)
C. Cash Flows From/(Used in) Financing Activities		**71,758**	**346,599**	**50,615**
Repurchase (reacquisition) of own shares and other equity based instruments	**17**	**(6,514)**	**(31,464)**	**-**
Proceeds from borrowings	6	377,687	1,824,268	1,168,899
Repayments of borrowings	6	(252,580)	(1,219,986)	(922,841)
Dividends paid	17	(42,898)	(207,200)	(187,381)
Interest received		8,807	42,541	21,705
Interest paid		(12,745)	(61,560)	(29,767)
Net increase/(decrease) in cash and cash equivalents before effect of exchange rate changes		**55,941**	**270,201**	**100,658**
D. Effect of exchange rate changes on cash and cash equivalents		**1,186**	**5,727**	**689**
Net increase/(decrease) in cash and cash equivalents		**57,127**	**275,928**	**101,347**
E. Cash and Cash Equivalents at the Beginning of the Period	**4**	**115,693**	**558,810**	**457,463**
Cash and cash equivalents at the end of period	**4**	**172,820**	**834,738**	**558,810**

(*) US Dollar "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 2018, 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.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(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, rental of real estate, 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 Borsa İstanbul A.Ş. (“BİST”) since 1986. As of 31 December 2018, the principal shareholders and their respective shareholding rates in the Company are as follows:

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

(*) As of 31 December 2018, 37.43% of the Group’s shares are traded on Borsa Istanbul (“BIST”) and Somerset em.mar.d.v.g hold 5.28% of these shares, 1.56% of the shares are owned by the Company in the scope of share repurchase program (Note 17).

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinçkök family members. As of December 31, 2018, the number of employees is 1,231 (2017:1,307)

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

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

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

- Fibers
- Energy
- Other

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

Subsidiaries	Country	Nature of business	Segment
Aksa Egypt Acrylic Fiber Industry SAE (“Aksa Egypt”)	Egypt	Textile	Fiber

Joint ventures	Country	Nature of business
DowAksa Advanced Composites Holdings BV (“DowAksa Holdings”)	Holland	Investment

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial Reporting Standards Applied

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

The consolidated financial statements and notes of the Group are prepared as per the Capital Market Board (“CMB’’) announcement of Communiqué Serial XII, No: 14.1 of relating to financial statements presentation.

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

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

Currency and Financial Statements Presentation Currency

Each item in the financial statements of the companies within the Group is accounted by using the currency of the primary economic environment in which the company operates (‘functional currency’). The consolidated financial statements are presented in TL which is functional currency of Aksa as parent company.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2018 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2018. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

a) Amendments in TAS which affect the consolidated financial information and its related notes

None.

b) The new standards, amendments and interpretations which are effective as at December 31, 2018 and existing previous standards are as follows:

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity’s ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is January 1, 2018. The standard did not have a significant impact on the financial position or performance of the Group.

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As of January 1, 2018, replacing "TAS 18 Revenue" to TFRS 15 Revenue from Contracts with Customers has been carried out to asses and has decided that there will be no cumulative impact. The amendments and notes of the Group complies with TFRS 15.

TFRS 9 Financial Instruments

In January 2018, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. The standard did not have a significant impact on the financial position or performance of the Group.

Classification and Measurement

The Group classifies its financial assets in three classes of financial assets at fair value through profit or loss, which are accounted for at amortized cost and are measured at fair value through profit or loss. The classification is based on the business model used by the entity for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. The Group classifies its financial assets at the time of the purchase.

In Financial assets measured at amortized cost are non-derivative financial assets held as part of a business model that aims to collect contractual cash flows and that have cash flow that include interest payments on principal dates and principal balances on certain dates under contractual terms. Financial assets that are accounted at amortized cost include "cash and cash equivalents", "trade receivables" and "other receivables". The related assets, with their fair values in the initial recognition of financial statements; in subsequent accounts, it is measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated statement as profit or loss. Financial assets at fair value through other comprehensive income, where the fair value differences are reflected in other comprehensive income, are included in a business model for the purpose of collecting contractual cash flows and for the purpose of selling the non-derivative financial assets with cash flows that include interest payments from principal and principal balances on certain dates under contractual terms. Gains and losses related financial assets reflected to other comprehensive income except for impairment losses and gains, foreign exchange gains and losses.

Under TFRS 9 changes in the classification of financial assets and liabilities are summarized below. These classification differences do not have an impact on the measurement of financial assets.

Finacial Assets	Previous classification according to TAS 39	New Classification according to TFRS 9
Cash and cahs equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortisedcost
Other receivables	Loans and receivables	Amortised cost
Derivative instruments	Fair Value difference reflected in pfofit/loss	Fair Value difference reflected in pfofit/loss

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Finacial Liabilities	Previous classification according to TAS 39	New Classification according to TFRS 9
Derivative instruments	Fair Value difference reflected in pfofit/loss	Fair Value difference reflected in pfofit/loss
Trade payables	Amortised cost	Amortised cost
Financial receivables	Amortised cost	Amortised cost
Other receivables	Amortised cost	Amortised cost

Impairment

In accordance with TAS 39 Financial Instruments: Recognition and Measurement, effective before from 1 January 2018, expected credit losses model has been implemented instead of TFRS 9 Financial Instruments standard credit losses model. The expected credit losses are a weighted estimate of the probability of loan losses over the expected life of a financial instrument. In the calculation of the expected credit losses, the Group's future estimates are taken into consideration along with past loan loss experiences.

As of 1 January 2018, TFRS 9 Financial Instruments standard, which replaces TAS 39 Financial Instruments: Recognition and Measurement, has been evaluated and no significant impact on the financial position or performance of the Group is expected.

TFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on 19 December 2017 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds. The interpretation is effective for beginning on or after 1 January 2018. The interpretation did not have a significant impact on the financial position or performance of the Group.

TFRS 4 Insurance Contracts (Amendments)

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. These amendments are to be applied for annual periods beginning on or after 1 January 2018. The standard is not applicable for the Company and did not have an impact on the financial position or performance.

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

In December 2017, POA issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

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

These amendments are to be applied for annual periods beginning on or after 1 January 2018. The amendments did not have a significant impact on the financial position or performance of the Group.

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

In December 2017, POA issued amendments to TAS 40 'Investment Property '. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. The amendments did not have a significant impact on the financial position or performance of the Group.

Annual Improvements to TFRSs - 2014-2016 Cycle

In December 2018, POA issued Annual Improvements to TFRS Standards 2014–2016 Cycle, amending the following standards:

- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018.

The amendments did not have a significant impact on the financial position or performance of the Group.

c) Standards and amendments that have been issued but not yet effective as of December 31, 2018

Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures. The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted. The Group does not expect a significant impact on the balance sheet and equity in general.

TFRS 16 Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

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Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Transition to TFRS 16:

The Group plans to adopt TFRS 16 using the simplified retrospective approach. The Group will elect to apply the standard to contracts that were previously identified as leases applying TAS 17 and TFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying TAS 17 and TFRIC 4.

The Group plans to elect to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Group has performed a detailed impact assessment of TFRS 16 in 2018. In summary the impact of TFRS 16 adoption is expected to be, as follows:

Impact on the financial position (increase/(decrease)) as at 31 December 2018:

Assets (TL)	
Property, plant and equipment (right-of-use assets)	13,639
Prepaid expenses	(39)
Liabilities (TL)	
Lease Liabilities	13,600

Due to the adoption of TFRS 16, The Group's operating profit will improve, while its finance cost will increase. This is due to the change in accounting for expenses of leases that were classified as operating leases under TAS 17.

TFRIC 23 Uncertainty over Income Tax Treatments

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

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

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

The Group is in the process of assessing the impact of the interpretation on financial position or performance.

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.The Group will wait until the final amendment to assess the impacts of the changes.

Annual Improvements - 2015 - 2017 Cycle

In January 2019, POA issued Annual Improvements to TFRS Standards 2015–2017 Cycle, amending the following standards:

- TFRS 3 Business Combinations and TFRS 11 Joint Arrangements - The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- TAS 12 Income Taxes - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.

- TAS 23 Borrowing Costs - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted. Overall, the Group expects no significant impact on its balance sheet and equity.

Plan Amendment, Curtailment or Settlement" (Amendments to TAS 19)

In January 2019, the POA published Amendments to TAS 19 "Plan Amendment, Curtailment or Settlement" The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019, early application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation. The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted. Overall, the Group expects no significant impact on its balance sheet and equity.

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d) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

Annual Improvements - 2011 - 2013 Cycle

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard will not have an impact on the financial position or performance the Group.

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:
- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- Introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. Overall, the Group expects no significant impact on its balance sheet and equity.

Definition of Material (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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 TAS 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 all companies over which Aksa has control. Thus, the principle of control sets out the following three elements of control:

- Power over the investee
- Exposure or rights, to variable returns from involvement with the investee; and
- The ability to use power over the investee to affect the amount of the investor's returns.

The table below sets out all subsidiaries and demonstrates their shareholding structure as of 31 December 2018 and 2017:

	The Group's direct and indirect ownership interest (%)	
Subsidiary	31 December 2018	31 December 2017
Aksa Egypt [*]	99.84	99.84
Fitco	-	100.00

[*] The liquidation process of the Company's subsidiary Fitco BV, which has no operations, was completed on 19 December 2018.

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 favour of Company.

Joint ventures are accounted for using the equity method of accounting in accordance with TFRS 11 "Joint Arrangements" (Note 5).

Financial information of joint ventures is prepared in accordance with the Group's accounting policies and principles.

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

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	The Group's direct and indirect ownership interest (%)	
Joint venture	31 December 2018	31 December 2017
DowAksa Holdings	50.00	50.00

2.2 Changes in Accounting Policies, Accounting Estimates and Errors

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

Comparative Figures and the Restatement to the Financial Statements of the Prior Period

Besides, according to CMB's decision on 7 June 2013 dated and 20/670 numbered meeting, for capital markets foundations which are fall under CMB Communiqué on Principles Regarding Financial Reporting, financial statement examples and usage directory which are become effective since interim period ended after 31 March 2014, are published. In accordance with mentioned examples, various classifications have been made on Group's consolidated financial statements. The classifications of the Group in the consolidated statement of profit or loss and other comprehensive income as of 31 December 2017 are as follows:

-Rent income amounting to TL 319 classified under Other Operating Income and TL 5.671 classified under income statement in previous periods are included in "Income from Investment Activities".
-Fixed asset sales profit amounting to TL 2.116 classified under Other Operating Income in previous periods is included in "Income from Investment Activities".

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

The Group classifies its financial assets in three classes of financial assets at fair value through profit or loss, which are accounted for at amortized cost and are measured at fair value through profit or loss. The classification is based on the business model used by the entity for the management of financial assets and the contractual cash flows of the financial asset. The Group classifies its financial assets at the time of the purchase.

"Financial assets measured at amortized cost" are non-derivative financial assets held by a business model that aims to collect contractual cash flows and that have cash flows that include interest payments on principal dates and principal balances on certain dates under contractual terms. The Group's financial assets that are accounted for at amortized cost include "cash and cash equivalents", "trade receivables" and "other receivables". The related assets, with their fair values in the initial recognition of financial statements; in subsequent accounts, it is measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated statement of profit or loss.

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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.

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. The receivables determined not possible to be collected are written off (Note 7). The Group calculates rediscount on its receivables over short term receivables less than one year.

In addition, the Group uses the provisioning matrix by selecting the simplified application for the impairment calculations of the trade receivables accounted at amortized cost value in the financial statements. With this application, in cases where the trade receivables are not impaired due to certain reasons, the expected credit loss provision is measured by an amount equal to the expected credit losses. In the calculation of the expected credit losses, the Group's future estimates are taken into consideration along with past loan loss experiences.

Finance Lease

As lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. A finance lease receivable is recorded an amount equal to the net investment in the lease. Interest income is recognized using a rate that equalizes the fair value of the leased asset to the sum of lease payments and unguaranteed residual value. Interest yet to be recognized is presented as "unearned finance income".

Operational Lease

As lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. A finance lease receivable is recorded an amount equal to the net investment in the lease. Interest income is recognized using a rate that equalizes the fair value of the leased asset to the sum of lease payments and unguaranteed residual value. Interest yet to be recognized is presented as "unearned finance income".

Trade payables

Trade payables have average maturities changing between 30 - 210 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 7).

Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost is determined by the monthly moving weighted average method and semi-finished products and products take a share from production costs. 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. Unused stocks are removed from records. (Note 9).

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Investment properties

Investment property is a land or building held to earn rentals or for capital appreciation or both, rather than for; use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business (Note 10) and carried at cost less accumulated depreciation in accordance with the cost model. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. The average useful life of investment properties changes between five (5) and fifty (50) years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 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 2018, the depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Period (Year)
Land improvements	2 - 50
Buildings	5 - 50
Machinery and equipment	3 - 40
Motor vehicles	4 - 8
Furniture and fixtures	2 - 20

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the event of circumstances indicating that impairment has occurred in the tangible assets, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by reserving a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective tangible assets or the nest sales price, whichever is higher.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate.

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

Intangible assets

Intangible assets acquired separately from a business are 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).

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Usage rights in relation to property, plant and equipment acquired collectively with other participants in Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi ("Yalkim OSB") are classified as intangible assets.

Useful lives of use rights are determined as 3-24 years except usage rights related to lands.

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. In accordance with IAS 38, "Intangible assets", the costs related to the development projects are capitalized when the criteria below 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.

Revenue recognition

The Group has entered into force as of January 1, 2018 TFRS 15 revenue from customer contracts in accordance with the basic principles below, the proceeds of the financial statements it is noted:

- Identification of contracts with customers
- Identification of performance obligations in contracts
- Determination of the transaction price in contracts
- Distribution of transaction fee to performance obligations
- Revenue recognition

Revenue related to performance obligations, such as goods or service transfer commitments, is recognized when customers are in control of the goods or services.

The Group recognizes a contract with its customer as revenue when all of the following conditions are met.

a) ownership of the company's right to collect goods or services,
b) the ownership of the legal property of the customer,
c) transfer of goods or services
d) ownership of significant risks and rewards arising from ownership of the goods or services
e) take into account the terms of the customer's acceptance of the goods or service

Interest income is calculated on accrual basis by taking into consideration the effective interest rate and the effective interest rate within the remaining period to maturity.

If there is an important financing element in the revenue, the revenue value is determined by discounting the future collections with the interest rate within the financing element. The difference is recognized in the income statement on other accrual basis as other operating income (Note 20).

Rental income is reflected in the financial statements when earned on a monthly accrual basis.

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.

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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 6). In factoring transactions, the Group, where necessary, may prefer early collection of some of its receivables. These transactions are reclassified to financial liabilities as a borrowing disclosed in notes (Note 6).

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are 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 occurred. Capitalized borrowing costs are presented as purchases of property, plant and equipment and intangibles 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 uncollectability 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. It is considered that the fair values of loans denote the value they carry, since the interest rates are updated by taking into account the changing market conditions. The fair values of the trade payables after deducting the provision for rediscount are considered to approximate the carrying value.

Employee termination benefits

The provision for employment termination benefits, as required by Turkish Labor Law represents the present value of the future probable obligation of the group arising from the retirement of its employees based on the actuarial projections. TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses.

In accordance with TAS 19 "Employee Benefits" effective before 1 January 2013, the actuarial gains/losses were recognised in the statement of income whereas the amendment, effective as of 1 January 2013, requires the actuarial gains/losses to be recognised under other comprehensive income. With this amendment, the Group accounted for its actuarial gains/losses under other comprehensive income in conformity with the translation provisions stated in TAS 19 "Employee Benefits".

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Unused vacation rights

Liabilities for unused vacation rights are accrued in the relevant period.

Seniority Incentive Bonus

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 TAS 19 "Employee Benefits". Seniority incentive bonus provision which is disclosed within the employee termination benefit represents the present value of the estimated total liabilities of the probable future obligations.

Current and deferred income tax

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

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

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

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

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 24).

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.

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 13).

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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 13).

Offsetting

If the financial assets and liabilities have a legal right and sanction power to clarify and if they will be earned or paid in the future, the net amount in the balance sheet reported.

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 and presented after deducting cumulative impairment in the balance sheet. Goodwill is monitored at the cash generating business units. The cash generating unit is determined according to expected benefits from related business combination. The Group performs goodwill impairment tests on December 31st of each year. Any impairment is not subsequently reversed. Gains/losses from the sale of business unit also include its carrying value of goodwill.

Segment reporting

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

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

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

Derivative instruments are initially recognized at the acquisition cost reflecting the fair value on the date of the contract and are valued at their fair value in the following periods. The Group's derivative financial instruments mainly consist of forward foreign exchange contracts and interest rate swap transactions. While the derivative instruments provide effective protection against risks for the community economically, they are recognized as derivatives held for trading in consolidated financial statements where they do not meet the requirements for risk accounting and the fair value changes are reflected in the statement of profit or loss.

In addition, the Group's foreign currency purchase and sale transactions are accounted for as derivative financial instruments held for trading in consolidated financial statements due to the fact that they do not meet the requirements for risk accounting and the changes in the fair value of these derivative financial instruments are associated with the income statement.

If the fair value change of derivate financial instruments is positive or not, the change affected at assets or liabilities in the balance sheet (Note 16).

Related parties

Parties are considered related to the Group if;

a) directly, or indirectly through one or more intermediaries, the party:
 i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 ii) has an interest in the Group that gives it significant influence over the Group; or
 iii) has joint control over the Group;
b) the party is an associate of the Group;
c) the party is a joint venture in which the Group is a venture;
d) the party is member of the key management personnel of the Group or its parent;
e) the party is a close member of the family of any individual referred to in (a) or (d);
f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to In (d) or (e); or
g) the party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

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

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.

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Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (capital expenditure 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 incentives that allow for the payment of discounted corporation tax within the scope of investment reduction exemption are evaluated within the scope of TAS 12 - "Income Tax" standard.

2.4 Critical Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires 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) 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 13).

b) Deferred Tax

The Group creates deferred tax assets from its financial losses, which it anticipates to offset from corporate tax calculations in future strategic plans and budgetary operations. As of December 31, 2018 and 2017, DowAksa İleri Kompozit Malzemeler San. Ltd. Şti., a joint venture accounted under the equity method, represents deferred tax asset on the part of its financial losses that is consistent with its strategic plans.

c) Useful lives of property, plants and equipment and intangibles

According to accounting policy which is specified in Note 2.3, property, plant and equipment and intangibles are presented as net-off accumulated depreciation and impairment (if any) from acquisition cost. Depreciation is applied with using straight line method of depreciation based on useful lives of property, plant and equipment. Useful lives are estimated by the management to the best of their knowledge; and reviewed and revised if necessary at every balance sheet date.

d) Joint venture impairment analysis

The Company makes impairment analysis for its joint venture, DowAksa Holdings, using discounted cash flows. In these analyses, various assumptions are used regarding the future activities of the related company and the discount rates (Note 5).

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2.5 Convenience Translation into English of Consolidated Financial Statements

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 2018 of TL5.2609 = 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 2018 of TL4.8301 = USD, and do not form part of these consolidated financial statements.

NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

	1 January - 31 December 2018			
	Fibers	Energy	Other	Total
Total segment revenue	3,380,467	145,809	11,272	3,537,548
Revenue from external customers	**3,380,467**	**145,809**	**11,272**	**3,537,548**
Adjusted EBITDA (*)	**594,320**	**19,196**	**605**	**614,121**
Unallocated corporate expenses (**)	-	-	-	(62,395)
EBITDA	**-**	**-**	**-**	**551,726**
Amortization and depreciation	(72,357)	(12,570)	(4,902)	(89,829)
Other income from operating activities, net	-	-	-	69,822
Income from investment activities	-	-	-	16,881
Share of profit/(loss) of investment accounted for using equity method	(11,467)	-	-	(11,467)
Finance income/(expense), net	-	-	-	(280,558)
Profit before tax				**256,575**

(*) Adjusted Earnings Before, Interest, Taxes, Depreciation and Amortization (EBITDA) is not a financial performance indicator that is defined in TAS and may not be comparable between different entities.

(**) Unallocated corporate expenses consist of unallocated parts of general administrative expenses as of 31 December 2018.

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	1 January - 31 December 2018			
	Fibers	Energy	Unallocated	Total
Capital expenditure	270,615	56,234	46,665	373,514
				31 December 2018
Total segment assets	2,119,422	565,094	-	2,684,516
Investments accounted for using equity method	286,658	-	-	286,658
Unallocated corporate assets	-	-	1,217,453	1,217,453
Total assets	**2,406,080**	**565,094**	**1,217,453**	**4,188,627**
Total segment liabilities	1,712,789	2,565	-	1,715,354
Unallocated corporate liabilities	-	-	1,025,791	1,025,791
Total liabilities	**1,712,789**	**2,565**	**1,025,791**	**2,741,145**

	1 January - 31 December 2017			
	Fibers	Energy	Other	Total
Total segment revenue	2,650,939	101,748	9,026	2,761,713
Revenue from external customers	**2,650,939**	**101,748**	**9,026**	**2,761,713**
Adjusted EBITDA (*)	**557,154**	**10,684**	**1,397**	**569,235**
Unallocated corporate expenses (**)	-	-	-	(59,756)
EBITDA	**-**	**-**	**-**	**509,479**
Amortization and depreciation	(63,358)	(14,027)	(5,353)	(82,738)
Other income from operating activities, net	-	-	-	42,201
Income from investment activities	-	-	-	8,106
Share of profit/(loss) of investment accounted for using equity method	(48,394)	-	-	(48,394)
Finance income/(expense), net	-	-	-	(63,864)
Profit before tax				**364,790**

(*) Adjusted Earnings Before, Interest, Taxes, Depreciation and Amortization (EBITDA) is not a financial performance indicator that is defined in TAS and may not be comparable between different entities.

(**) Unallocated corporate expenses consist of unallocated parts of general administrative expenses as of 31 December 2017.

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	1 January - 31 December 2017			
	Fibers	Energy	Unallocated	Total
Capital expenditure	197,317	120,204	43,348	360,869
				31 December 2017
Total segment assets	1,746,622	502,631	-	2,249,253
Investments accounted for using equity method	222,014	-	-	222,014
Unallocated corporate assets	-	-	883,034	883,034
Total assets	**1,968,636**	**502,631**	**883,034**	**3,354,301**
Total segment liabilities	1,204,761	3,648	-	1,208,409
Unallocated corporate liabilities	-	-	769,773	769,773
Total liabilities	**1,204,761**	**3,648**	**769,773**	**1,978,182**

Segment Assets

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

	31 December 2018	31 December 2017
Reportable segment assets	**2,971,174**	**2,471,267**
Cash and cash equivalents	837,838	559,536
Other assets	171,551	129,077
Derivative financial assets	3,273	2,507
Property, plants and equipment and intangibles	204,791	191,914
Total assets	**4,188,627**	**3,354,301**

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Segment Liabilities

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

	31 December 2018	31 December 2017
Reportable segment liabilities	**1,715,354**	**1,208,409**
Borrowings	984,376	720,281
Derivative financial liabilities	-	1,752
Other payables	1,035	603
Current provisions	1,414	2,044
Current tax liabilities, current	7,796	8,224
Provision for employment benefits	11,097	13,763
Employee benefit obligations	3,415	3,182
Deferred income tax liabilities	16,658	19,924
Total liabilities	**2,741,145**	**1,978,182**

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 December 2018	31 December 2017
Cash	171	154
Bank		-
Demand deposit (TL)	1,708	3,188
Foreign currency demand deposit	7,788	16,004
Time deposits (TL)	36,205	48,166
Foreign currency time deposit	791,966	492,024
Total	**837,838**	**559,536**

Maturity of time deposits are less than three months and weighted average effective interest rates on TL denominated time deposits at 31 December 2018 is 21.47% (31 December 2017: 14.67%) for USD denominated time deposits it is 4.47% (31 December 2017: USD 4.03%) and for EUR denominated time deposits it is 1.45% (31 December 2017: EUR 1.58%), respectively.

The reconciliations of cash and cash equivalents to the consolidated statements of cash flows are as follows:

	31 December 2018	31 December 2017	31 December 2016
Cash and cash equivalents	837,838	559,536	458,301
Interest accrual	(3,100)	(726)	(838)
Cash and cash equivalents, net	**834,738**	**558,810**	**457,463**

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NOTE 5 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Joint Ventures

	31 December 2018	31 December 2017
DowAksa Holdings	286,658	222,014

Summarized financial information of DowAksa Holding is presented below;

	31 December 2018	31 December 2017
Current assets	393,773	202,758
Non-current assets	1,130,036	934,089
Total Assets	**1,523,809**	**1,136,847**
Short-term liabilities	278,722	450,731
Long-term liabilities	671,771	242,088
Equity	573,316	444,028
Total Liabilities	**1,523,809**	**1,136,847**
Equity corresponding to Group's interest of 50%	**286,658**	**222,014**

	2018	2017
Revenue	337,155	122,117
Net loss	(22,934)	(96,788)
Net loss corresponding to Group's interest of 50%	**(11,467)**	**(48,394)**

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

	2018	2017
1 January	**222,014**	**214,252**
Net loss corresponding to Group's interest of 50%	(11,467)	(48,394)
Currency translation differences	73,652	20,774
Actuarial income	2,459	-
Emission premium	-	35,382
31 December	**286,658**	**222,014**

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As of December 31, 2018, the Company has made an impairment analysis for the value of its joint venture DowAksa Holdings. In this analysis; the principal assumption that the company used to make the estimation of discounted cash flow in USD on its budget until 2023 is to test the weighted average cost of capital as 10.3% at a sensitivity of 0.5%.The company foresees that the five year analysis is appropriate for the evaluation of the operational results and forward estimations in the sector and makes the impairment test based on five year budgets.

NOTE 6 - BORROWINGS

Group's financial liabilities are as follows:

	31 December 2018	31 December 2017
Short-term bank borrowings	984,376	720,281
Short-term portion of long-term bank borrowings	271,424	10,461
Total short-term borrowings	**1,255,800**	**730,742**
Long-term bank borrowings	645,058	419,844
Total long-term borrowings	**645,058**	**419,844**
Total borrowings	**1,900,858**	**1,150,586**

Bank Borrowings

	31 December 2018		31 December 2017	
	Yearly weighted average interest rate %	TL	Yearly weighted average interest rate %	TL
a) Short-term bank borrowings:				
USD borrowings	4.38	999,571	2.65	724,205
Credit Card Debts	-	9	-	1,965
Prepaid interest	-	(15,204)	-	(5,889)
Total short-term bank borrowings:		**984,376**		**720,281**
b) Short-term portion of long-term bank borrowings:				
USD bank borrowings	4.51	159,358	3.38	1,853
EUR bank borrowings	2.00	112,066	3.50	8,608
Total short-term portion of long-term bank borrowings		**271,424**		**10,461**
Total short-term borrowings		**1,255,800**		**730,742**
c) Long-term bank borrowings:				
USD bank borrowings	5.24	372,235	3.19	181,526
EUR bank borrowings	2.91	272,823	2.05	238,318
Total long-term borrowings		**645,058**		**419,844**

The Group does not have any covenant breaches in relation to its borrowings.

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

	31 December 2018		31 December 2017	
	Fair value	Book value	Fair value	Book value
USD borrowings (*)	409,260	372,235	190,677	181,526
EUR borrowings	292,820	272,823	241,777	238,318

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

The redemption schedule of borrowings based on the agreements is as follows:

	31 December 2018	31 December 2017
Less than 3 months	452,723	201,481
Between 3-12 months	803,077	529,261
Between 1-2 years	193,407	309,404
Between 2-3 years	137,592	76,125
Between 3-4 years	89,731	34,315
4 years and longer	224,328	-
	1,900,858	**1,150,586**

Movement of borrowing for the years 2018 and 2017 as follows;

	31 December 2018	31 December 2017
1 January	1,150,586	834,372
New borrowings	1,824,268	1,168,899
Principal payments	(1,219,986)	(922,841)
Interest accrual	392	(53)
Exchange rate difference	145,598	70,209
	1,900,858	**1,150,586**

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

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

a) Short-term Trade Receivables:

	31 December 2018	31 December 2017
Trade receivables	359,454	296,073
Notes receivable and cheques	295,833	284,491
Less: Provision for doubtful receivables	(27,681)	(27,437)
Less: Unearned finance income on credit sales	(3,525)	(3,992)
Total short-term trade receivables, net	**624.081**	**549,135**

TL and foreign currency denominated trade receivables as of 31 December 2018 have an average maturity of 3 months (31 December 2017: 3 months) and are discounted with an average annual interest rate of 4.5% (31 December 2017: 3%).

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 further collection risks for trade receivables other than already provided for.

Movements of provision for doubtful receivables for 31 December 2018 and 2017 are as follows:

	2018	2017
1 January	**27,437**	**41,664**
Current period charge (Note 20)	244	494
Written-off provisions	-	(14,721)
31 December	**27,681**	**27,437**

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

b) Short-term trade payables:

	31 December 2018	31 December 2017
Suppliers	724,569	717,335
Less: Unaccrued finance costs on credit purchases (-)	(2,976)	(3,386)
Total	**721,593**	**713,949**

TL and foreign currency denominated trade payables as of 31 December 2018 have an average maturity of 3 months (31 December 2017: 4 months) and they are discounted with an average annual interest rate of 3% in USD terms (31 December 2017: 4%).

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

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

a) Short-term other receivables:

	31 December 2018	31 December 2017
Deposits and guarantees given	2,242	3,271

b) Short-term other payables:

	31 December 2018	31 December 2017
Taxes and funds payable	417	205
Other	618	398
Total	**1,035**	**603**

NOTE 9 - INVENTORIES

	31 December 2018	31 December 2017
Raw materials	309,479	277,730
Semi-finished goods	25,258	15,406
Finished goods	127,362	91,925
Other stocks and spare parts	35,372	35,565
Less: Provision for impairment on inventories	(12,281)	(1,512)
Total	**485,190**	**419,114**

Provision for inventory impairment is related to raw materials, spare parts and finished goods.

Group has included the movements in the provision for impairment between 31 December 2018 and 2017 in the cost of sales (The increase in provision for the impairment on inventories is due to the increased costs of these relevant inventories).

Group has insured its inventory amounting to TL 355,920 (excluding raw materials in transit) as of 31 December 2018 (TL 254,825 as of 31 December 2017) for TL 395 million (31 December 2017: TL 245 million).

As of current period, the cost of raw material and goods is shown in Note 19.

The movement of the provision for impairment is as follows for the periods ended 31 December 2018 and 2017;

	2018	2017
January 1	1,512	1,448
Provisions during the period	10,769	64
Total	**12,281**	**1,512**

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NOTE 10 - INVESTMENT PROPERTY

	1 January 2018	Additions	31 December 2018
Cost			
Land and buildings	47,509	-	47,509
Independent units	3,091	-	3,091
	50,600	**-**	**50,600**
Accumulated depreciation			
Land and buildings	2,771	1,188	3,959
Independent units	1,938	72	2,010
	4,709	**1,260**	**5,969**
Net book value	**45,891**		**44,631**

	1 January 2017	Additions	31 December 2017
Cost			
Land and buildings	47,509	-	47,509
Independent units	3,091	-	3,091
	50,600	**-**	**50,600**
Accumulated depreciation			
Land and buildings	1,583	1,188	2,771
Independent units	1,862	76	1,938
	3,445	**1,264**	**4,709**
Net book value	**47,155**		**45,891**

Current year depreciation expense of investment properties are charged to general and administrative expenses.

Land and Buildings

The land and buildings classified as investment properties consist of land and buildings at the city of Yalova, town of Çiftlikköy, village of Deniz Çalı, locality of Topçuçiftliği at plots no. 1126, 1145 and city block no. 151 / plot no. 1. According to the valuation report, the fair value of these land and buildings is TL 78,000 and TL 100 per month is rented.

Independent Units

Independent units consist of offices of the Company located in Gümüşsuyu and Maçka. According to the valuation report dated 31 December 2018, the fair value of the independent units is TL 27,380 and it provides rent income amounting to TL 95 per month.

Rent income from investment properties has been disclosed as Income from Investment Activities and is amounting to TL 6,526 as of 31 December 2018 (31 December 2017: TL 5,671).

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2018	Additions	Disposals	Transfers (*)	Currency ranslation differences	31 December 2018
Cost						
Land	66,683	1,284	(3,271)	40,028	360	105,084
Land improvements	123,093	54	-	231	-	123,378
Buildings	237,303	3,149	(42)	6,981	1,262	248,653
Machinery and equipment	1,373,546	142,098	(38,334)	158,577	2,476	1,638,363
Motor vehicles	1,325	268	(130)	-	137	1,600
Furniture and fixture	62,891	3,717	(79)	9,535	72	76,136
Construction in progress	67,866	209,085	(1,374)	(183,376)	-	92,201
	1,932,707	**359,655**	**(43,230)**	**31,976**	**4,307**	**2,285,415**
Accumulated depreciation						
Land improvements	50,054	4,412	-	-	-	54,466
Buildings	55,612	6,108	(42)	-	491	62,169
Machinery and equipment	758,713	75,460	(37,381)	-	1,445	798,237
Motor vehicles	857	166	(52)	-	95	1,066
Furniture and fixtures	35,733	5,214	(68)	-	66	40,945
	900,969	**91,360**	**(37,543)**	**-**	**2,097**	**956,883**
Net book value	**1,031,738**					**1,328,532**

(*) Transfers amounting to TL 31,976 are associated with intangible assets.

The borrowing cost amounting to TL 12,497 for the borrowings obtained for construction of plant and efficiency projects have been capitalized as of 31 December 2018.

TL 83,341 of current year depreciation and amortization expense is charged to “cost of sales”, TL 602 is charged to “research and development expenses”, TL 1,490 is charged to “general administrative expenses’’, TL 29 is charged to “marketing, selling and distribution expenses’’, TL 394 is charged to “construction in progress’’ as the depreciation amount of unfinished project development cost and TL 5,504 is charged to “inventory”.

As of 31 December 2018 there is no collateral, pledge and mortgage on property, plant and equipment. At the date of reporting, Group’s property, plants and equipment is insured for TL 3,2 billion.

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	1 January 2017	Additions	Disposals	Transfers (*)	Currency ranslation differences	31 December 2017
Cost						
Land	65,851	734	-	-	98	66,683
Land improvements	113,430	4	-	9,659	-	123,093
Buildings	208,129	1,586	(123)	27,507	204	237,303
Machinery and equipment	1,087,981	4,635	(13,953)	294,402	481	1,373,546
Motor vehicles	1,245	172	(129)	-	37	1,325
Furniture and fixture	54,399	1,748	(379)	7,104	19	62,891
Construction in progress	60,793	347,296	(1,225)	(338,998)	-	67,866
	1,591,828	**356,175**	**(15,809)**	**(326)**	**839**	**1,932,707**
Accumulated depreciation						
Land improvements	46,041	4,013	-	-	-	50,054
Buildings	50,004	5,531	(38)	-	115	55,612
Machinery and equipment	706,766	65,082	(13,490)	-	355	758,713
Motor vehicles	837	130	(129)	-	19	857
Furniture and fixtures	31,340	4,565	(189)	-	17	35,733
	834,988	**79,321**	**(13,846)**	**-**	**506**	**900,969**
Net book value	**756,840**					**1,031,738**

(*) Transfers amounting to TL 326 are associated with intangible assets.

The borrowing cost amounting to TL 10,305 for the borrowings obtained for construction of plant and efficiency projects have been capitalized as of 31 December 2017.

TL 75,558 of current year depreciation and amortization expense is charged to “cost of sales”, TL 649 is charged to “research and development expenses”, TL 1,253 is charged to “general administrative expenses’’, TL 39 is charged to “marketing, selling and distribution expenses’’, TL 301 is charged to “construction in progress’’ as the depreciation amount of unfinished project development cost and TL 1,521 is charged to “inventory”.

As of 31 December 2017 there is no colletersl, pledge and mortgage on property, plant and equipment. At the date of reporting, Group’s property, plants and equipment is insured for TL 2,1 billion.

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NOTE 12 - INTANGIBLE ASSETS AND GOODWILL

	1 January 2018	Additions	Disposals	Transfers (*)	Currency ranslation differences	31 December 2018
Cost						
Rights	75,842	15,810	-	(32,200)	388	59,840
Development cost	13,617	8,970	(73)	-	-	22,514
Other intangible assets	5,924	1,314	-	224	-	7,462
	95,383	**26,094**	**(73)**	**(31,976)**	**388**	**89,816**
Accumulated depreciation						
Rights	5,946	1,832	-	-	287	8,065
Development cost	10,293	489	-	-	-	10,782
Other intangible assets	5,430	786	-	-	-	6,216
	21,669	**3,107**	**-**	**-**	**287**	**25,063**
Net book value	**73,714**					**64,753**

(*)Transfers amounting to TL 31.976 are associated with property, plant and equipment. (2017: TL 326)

	1 January 2017	Additions	Disposals	Transfers (*)	Currency ranslation differences	31 December 2017
Cost						
Rights	73,652	2,093	-	-	97	75,842
Development cost	10,583	2,819	-	215	-	13,617
Other intangible assets	5,730	83	-	111	-	5,924
	89,965	**4,995**	**-**	**326**	**97**	**95,383**
Accumulated depreciation						
Rights	4,124	1,756	-	-	66	5,946
Development cost	8,979	1,314	-	-	-	10,293
Other intangible assets	4,525	905	-	-	-	5,430
	17,628	**3,975**	**-**	**-**	**66**	**21,669**
Net book value	**72,337**					**73,714**

(*)TL 2,168 (2017: TL 2,430) of the current amortization expense is charged to "cost of sales", TL 489 (2017: TL 1,315) is charged to "research and development expenses", TL 450 (2017: TL 230) is charged to "general administrative expenses".

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Goodwill

The goodwill balance with the carrying amount of TL 5,989 (2017: TL 5,989) as of 31 December 2018 resulted from the acquisition of 50% shares of Ak-Tops Tekstil Sanayi A.Ş. during 2007.

There is no change in the book value of the goodwill as of 31 December 2018.

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	31 December 2018	31 December 2017
Provision for lawsuits	1,414	2,044

Contingent assets and liabilities are as follows:

a) The details of guarantees, pledges and mortgages given by the Group are as follows:

	31 December 2018	31 December 2017
Collaterals given	574,154	484,787
Guarantees given	318,220	267,508
Total	**892,374**	**752,295**

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

	31 December 2018	31 December 2017
Credit insurance	578,274	498,365
Pledged cheques and notes receivable	139,521	169,877
Pledges received	127,864	110,795
Confirmed/unconfirmed letters of credit	32,615	42,006
Guarantee letters received	9,054	25,790
Limits of Direct Debiting System ("DDS")	12,298	14,749
Total	**899,626**	**861,582**

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

	31 December 2018	31 December 2017
A. CPM given on behalf of the Company's legal personality	892,374	752,295
- USD	769,389	689,153
- EUR	94,334	21,948
- Turkish Lira	28,651	41,194
- Other	-	-
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
- USD	-	-
D. Total amount of other CPM given	-	-
i) Total amount of CPM given on behalf of the majority shareholder	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-
iii)Total amount of CPM given on behalf of third parties which are not in scope of C	-	-
Total	**892,374**	**752,295**

As of 31 December 2018, since Company does not have any other CPMs given (D), ratio to equity is none (31 December 2017: None).

NOTE 14 - EMPLOYEE BENEFIT OBLIGATIONS

Payables for employee benefit obligations	31 December 2018	31 December 2017
Social security premiums payable	3,305	3,016
Payables to employees	110	166
Total	**3,415**	**3,182**

Current provisions for employee benefits	31 December 2018	31 December 2017
Provision for premium	7,010	9,300
Provision for unused vacation rights	710	1,727
Total	**7,720**	**11,027**

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Non-current provisions for employee benefits	31 December 2018	31 December 2017
Provision for employee termination benefits and employee termination incentive	22,179	24,178

Provision for employee termination benefits

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

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and left from the group or retired, completed 25 service years (20 for women) 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 for employee termination benefits is not legally subjected to any funding and there is no condition for funding.

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

TAS 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 2018	31 December 2017
Discount rate (%)	6,86	4.67
Probability of retirement (%)	98,25	98.20

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 6.018 effective from 1 January 2019 (1 January 2018: TL 5.001) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the Provision for employee termination benefits and employee termination incentive are as follows:

	2018	2017
Balances as of 1 January	**24,178**	**19,131**
Service cost	4,217	2,767
Interest cost	1,659	892
Compensation paid	(5,897)	(2,366)
(Gains)/losses on remeasurements of defined benefit plans	(1,978)	3,754
Balances as of 31 December	**22,179**	**24,178**

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NOTE 15 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	31 December 2018	31 December 2017
Value Added Taxes (“VAT”) receivables	167,927	128,682
Other	330	7
Total	**168,257**	**128,689**

b) Prepayments - Short-term:

	31 December 2018	31 December 2017
Prepaid expenses	5,772	3,730
Advances given	2,519	4,384
Total	**8,291**	**8,114**

c) Prepayments - Long-term:

	31 December 2018	31 December 2017
Advances given for purchase of property, plant and equipment	8,048	10,573
Prepaid expenses	39	177
Total	**8,087**	**10,750**

d) Deferred Income:

	31 December 2018	31 December 2017
Order advances received	6,170	8,325

NOTE 16 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2018		31 December 2017	
	Asset	Liability	Asset	Liability
Held for trading	-	-	-	1,752
Subject to hedge accounting	3,273	-	2,507	-
Total	**3,273**	**-**	**2,507**	**1,752**

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Derivative instruments held for hedging:

	31 December 2018		31 December 2017	
	Contract amount USD (thousand)	Fair value Asset amount TL	Contract amount USD (thousand)	Fair value Asset amount TL
Interest rate swap	28,333	3,273	48,126	2,507

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 that initial costs of derivative financial instruments are equal to their fair value. Derivative financial instruments of the Group generally consist of forward foreign exchange contracts and interest rate swap instruments.

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

These derivative transactions provide effective economic hedges under the Group risk management position and qualify for hedge accounting. Changes in the fair value of such derivatives are recognized directly in statement of profit or loss.

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

At 31 December 2018, fixed interest rates are 1.13% and 1.35% (31 December 2017: 1.13% and 1.35%). Main floating interest rates that Group is subject to are EURIBOR and LIBOR.

Derivative financial instruments held for trading

The Group in accordance with its risk policies, is able to make option contracts regarding to foreign exchange trading transactions. The mentioned option transactions are accounted as derivative financial instruments held for trading in the consolidated financial statements, as they do not qualify for hedge accounting and changes in fair value of these financial instruments are recognized in the consolidated statement of income.

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	31 December 2018		31 December 2017	
	Contract amount USD (thousand)	Fair value Asset amount TL	Contract amount USD (thousand)	Fair value Asset amount TL
Foreign exchange held for trading transactions:				
- EUR	-	-	7,400	1,752

NOTE 17 - EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the CMB and set a limit on its registered share capital representing type of registered shares with a nominal value of Kr 1. Historical, authorized and issued capital of Aksa as of 31 December 2018 and 2017 is presented below:

	31 December 2018	31 December 2017
Limit on registered share capital	425,000	425,000
Issued share capital	185,000	185,000

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

	Share %	31 December 2018	Share %	31 December 2017
Akkök Holding	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**
Inflation adjustments on 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 2017: 18,500,000,000) shares issued on bearer with a nominal value of Kr 1 (31 December 2017: Kr 1) each. All shareholders have same rights and there are not issued different type of shares such as privilege. 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. According to the TCC, the legal reserve does not exceed half of the capital or issued capital can be used only to offset losses, to continue the business when things did not go well or to get ahead of unemployment and to take favourable measures to manage its results.

In accordance with TAS, the Company has to classify the above mentioned amounts under “Restricted reserves”, the amount of restricted reserves is TL 160,293 as of 31 December 2018 (31 December 2017: TL 140,498). This amount fully consists of legal reserves.

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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 if has not been transferred to capital yet, shall be classified under the “Adjustments to Share Capital”, following the “Paid-in 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

Regarding the dividend distribution, the entities have to distribute their profits under the scope of CMB Communiqué Serial: II-19.1, their articles of association and their previously publicly declared profit distribution policies.

Besides that, it is regulated that companies which are obligated to prepare consolidated financial statements under CMB policies, if it’s allowed in their statutory reserves, amount of profit available for distribution, in accordance with CMB Communiqué No. II -14.1 announced publicly consolidated financial statements taking their net profit of the period into account.

In the case of making decision on dividend payment, dividend is paid in cash or is distributed as “bonus shares” to shareholders by adding dividend to capital or distributed cash and bonus shares in certain amounts according to the decision that is taken by the general assembly of the company.

In the ordinary general assembly meeting held on 2 April 2018, the Company has decided to reserve second order legal reserves amounting to TL 19,795 and pay gross profit share amounting to TL 207,200, from the distributable profits and retained earnings of the year 2017, as required by the Turkish Commercial Code and the Company’s Articles of Association. Dividend payments were completed on 6 April 2018.

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Repurchased shares

In accordance with the decision taken by the Board of Directors on 9 May 2018,a share repurchase program was initiated. In the scope of the program, a total of 2,878,534 shares, which correspond to 1.56% of the Company's capital were repurchased for 31.464 TL, until 31 December 2018 (31 December 2017: None)

Financing of share repurchase is provided from the Company's internal sources. As a report date, there was no sale of repurchased shares.

NOTE 18 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the years ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Domestic sales	2,075,227	1,892,040
Export sales	1,609,881	998,020
Less: Sales returns	(346)	(1,976)
Less: Other discounts	(147,214)	(126,371)
Net sales income	**3,537,548**	**2,761,713**
Cost of sales (-)	**(2,916,366)**	**(2,203,144)**
Gross profit	**621,182**	**558,569**

NOTE 19 - EXPENSES BY NATURE

Cost of sales, marketing expenses, general administrative expenses and research and development expenses by nature for the years ended as of 31 December 2018 and 2017 are as follows;

	31 December 2018	31 December 2017
Raw materials and goods	2,614,138	1,936,464
Employee benefits	129,283	121,258
Depreciation and amortization	89,829	82,738
Consumables	47,412	34,931
Commission expenses	43,693	27,183
Export expenses	28,057	23,881
Maintenance, repair and cleaning expenses	23,891	19,082
Consultancy and audit expenses	22,743	17,768
Information technologies expense	8,829	10,369
Rent expenses	8,458	6,784
Insurance expenses	6,830	6,617
Other	52,488	47,897
Total	**3,075,651**	**2,334,972**

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NOTE 20 - INCOME AND EXPENSE FROM OPERATING ACTIVITIES

Income from other operating activities by nature for the years ended as of 31 December 2018 and 2017 are as follows;

	31 December 2018	31 December 2017
Foreign exchange income from trading transactions	503,684	231,166
Interest income from credit sales	31,099	20,069
Scrap sales income	3,488	2,783
Other	886	555
Total	**539,157**	**254,573**

Expense from other operating activities by nature for the years ended as of 31 December 2018 and 2017 are as follows;

	31 December 2018	31 December 2017
Foreign exchange expense from trading transactions	450,470	199,032
Interest expense from credit purchases	13,617	8,999
Provision for doubtful receivables (Note 7)	244	494
Other	5,004	3,847
Total	**469,335**	**212,372**

NOTE 21 - INCOME FROM INVESTMENT ACTIVITIES

Income from investment activities for the years ended at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Income from fixed asset sales	10,022	2,116
Rent income	6,859	5,990
Total	**16,881**	**8,106**

NOTE 22 - FINANCE INCOME/COSTS

Financial income for the years ended at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Foreign exchange income	829,675	230,773
Interest income	44,448	21,190
Total	**874,123**	**251,963**

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Financial costs for the years ended at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Foreign exchange loss	1,104,570	289,756
Borrowing costs	50,111	26,071
Total	**1,154,681**	**315,827**

NOTE 23 - TAX ASSETS AND LIABILITIES

Tax expenses for the years ended at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Income tax expense	(35,736)	(60,807)
Deferred tax expense	3,457	(9,012)
Total tax expense	**(32,279)**	**(69,819)**

Corporate Tax

The Group is subject to corporate tax valid in Turkey. Tax liability provisions are determined in accordance with the current year financial activities.

The corporate tax rate in Turkey is 20%. However, according to the Provisional Article 10 added to the Corporate Tax Law, the corporate tax rate of 20% will increase to %22, which will correspond to the corporate earnings of the taxation periods of the years 2018, 2019 and 2020 (for the institutions that have been appointed for the special accounting period). Corporate tax rate is applied to the income of the corporation which is the result of adding the expenses that are not accepted as deduction in accordance with the tax legislation of the corporation and deduction of the exemptions and discounts in the tax laws. Losses can be carried forward for a maximum period of 5 years to be deducted from the taxable profit to be incurred in future years. However, the losses cannot be deducted from the profits of the previous years.

There is no agreement with the tax authorities on the tax payable in Turkey. The corporate tax declaration is given on the 25th day of the fourth month following the month of the closing of the accounting period and is paid until the end of the month.

Companies declare their temporary tax, which is equal to 20% of their quarterly financial income (22% for taxation periods of 2018, 2019 and 2020) until the 14th day of the second month following that period and cay pay it till the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporation tax that will be calculated on the tax declaration of the institutions to be given in the following year. If the temporary tax amount paid still left after the deduction, this amount can be refunded as cash or offset.

Income Withholding Tax

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution.

Deferred Income Tax Assets and Liabilities

The Company calculates deferred tax assets and liabilities considering the effect of temporary differences arising from different valuation of balance sheet items according to TAS and statutory financial statements. Such temporary differences usually result from the recognition of revenue and expenses in different reporting periods according to TAS and Tax Code.

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The tax rate used in the calculation of deferred tax assets and liabilities is 20% and 22% (2017: 20% and 22%).

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 31 December 2018 and 2017 are as follows:

	Temporary taxable differences		Deferred income tax asset/liability	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Property, plant and equipment and intangible assets	(117,926)	(120,123)	(22,540)	(23,802)
Derivative instruments	(3,273)	(755)	(720)	(166)
Trade payables	(2,976)	(3,386)	(655)	(745)
Deferred income tax liabilities			**(23,915)**	**(24,713)**
Employee termination benefits	22,899	25,906	4,663	5,302
Inventories	5,227	(6,306)	1,150	(1,388)
Other short-term liabilities	3,759	3,077	837	677
Trade receivables	1,859	1,444	409	318
Other	898	(545)	198	(120)
Deferred income tax assets			**7,257**	**4,789**
Deferred income tax assets/(liabilities), net			**(16,658)**	**(19,924)**

Movement for the deferred income tax liabilities for the periods ended at 31 December 2018 and 2017 are as follows:

	2018	2017
1 January	**19,924**	**11,673**
Deferred tax expense	(3,457)	9,012
Credited to equity	396	(751)
Currency translation differences	(205)	(10)
31 December	**16,658**	**19,924**

	31 December 2018	31 December 2017
Calculated corporate income tax	35,736	60,807
Amount offset from VAT receivables and prepaid corporate taxes	(27,940)	(52,583)
Current tax liabilities, current	**7,796**	**8,224**

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The reconciliation of tax expenses stated in consolidated income statements for the years ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Profit before tax	256,575	364.790
Expected tax expense of the Group (22%)	**56,447**	**80,254**
The effect of application of equity method	11,467	48,394
The effect of foreign subsidiaries	-	(12,244)
Investment incentives	(14,247)	(51,605)
Discounts and exemptions	(13,380)	(4,465)
Revaluation effect (*)	(96,919)	-
Additions	7,626	4,225
Tax effect (22%)	**(23,200)**	**(3,453)**
Tax rate effect (20%)	**(968)**	**(6,982)**
Current period tax expense of the Group	**32,279**	**69,819**

(*) The effect of TL 96,919 is due to the property valuation carried out in the legal books, pursuant to Article 5 of the Law Regarding Amendment of Some Laws, No 7114.

NOTE 24 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income by the weighted average number of shares that have been outstanding during the period. The earnings per share calculation for the years ended 31 December 2018 and 2017 as follows:

	31 December 2018	31 December 2017
Net income attributable to the equity holders of the parent (TL) (*) (A)	224,295,974	294,971,053
Weighted average number of shares (B)	18,500,000,000	18,500,000,000
Earnings per share (Kr) (A/B)	1.21	1.59

(*) Amounts expressed in Turkish Lira.

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NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Short-term trade receivables due from related parties

As of 31 December 2018 and 2017, trade receivables from related parties are as follows:

	31 December 2018	31 December 2017
Ak-Pa Tekstil İhracat Pazarlama A.Ş.("Ak-Pa" (*) (1)	270,798	166,709
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("DowAksa") (2)	13,947	7,828
Akkim Kimya San. ve Tic. A.Ş. ("Akkim")(1)	12,316	6,365
Other	439	217
Less: Unearned finance income on credit sales (-)	(1,373)	(399)
Total	**296,127**	**180,720**

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

Foreign currency denominated trade receivables have average 3 months maturity as of 31 December 2018 and 2017 and are discounted with annual average discount rate of 4% (31 December 2017:1%) based on USD.

b) Short-term trade payables due to related parties

As of 31 December 2018 and 2017, short-term trade payables to related parties are as follows:

	31 December 2018	31 December 2017
Ak-Pa (1)	23,271	8,162
Akkim (1)	12,426	14,818
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim") (4)	7,529	907
Akkök Holding (3)	2,933	2,410
Dinkal Sigorta Acenteliği A.Ş. (**) (1)	2,595	2,366
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. (1)	1,848	1,224
Yalova Kompozit ve Kimya İhtisas (4) Organize Sanayi Bölgesi ("Yalkim OSB")	1,394	3,765
Other	311	736
Total	**52,307**	**34,388**

(**) Consists of balance to be paid to insurance companies by means of Dinkal Sigorta Acenteliği A.Ş.

(1) Akkök Holding subsidiary
(2) Company's joint venture's subsidiary
(3) Company main shareholder
(4) Other related parties

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c) Other receivables due to related parties

Other receivables from joint ventures for the year ended as of 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December2017
DowAksa - Leasing receivables [2]	24,678	12,879
DowAksa - Unearned finance income (-) [2]	-	(2,537)
Other short-term receivables	**24,678**	**10,342**
DowAksa - Leasing receivables [2]	-	118,588
DowAksa - Unearned finance income (-) [2]	-	(15,811)
Other long-term receivables	**-**	**102,777**
Total	**24,678**	**113,119**

Receivables are shown as below in terms of period of the collection as of 31 December 2018 and 2017 are as follows:

	31 December 2018			31 December 2017		
	Leasing	Interest	Total	Leasing	Interest	Total
Less than 3 months	-	-	-	1,186	398	1,584
Between 3-12 months	24,678	-	24,678	9,156	2,139	11,295
Between 1-2 years	-	-	-	12,452	2,608	15,060
Between 2-3 years	-	-	-	12,737	2,323	15,060
Between 3-4 years	-	-	-	13,028	2,032	15,060
4 years and longer	-	-	-	64,560	8,848	73,408
	24,678	**-**	**24,678**	**113,119**	**18,348**	**131,467**

According to the agreement between the Company, DowAksa and DowAksa Advanced Composites Holdings B.V.,the facility of Solvent Recovery Unit was delivered to DowAksa in accordance with the leasing model. The usage of the facility was revised, a new agreement has been reached between the two companies and the facility has been transferred as of 31 December 2018 to the fact that a large part of the capacity is used by the Company.

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d) Advances Given

Advances given to related parties for the year ended as of 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Akgişim [4]	1,716	25
Yalkim OSB [4]	-	710
Total	**1,716**	**735**

Advances given to related parties consist of advance payment related to various investment projects in the facilities located in Yalova.

e) Sales

Sales to related parties and other incomes for the years ended as of 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Ak-Pa [*] [1]	1,623,154	1,019,773
Akkim [1]	98,386	55,554
DowAksa [2]	48,821	30,533
Other	5,761	3,046
Total	**1,776,122**	**1,108,906**

[*] The sales to Ak-Pa consist of export sales to third parties via Ak-Pa.

Other sales to related parties mainly consist of rent income, steam and electricity sales.

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f) Purchases of goods and services

Product and service purchases from related parties for the years ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Akkim [1]	92,646	82,500
Yalkim OSB [4]	40,506	19,348
Akgirişim [4]	37,224	23,581
Ak-Pa [1]	24,722	15,601
Dinkal Sigorta Acenteliği A.Ş. [*] [1]	15,008	14,381
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. [1]	13,513	10,549
Akkök Holding [3]	9,705	9,027
Other	4,143	2,822
Total	**237,467**	**177,809**

[*] Purchases comprise insurance payments for which Dinkal Sigorta Acenteliği A.Ş. acts as an agent.

Purchases from related parties consist of chemicals, insurance, construction business, consulting, commission, rent expenses and various service procurement.

The Company defined its key management personnel as board of directors and members of the executive committee. Benefits provided to key management personnel as of 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Salary and other short-term employee benefits	9,293	6,001
Employment termination benefits	16	16
Post-employment benefits	-	-
Other long-term benefits	-	-
Share based compensations	-	-
Total	**9,309**	**6,017**

Benefits provided to the Board of Directors, for the years ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Salary and other short-term employee benefits	1,243	1,222
Employment termination benefit	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share based compensations	-	-
Total	**1,243**	**1,222**

[1] Akkök Holding subsidiary
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NOTE 26 - NATURE OF LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS

Financial risk factors

The Groups principal financial instruments are cash and cash equivalents, trade receivables and financial liabilities. The main purpose of these financial instruments is to generate financing resources 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:

Trade Receivables	31 December 2018	31 December 2017
1-30 days overdue	110,901	51,360
1-3 months overdue	64,988	14,282
3-12 months overdue	44,589	841
More than 12 months overdue	35,965	209
Total [*]	**256,443**	**66,692**
Secured with guarantees	**240,202**	**64,619**

[*] TL 114,401 of the amount has been collected as of the date of the report (31 December 2017: TL 43,743)

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As of 31 December 2018 the Group’s maximum exposure to credit risk is presented below:

31 December 2018	Trade receivables		Other receivables		Deposits at bank	
	Related Parties	Unrelated Parties	Related Parties	Unrelated Parties	Related Parties	Other
Maximum credit risk exposure as of reporting date	**296,127**	**624,081**	**24,678**	**2,242**	**-**	**837,667**
- Secured portion of maximum credit risk by guarantees (*)	**240,674**	**503,910**	**-**	**-**	**-**	**-**
Net book value of financial assets either are not due or not impaired	256,802	406,265	24,678	2,242	-	837,667
Net book value of the expired or not impaired financial assets	39,325	217,118	-	-	-	-
- Secured portion with guarantees	38,897	201,305	-	-	-	-
Net book value of impaired assets	-	698	-	-	-	-
- Matured (gross book value)	-	28,379	-	-	-	-
- Impairment (-) (Note 7)	-	(27,681)	-	-	-	-
- Secured portion with guarantees	-	(698)	-	-	-	-
Off balance sheet credit risks	-	-	-	-	-	-

(*) Guarantees taken from the related parties consist of Ak-Pa’s guarantees received from export customers.

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As of 31 December 2017 the Group’s maximum exposure to credit risk is presented below:

31 December 2017	Trade receivables		Other receivables		Deposits at bank	
	Related Parties	Unrelated Parties	Related Parties	Unrelated Parties	Related Parties	Other
Maximum credit risk exposure as of reporting date	**180,720**	**549,135**	**113,119**	**3,271**	**-**	**559,382**
- Secured portion of maximum credit risk by guarantees (*)	**178,451**	**456,468**	**-**	**-**	**-**	**-**
Net book value of financial assets either are not due or not impaired	170,675	491,791	113,119	3,271	-	559,382
Net book value of the expired or not impaired financial assets	10,046	56,646	-	-	-	-
- Secured portion with guarantees	10,046	54,573	-	-	-	-
Net book value of impaired assets	-	698	-	-	-	-
- Matured (gross book value)	-	28,135	-	-	-	-
- Impairment (-) (Note 7)	-	(27,437)	-	-	-	-
- Secured portion with guarantees	-	(698)	-	-	-	-
Off balance sheet credit risks	-	-	-	-	-	-

(*) Guarantees taken from the related parties consist of Ak-Pa’s guarantees received from export customers.

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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 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 2018		31 December 2017	
	TL	USD(*)	TL	USD(*)
Assets	1,651,784	313,974	1,338,602	354,888
Liabilities	2,648,086	503,352	1,861,733	493,580
Net balance sheet position	**(996,302)**	**(189,378)**	**(523,131)**	**(138,692)**
Net asset/ (liability) position of off-balance sheet derivative instruments in foreign currency	-	-	(486)	(129)
Net foreign currency asset / (liability) position	**(996,302)**	**(189,378)**	**(523,617)**	**(138,821)**
Stocks under natural hedge (**)	449,818	85,502	383,549	101,686
Net foreign currency position after naturel hedge	**(546,484)**	**(103,876)**	**(140,068)**	**(37,135)**

(*) USD amounts are calculated via dividing the TL amounts to balance date USD exchange rate.

(**) The Group limits the foreign currency risk arising net foreign currency financial liabilities and trade payables by reflecting exchange rate changes in product sales prices. As of the related date, the Group has total raw material, semi-finished and finished goods.

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Foreign currency position as of 31 December 2018 and 2017 are as follows:

	31 December 2018			
	TL equivalent	USD position	EUR position	Other
1. Trade Receivables	827,191	143,169	12,275	-
2a. Monetary Financial Assets) (including cash and bank accounts)	799,915	118,836	28,571	2,506
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	24,678	4,691	-	-
4. Current Assets (1+2+3)	**1,651,784**	**266,696**	**40,846**	**2,506**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**1,651,784**	**266,696**	**40,846**	**2,506**
10. Trade Payables	732,033	133,590	4,843	36
11. Financial Liabilities	1,270,995	220,291	18,591	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	**2,003,028**	**353,881**	**23,434**	**36**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	645,058	70,755	45,259	-
16 a. Other Monetary Liabilities	-	-	-	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**645,058**	**70,755**	**45,259**	**-**
18. Total Liabilities (13+17)	**2,648,086**	**424,636**	**68,693**	**36**
19. Off Balance Sheet Derivative Items' Net Asset/(Liability) Position (19a-19b)	**-**	**-**	**-**	**-**
19a. Off balance sheet derivative asset amount	-	-	-	-
19b. Off balance sheet derivative liability amount	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(996,302)**	**(157,940)**	**(27,847)**	**2,470**
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1,020,980)**	**(162,631)**	**(27,847)**	**2,470**
22. Fair Value of Financial Instruments Used for Foreign Hedge	-	-	-	-
23. Amount of Hedged Foreign Currency Assets	449,818	85,502	-	-
24. Amount of Hedged Foreign Currency Liabilities	-	-	-	-

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	31 December 2017			
	TL equivalent	USD position	EUR position	Other
1. Trade Receivables	717,354	175,928	11,908	-
2a. Monetary Financial Assets) (including cash and bank accounts)	508,129	91,358	35,261	4,314
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	10,342	2,742	-	-
4. Current Assets (1+2+3)	**1,235,825**	**270,028**	**47,169**	**4,314**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	102,777	27,248	-	-
8. Non-Current Assets (5+6+7)	**102,777**	**27,248**	**-**	**-**
9. Total Assets (4+8)	**1,338,602**	**297,276**	**47,169**	**4,314**
10. Trade Payables	707,223	181,286	4,772	1,885
11. Financial Liabilities	734,666	192,491	1,906	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	**1,441,889**	**373,777**	**6,678**	**1,885**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	419,844	48,126	52,778	-
16 a. Other Monetary Liabilities	-	-	-	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**419,844**	**48,126**	**52,778**	**-**
18. Total Liabilities (13+17)	**1,861,733**	**421,903**	**59,456**	**1,885**
19. Off Balance Sheet Derivative Items' Net Asset/(Liability) Position (19a-19b)	**(486)**	**8,730**	**(7,400)**	**-**
19a. Off balance sheet derivative asset amount	32,929	8,730	-	-
19b. Off balance sheet derivative liability amount	33,415	-	7,400	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(523,617)**	**(115,897)**	**(19,687)**	**2,429**
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(636,250)**	**(154,617)**	**(12,287)**	**2,429**
22. Fair Value of Financial Instruments Used for Foreign Hedge	(1,752)	-	(388)	-
23. Amount of Hedged Foreign Currency Assets	383,549	101,686	-	-
24. Amount of Hedged Foreign Currency Liabilities	-	-	-	-

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As of 31 December 2018 and 2017, the situations to reach of net foreign position in the Group's balance sheet with the changes in exchange rates are summarized in the table below:

	Profit/Loss		Equity	
31 December 2018	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 10% change of USD against TL				
USD net asset/ (liability)	(83,091)	83,091	28,666	(28,666)
Amount hedged for USD risk	-	-	-	-
USD net effect	**(83,091)**	**83,091**	**28,666**	**(28,666)**
In case 10% change of EUR against TL				
EUR net asset/ (liability)	(16,786)	16,786	-	-
Amount hedged for EUR risk	-	-	-	-
EUR net effect	**(16,786)**	**16,786**		

	Profit/Loss		Equity	
31 December 2017	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 10% change of USD against TL				
USD net asset/ (liability)	(47,008)	47,008	22,201	(22,201)
Amount hedged for USD risk	-	-	-	-
USD net effect	**(47,008)**	**47,008**	**22,201**	**(22,201)**
In case 10% change of EUR against TL				
EUR net asset/ (liability)	(5,548)	5,548	-	-
Amount hedged for EUR risk	-	-	-	-
EUR net effect	**(5,548)**	**5,548**	**-**	**-**

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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 2018, other things being constant, if the interest rate depreciate/ appreciate by 1%, profit before tax would TL 6 (31 December 2017: TL 29), capitalized financial cost on construction in progress would TL 288 (31 December 2017: TL 1).

	31 December 2018	31 December 2017
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents (Note 4) (*)	828,171	540,190
Financial liabilities		
USD borrowings (fixed due to interest rate swap)	1,253,768	907,584
EUR borrowings	-	113,507
Credit Card Payments	9	1,965
Floating interest rate financial instruments		
Financial assets		
Cash and cash equivalents (Note 4) (*)	-	-
Financial liabilities		
EUR borrowings	384,888	133,419
USD borrowings	277,396	-

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

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.

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31 December 2017 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	1,900,858	2,012,046	444,982	840,970	477,490	248,604
Trade payables	721,593	724,569	532,232	192,337	-	-
Due to related parties	52,307	52,307	50,057	2,250	-	-
	2,674,758	**2,788,922**	**1,027,271**	**1,035,557**	**477,490**	**248,604**

31 December 2018 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	1,150,586	1,176,149	204,897	542,281	428,971	-
Trade payables	713,949	717,335	548,110	169,225	-	-
Due to related parties	34,388	34,388	32,122	2,266	-	-
	1,898,923	**1,927,872**	**785,129**	**713,772**	**428,971**	**-**

Import and export information:

Import and export in TL according to their original currency for the years ended at 31 December 2018 and 2017 are as follows:

Export	31 December 2018	31 December 2017
USD	711,523	511,312
EUR	508,952	416,203
Other	389,406	70,505
Total	**1,609,881**	**998,020**

Import	31 December 2018	31 December 2017
USD	1,881,978	1,272,386
EUR	299,790	334,097
Other	2,198	7,301
Total	**2,183,966**	**1,613,784**

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.

The ratio of net debt to equity is as follows:

	31 December 2018	31 December 2017
Total monetary liabilities (*)	2,674,758	1,898,923
Less: Cash and cash equivalents (Note 4)	(837,838)	(559,536)
Net debt	**1,836,920**	**1,339,387**
Total shareholders' equity	1,447,482	1,376,119
Total capital	**3,284,402**	**2,715,506**
Debt/equity ratio	**56%**	**49%**

(*) Short-term and long-term liabilities comprised from trade payable to related parties and trade payables to other parties.

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NOTE 27 - FINANCIAL INSTRUMENTS

Fair value estimation of financial instruments

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 values of foreign currency long-term borrowings are assumed to approximate to their carrying values due to bearing floating interest rates. The estimated fair values of long-term borrowings are calculated based on the effective market interest rates and the cash flow calculations are discounted accordingly (Note 6).

Fair Value Estimation:

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

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

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

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

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

31 December 2018	Level 1	Level 2	Level 3
Foreign currency held for trading	-	-	-
Hedging derivative financial instruments	-	3,273	-
Total asset / (liabilities)	**-**	**3,273**	**-**

31 December 2017	Level 1	Level 2	Level 3
Foreign currency held for trading	-	(1,752)	-
Hedging derivative financial instruments	-	2,507	-
Total asset / (liabilities)	**-**	**755**	**-**

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 are observable in terms of the fair value of a financial instrument is included in level 2.

NOTE 28 - EVENTS AFTER REPORTİNG PERIOD

1) In line with the positive developments in acrylic fiber demand, our company has announced on 5 February 2019 that its capacity has been increased to the sector average levels.

2) Between 1 January - 14 February 2019, TL 3,645 of the Company's shares has been purchased within the scope of repurchase program and the share of the company in total has increased to 1,81%.

SUMMARY FINANCIAL STATEMENTS

SUMMARY FINANCIAL STATEMENTS (USD)

CONSOLIDATED BALANCE SHEET SUMMARY(*)	31 December 2018 ('000 USD)	31 December 2017 ('000 USD)
Assets	**796,181**	**889,285**
Current Assets	**465,344**	**492,832**
Cash and Cash Equivalents	159,258	148,343
Trade Receivables	174,915	193,498
Inventories	92,226	111,115
Other Current Assets	38,945	39,876
Non-Current Assets	**330,837**	**396,453**
Trade Receivables	0	27,248
Financial Investments	8,484	12,167
Investments Accounted For By The Equity Method	54,488	58,860
Property,Plant and Equipment	252,529	273,533
Intangible Assets	12,308	19,543
Goodwill	1,138	1,588
Other Non-Current Assets	1,890	3,514
Liabilities	**796,181**	**889,285**
Short Term Liabilities	**391,045**	**401,451**
Financial Liabilities	238,704	193,733
Trade Payables	147,104	198,398
Corporate Tax Liability	1,482	2,180
Other Short-term Liabilities	3,755	7,140
Long Term Liabilities	**129,996**	**123,000**
Financial Liabilities	122,614	111,308
Provision for Employment Termination Benefits	4,216	6,410
Deferred Tax Liability	3,166	5,282
Equity	**275,140**	**364,834**

(*) US$ currency conversions shown in the consolidated financial statements are provided for informational purposes only; the closing exchange rate TL 5,2609 (December 31, 2017 : TL 3,7719) was used in calculating the balance sheet items.

CONSOLIDATED PROFIT LOSS STATEMENT SUMMARY(*)	31 December 2018 ('000 USD)	31 December 2017 ('000 USD)
Net Sales	732,391	757,822
Operating Profit	110,083	128,679
EBITDA	114,225	139,803
Net Profit	46,436	80,940

(*) The conversion of the consolidated income statement into US$ is provided for informational purposes only; the period average exchange rate of TL 4,8301 (December 31, 2017: 3,6443) was used in the statement.

RATIOS	31 December 2018	31 December 2017
Current Ratio	1.19	1.22
Liquidity Ratio	0.95	0.95

RATIOS	31 December 2018	31 December 2017
EBITDA Margin	15.60%	18.45%
Net Profit Margin	6.34%	10.68%

Aksa Akrilik Kimya Sanayii A.Ş.

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