AKSA ANNUAL REPORT 2011

We love what we do...

AKKÖK

A world brand for the manufacture of acrylic fiber, Aksa focuses on its primary line of business and continues to increase its capacity utilization and profitability

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ORDINARY GENERAL ASSEMBLY AGENDA

Agenda

The 2011 Ordinary General Assembly Meeting of Aksa Akrilik Kimya Sanayi Anonim Şirketi will be held on May 24, 2012

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

2. Authorizing the Presidential Board to sign the meeting minutes of the General Assembly,

3. Reading, discussing and submitting for individual approval of the Board of Directors' Annual Report, the Board of Auditors' Report and Independent Auditors' Report for the year 2011,

4. Reading, discussing and submitting for individual approval the balance sheet and the income statement and the dividend distribution proposal made by the Board of Directors,

5. Releasing the members of the Board of Directors individually with regard to the Company's activities in 2011,

6. Releasing the auditors individually with regard to Company's activities in 2011,

7. Upon obtaining the required permission from the Energy Market Regulatory Authority, Capital Markets Board and the Turkish Ministry of Customs and Trade, ratification of changing and amending the following articles in the Company's Articles of Association in accordance with the amendments hereby attached to the decision of the Board of Directors: article 2 titled "Trade Name," article 3 titled "Scope and Purpose," article 5 titled "Duration," article 6 titled "Capital," article 7 titled "Board of Directors," article 8 titled "Provisions Concerning the Board of Directors," article 9 titled "Authorities of the Board of Directors," article 10 titled "Binding the Company," article 11 titled "Auditors," article 12 titled "Mission and Authorities of Auditors," article 13 titled "General Assembly," article 14 titled "Meeting Place," article 15 titled "Quorum," article 16 titled "Attendance of a State Commissary," article 17 titled "Voting Right," article 18 titled "Representation by Proxy," article 19 titled "Method of Voting," article 20 titled "Amendment of the Articles of Association," article 21 titled "Announcements," article 22 titled "Copies Submitted to the Ministry," article 23 titled "Issue of Bonds and Profit-Loss Sharing Certificates," article 24 titled "Annual Accounts," article 25 titled "Distribution of Profit and Reserve Funds," article 26 titled "Liquidation and Dissolution," article 27 titled "Articles of Associations Submitted to the Ministry," article 28 titled "Statutory Provisions," article 29 titled "Miscellaneous Provisions," article 30 titled "Share Transfer," article 31 titled "Provisions Concerning Merger,"

8. Determining the number and terms of office for the members for the Board of Directors, election of the members of the Board of Directors, election of the members of the Independent Board of Directors and determining the compensations for the members of the Board of Directors and the members of the Independent Board of Directors,

9. Election of the auditors and determining their compensations,

10. Pursuant to the Corporate Governance Code of the Capital Markets Board of Turkey, granting the shareholders who control the management, the members of the Board of Directors, the executive managers and their first and second degree relatives by blood or by marriage the permission to carry out transactions that may result with conflict of interest either with the Company or its subsidiaries, to compete, to be engaged in the same line of business with the Company by themselves or on behalf of others and to become partners in such companies and to carry out other transactions and, pursuant to the articles 334 and 335 of the Turkish Code of Commerce, also granting the members of the Board of Directors permission; and briefing the General Assembly with regard to the transactions carried out in this context during the past year,

11. Pursuant to the Corporate Governance Code, briefing on the "Compensation Policy" for the members of the Board of Directors and the executive managers,

12. Pursuant to the "Communiqué Regarding Independent Auditing in Capital Markets" issued by the Capital Markets Board of Turkey, ratification of the Independent Audit Company selected by the Board of Directors,

13. Briefing the shareholders on the sureties, pledges, mortgages and guarantees given by the Company in favor of third parties and on the income and benefits acquired by the Company in 2011,

14. Pursuant to the legislations of the Capital Markets Board of Turkey, briefing the shareholders on the donations and charities made by the Company in 2011 and, in accordance with the provisions of the "Communiqué on Principles to be Followed by the Joint Stock Corporations Subject to Capital Market Law," Serial IV, No. 41, on the associated party transactions realized within the framework of the valuation reports received,

15. Wishes, comments and closing.

KEY INDICATORS

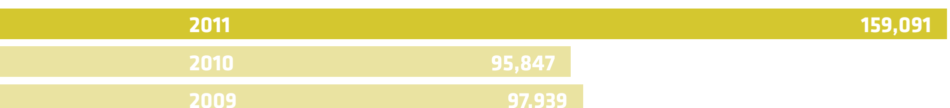
Strong financial results together with high performance in production...

KEY FINANCIAL INDICATORS

Solo Balance Sheet Summary

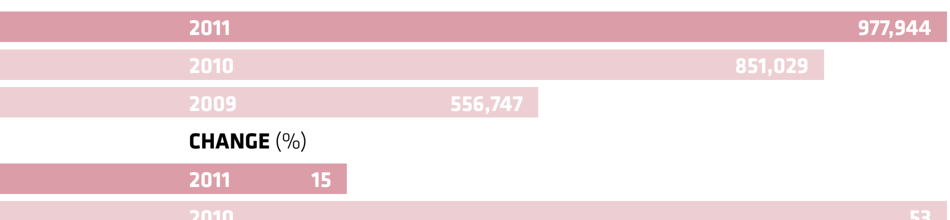
US$ thousand	Restated 31.12.2009	31.12.2010	31.12.2011
Assets	**808,967**	**836,241**	**869,150**
Current Assets	**390,652**	**388,061**	**398,447**
Liquid Assets	64,003	36,832	41,015
Trade Receivables	218,251	211,656	211,021
Inventories	73,592	88,627	99,152
Other Current Assets	34,806	50,946	47,259
Non-Current Assets	**418,315**	**448,180**	**470,703**
Trade Receivables	7,792	6,179	568
Financial Investments	18,024	17,554	14,367
Property, Plant and Equipment	353,984	416,635	436,586
Intangible Assets	4,393	3,344	10,912
Other Assets	34,122	4,468	8,270
Liabilities	**808,967**	**836,241**	**869,150**
Short-term Liabilities	**209,146**	**227,169**	**231,595**
Financial Liabilities	87,856	85,478	91,579
Trade Liabilities	109,854	134,669	136,832
Current Tax Liabilities	348	2,011	0
Other Short-term Liabilities	11,088	5,011	3,184
Long-term Liabilities	**121,144**	**117,948**	**194,050**
Financial Liabilities	91,253	90,108	169,541
Trade Liabilities	1,697	0	0
Derivative Financial Instruments	2,515	3,234	2,210
Provisions for Employee Benefits	6,306	7,218	6,546
Deferred Tax Liabilities	478	8,679	8,992
Other Long-term Liabilities	9,895	8,709	6,761
Shareholders' Equity	**478,677**	**491,124**	**443,505**

INVESTMENTS (US$ thousands)



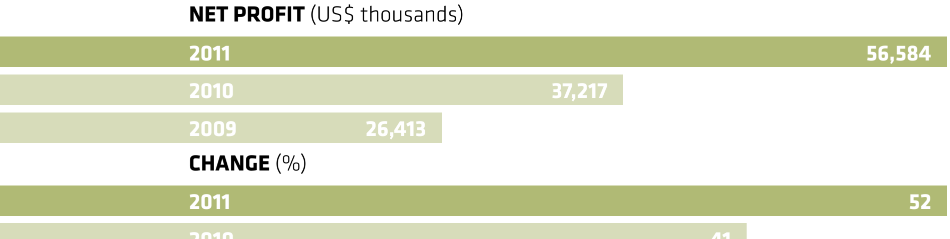
Aksa invested US$ 159 million in 2011, predominantly for the power plant and the second carbon fiber production line.

NET SALES (US$ thousands)



The positive influence of the increase in the amount of sales and sale prices is seen in the annual revenue of Aksa.

NET PROFIT (US$ thousands)



Aksa increased its net profit by 52% compared to 2010.

KEY INDICATORS

Expanding horizons with high efficiency and sustainable growth...

KEY FINANCIAL INDICATORS

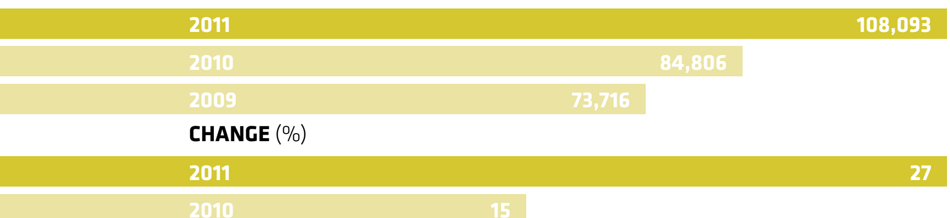
Solo Income Statement Summary

	Restated		
US$ thousand	**31.12.2009**	**31.12.2010**	**31.12.2011**
Net Sales	556,747	851,029	977,944
Operating Profit	42,918	50,945	82,543
EBITDA	73,716	84,806	108,093
Net Profit	26,413	37,217	56,584

Financial Ratios

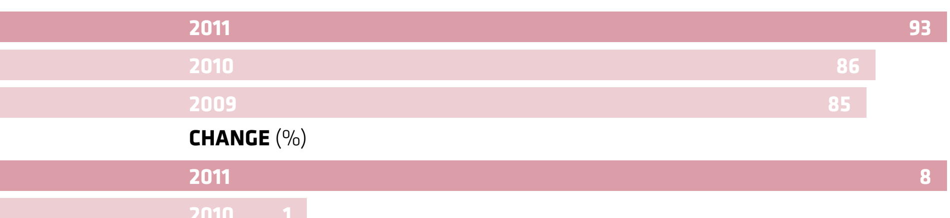
	Restated		
US$ thousand	**31.12.2009**	**31.12.2010**	**31.12.2011**
Current Ratio	1.87	1.71	1.72
Liquidity Ratio	1.52	1.32	1.29
EBITDA Profit Margin (%)	13.24	9.97	11.05
Net Profit Margin (%)	4.74	4.37	5.79
Return on Invested Capital (ROIC) (%)	3.27	4.45	6.51
Return on Equity (ROE) (%)	5.52	7.58	12.76

EBITDA (US$ thousands)



Aksa's EBITDA reached US$ 108 million and achieved its sustainable operating profit target.

CAPACITY UTILIZATION RATE (%)



Aksa achieved a high capacity utilization rate of 93% at the end of 2011.

MAJOR DEVELOPMENTS IN 2011

A leader in terms of production capabilities, credibility and accelerating profitable growth

Collaboration between Aksa and the Dow Chemical Company
On December 20, 2011, a joint venture agreement has been signed between Aksa and Dow Europe Holding B.V., a wholly owned subsidiary of the Dow Chemical Company (NYSE: Dow), for the production and worldwide marketing of carbon fiber and carbon fiber based products. Following this agreement, the decision to establish a new company by the partial separation of the carbon fiber business line of Aksa has been ratified during the Extraordinary General Assembly held on December 28, 2011 and on January 2, 2012, Aksa Karbon Elyaf Sanayi A.Ş. became a separate legal entity through its registration to the trade register. 99.99% of the shares of the newly established Aksa Karbon Elyaf Sanayi A.Ş. belong to Aksa Akrilik Kimya Sanayii A.Ş. and the 50:50 joint venture with the Dow Europe Holding B.V. will be realized through this company.

The aforementioned joint venture is planned to finance its growth through its operating income and the cash flow from external financing. The amount of investment made by the joint venture, including the third party investments, is expected to reach US$ 1.0 billion within five years and to provide employment for 1,000 people. The joint venture aims to provide cost advantage in production and increased competitiveness through integrated solutions to those target industries that utilize carbon fiber and its derivatives.

Aksa Boosts its Energy
Partial provisional acceptance for the first phase of the power plant project, which will generate 100 MW electricity and 350 tons/hour steam, was received on December 30, 2011. The investment made on the power plant, which operates on alternative fuel technology, will enable Aksa reduce its production costs.

Trade Fairs and R&D Studies
Aksa continues its R&D projects with the related universities in order to form and develop a strong composite industry in Turkey. Aksa also continues to pursue meetings for strategic collaborations. Aksa participated in the JEC Paris, the largest composite trade show in Europe, the China International Composites Industrial Expo organized in Asia, the JEC Asia held in Singapore and the Society for the Advancement of Material and Process Engineering (SAMPE) exhibition held in Los Angeles and attracted great interest with its carbon fiber brand AKSACA.

Investments
Aksa invested US$ 159 million in 2011. The investments were for the most part toward the power plant and the second carbon fiber production line. Aksa reached its full capacity in carbon fiber production line in 2011 and to meet the increasing demands, increased the capacity of this line by 300 tons/year and reached a capacity of 1,800 tons/year. The second production line with a 1,700 tons/year capacity is scheduled to start running as of July 2012.

Environment
During the last quarter of 2011, Aksa secured a loan of US$ 50 million from the European Bank of Reconstruction and Development for financing projects on energy efficiency, conservation and product development with a total investment budget of US$ 60 million. This long term loan has a maturity of eight years with a grace period of 30 months. The loan, which will be used to optimize manufacturing processes and to maintain energy efficiency by reducing the operational costs at the factory in Yalova, will make a great contribution to Aksa by increasing operational efficiency. The projects will enable the development of environmentally friendly practices as well as the implementation of occupational safety and risk management measures at an international level. Carbon emissions are targeted to be reduced by 23,500 tons/year as a result of these projects.

Change in Management
Mustafa Yılmaz, General Manager of AKSA, has been appointed to the Executive Board of Akkök Holding. With his promotion, Cengiz Taş, who had been General Manager of Ak-Al Tekstil A.Ş., a textile subsidiary of Akkök, was appointed General Manager of the Company. Taş joined Ak-Al Tekstil A.Ş. in 1991 and has served as General Manager since 2004.

Aksa in the ISE-30 Again
By sharing the added value created by its strong performance with its stakeholders, Aksa Akrilik is included in the Istanbul Stock Exchange 30 Index again.

Aksa continues its R&D projects with the related universities to form and develop a strong composite industry in Turkey.

AKSA IN BRIEF

A strong, efficient capital structure that supports constant growth

CAPITAL AND PARTNERSHIP STRUCTURE

Aksa accepted the registered capital system outlined in the provisions of Law No. 2499 and adopted this system on the basis of Permission No. 90 granted by the Capital Markets Board on February 20, 1992. The Company's registered capital was raised from TL 40,000,000 to TL 425,000,000 by Permission No. 908 granted by the Capital Markets Board on January 16, 2007. Paid-in capital stands at TL 185,000,000. One hundred percent of Aksa stock is coded under the Istanbul Stock Exchange.

The Company increased its capital stock in 2009, raising it from the level of TL 110,000,000 to TL 185,000,000. The sum of TL 60,000,000 of the increase of TL 75,000,000 was paid out of the reserves of inflation adjustments, while TL 15,000,000 was paid with the sum added to capital from the first dividends set aside out of the 2008 profit. The Company issued shares corresponding to the increase of capital of TL 75,000,000 but no securities and financial bonds. There are currently no securities in circulation.

Shareholders of the Company and their shareholding ratios are as seen below:

Capital and Shareholding Structure

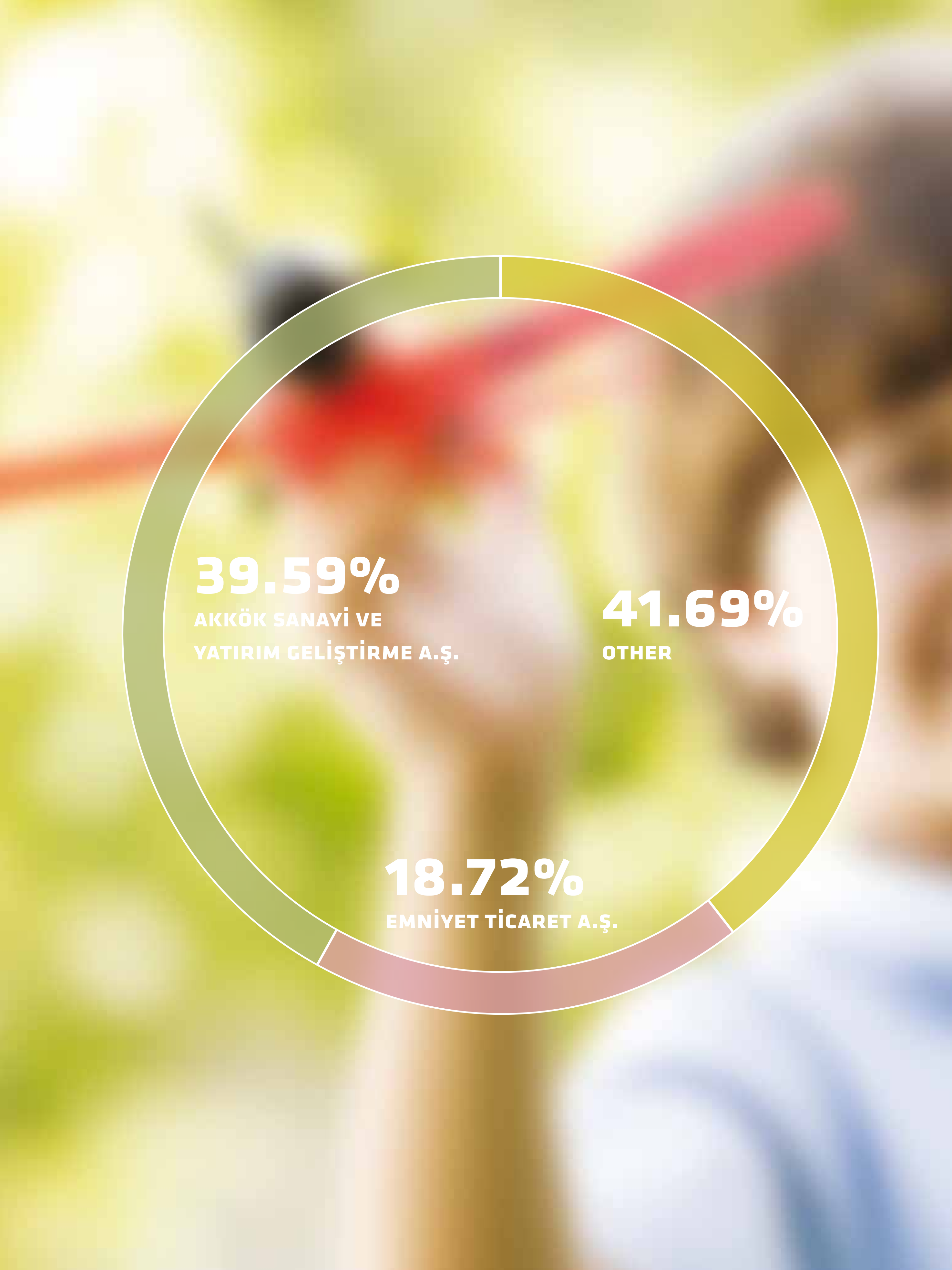
Shareholder	Share (%)	Value (TL)
Akkök Sanayi ve Yatırım Geliştirme A.Ş.	39.59	73,237,497
Emniyet Ticaret A.Ş.	18.72	34,638,843
Other*	41.69	77,123,660
Total	**100.00**	**185,000,000**

*As of December 31, 2011, 37.63% of Aksa's shares are traded in the Istanbul Stock Exchange.

Subsidiaries

Investments	Country	Area of Activity	Stake	Affiliation (%)	Dividend Amount 2009	Dividend Amount 2010	Dividend Amount 2011
Akpa Tekstil İhracat Pazarlama A.Ş.	Turkey	Foreign Trade	2.226.133	13,47	177,775	202,846	487,406

Subsidiary	Country	Field of Operation	Participation Amount	Participation (%)	Dividend Amount 2009	Dividend Amount 2010	Dividend Amount 2011
Fitco B.V.	The Netherlands	Foreign Investment	7,754,136	100.00	-	-	-
Aktops Tekstil Sanayi A.Ş.	Turkey	Textiles	15,450,000	60.00	2,014,690	2,321,438	2,202,206
Ak Girişim Kimya San. A.Ş.	Turkey	Chemistry	58,000	58.00	-	-	-


39.59%
AKKÖK SANAYİ VE YATIRIM GELİŞTİRME A.Ş.
41.69%
OTHER
18.72%
EMNİYET TİCARET A.Ş.

MISSION

Aksa is the world's first choice among the manufacturers of acrylic-based textile and technical fiber by working efficiently and being environmentally friendly, by caring for occupational health and safety and with its innovative and customer oriented approach.

VISION

Investing in technology to achieve operational perfection and by creating new, sustainable and profitable fields of the use for acrylic fiber.

* CORPORATE VALUES

BUSINESS ETHICS
We abide by our code of ethics and prefer only working with those persons and companies who abide by our code of ethics.

CUSTOMER ORIENTATION
We ensure customer satisfaction through new products and services that create added value for our customers. We aim to be the best in quality, service, productivity, price and meeting deadlines.

TEAM WORK AND COLLABORATION
We value harmony, solidarity and collaboration within a team.

CREATIVITY AND INNOVATION
We prioritize creativity and innovation in all areas and processes of our work to meet the changing needs of our customers.

HEALTH, SAFETY AND THE ENVIRONMENT
Our environment, workplace, products and our entire production process reflect our perfectionist approach and practice in terms of safety and environmental issues. Occupational health and safety is of utmost priority in all processes from design to after sales services.

LIFELONG LEARNING AND DEVELOPMENT
Our employees are the driving force behind creation and progress. Participation by and empowerment of our employees plus strong team work is of great importance. We are in a lifelong learning and development process.

An industry leader for 40 years with its innovative vision and quality

MILESTONES

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

2009
- With the launch of the 1,500 ton/year carbon fiber production line, Aksa not only became the first Turkish company to provide raw material but also secured its position as the ninth largest carbon fiber manufacturer in the world.
- Certified by the Ministry of Science, Industry and Technology, became a registered R&D Center.
- A decision was made to invest on a new power plant with a capacity of 100 MW electricity and 350 tons/hour steam production within the plant in Yalova, in addition to the existing power plant.

2008
- The pilot Carbon Fiber Plant was launched
- Received the National Grand Prize for Quality Award

2006
Initiated R&D work on carbon fiber

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

2000
Outdoor fiber production began

1997
Microfiber was simultaneously introduced with open-end fiber to the market, the major input for cotton yarn manufacturing

1992
Established a pilot plant and a R&D Lab for the promotion of research on polymers and product development activities

1985
Developed gel dyeing technology and started to produce dyed tow

1982
Established the first Online Control System in Turkey and started controlling the entire process from a central control room (GÖZ).

1978
As the technical assistance agreement with Chatillon came to an end, new technology was developed in-house.

1977
Started selling tow in addition to staple fiber and top and exported tow for the first time to Italy.

1976
Launched four new high capacity machines, which increased capacity to 35,000 tons/year; installed two steam turbines to generate power for the plant.

1971
Factory was launched to produce staple fiber and top with a capacity of 5,000 tons/year.

1969
A license agreement was signed with the Italian acrylic manufacturer Chatillon (now Montefibre) and Monsanto technology was acquired; construction and assembly of a factory in Yalova.

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

AKSA IN BRIEF

Responsible, principled and environmentally friendly production

AWARDS AND CERTIFICATES

1968
- ISO 9002 Quality Assurance System Certificate
- Responsible Care Commitment

1969
- ÖKO-TEX 100 Confidence in Textiles Certificate
- Turkish Chemical Manufacturers Association Responsible Care Award
- Ministry of Environment "Environment Certificate"

1971
- Istanbul Chamber of Industry Environmental Incentive Award

1976
- ISO 14001 Environment Management System Certificate
- Membership in the European Foundation for Quality Management (EFQM)
- Istanbul Chamber of Industry Special Jury Award for Environment

1977
- ISO 9002 Certificate was renewed as ISO 9001 Certificate

2000
- Turkish Chemical Manufacturers Association R&D Award

2001
- Turkish Chemical Manufacturers Association Responsible Care Grand Award and the Project Prize for the Social Consultancy Panel
- The Enterprise to Implement the Largest Number of Energy Conservation Projects Award for its projects over the period 1997-1999 submitted to the Energy Conservation Project Competitions organized by the National Energy Conservation Center of the Ministry of Energy and Natural Resources

2002
- ISO 9000:2000 Quality Management System Certificate

2004
- Turkish Standards Institution 50th Anniversary Award for Company Success

2005
- Istanbul Chamber of Industry Sector Environment Award

2006
- First chemicals factory to sign the Global Compact
- The first company in Turkey to receive a Responsible Care Management Systems Certificate, passing the inspections on Responsible Care conducted by SGS-UK
- ISO 14001:2004 Environmental Management System Certificate

2007
- Occupational Health and Safety Management Systems Certificate (TS 18001)
- Ethical Accountability and Transparency Award through a joint evaluation by the London-based society Account Ability, Su CSR (Corporate Social Responsibility Company) and the Capital magazine

2008
- National Grand Prize for Quality in the category of Large-Scale Enterprises awarded by KalDer (Turkish Quality Association)

2009
- Ranked third in Capital magazine's rankings of Turkey's 500 Largest Private Companies in the Companies that Increased their Profit Most category
- Shortlisted for the CEFIC Responsible Care Award 2009, a competition organized among all European practitioners of Responsible Care
- The production of its new product, carbon fiber, was included within the scope of the ISO 9001:2008 Quality Management Systems, ISO 14001:2004 Environment Management Systems and the TS 18001:2007 Occupational Health and Safety Management Systems certificates

2011
Aksa decided to establish a new company by the partial spin-off of the carbon fiber business line.

Achieved 14% global market share for acrylic fibers.

14%

A joint venture agreement has been signed between Aksa and the Dow Chemical Company for the production and marketing of carbon fiber and carbon fiber based products.

2010

- "Hall of Fame" Award, one of the world's most prestigious commendations awarded by Palladium
- Merit Award in the category of Most Competitive Company of the Year in the Competitive Power Awards awarded by the Federation of Industrial Associations (SEDEFED) and the Forum on Competition (REF) for the first time
- The first industrial company to prepare an inventory of greenhouse gases and receive an ISO 14064-1 Certificate

2011

- The calculations for the inventory of greenhouse gases were transferred to Oracle platform and the ISO 14064-1 certification for the management of greenhouse gas emissions received in 2010 was continued with comprehensive assurance and zero non-compliance
- Award for Stakeholder Management and Communication and Triple Stakeholder Award at the Corporate Social Responsibility Marketplace organized by the Corporate Social Responsibility Association of Turkey
- The first and only Turkish chemical company featured in the Global Compact Year Book 2011 for efforts to raise public awareness
- The first Turkish chemical company to receive a C level from the Global Reporting Initiative (GRI) with its Sustainable Development Report 2009
- Zero non-compliance in the inspections with regard to ÖKO-TEX 100 Confidence in Textiles Certificate
- Zero non-compliance in the surveillance inspections conducted by the Turkish Standards Institution and DQS with regard to ISO 9001, ISO 14001 and OHSAS 18001

AKKÖK IN BRIEF

A global power that combines its extensive know-how with corporate culture

AKKÖK GROUP

Chemicals

- Aksa Akrilik Kimya San. A.Ş.
- Ak-Kim Kimya San. ve Tic. A.Ş.

Energy

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

Real Estate

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

Textile

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

Services

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

Founded in 1952 by the late Raif Dinçkök, Akkök Group has 17 actively operating commercial and industrial companies, one of which is overseas and 18 production plants in various sectors. As a result of globalization, international competition and the global economic integration process, the Group has focused its activities on chemicals, energy and real estate.

With an installed capacity of 308,000 tons/year, Aksa is the leading fiber manufacturer in the world. Achieving a 14% global market share for acrylic fiber production, Aksa invested in carbon fibers in line with its new product development strategy. Today, Aksa is the ninth largest carbon fiber manufacturer in the world and the first and only in Turkey.

As one of the largest private companies for power generation in Turkey, Akenerji diversifies its resources in generating power and makes important investments that will reinforce its competitive position. The Company distributes 6.7 billion kWh/year through SEDAŞ, the initial outcome of the strategic partnership between Akkök and the CEZ Group, the leading power company in Europe.

Together with the launch of three hydroelectric plants with a total capacity of 87 MW in 2012, in addition to its installed capacity of 658.2 MW, of which 301 MW is based on renewable resources, Akenerji will be generating a substantial amount of power in Turkey by itself when Egemer Combined Cycle Natural Gas Power Plant with an approximate capacity of 900 MW and Kemah Hydroelectric Power Plant Project with an installed capacity of 198 MW are completed.

Akkök Group has 17 actively operating commercial and industrial companies, one of which is overseas, as well as 18 production plants in total in various sectors.

Egemer Combined Cycle Natural Gas Power Plant, which is planned to be established in Erzin, Hatay with an approximate capacity of 900 MWi is one of the major projects of the strategic partnership between Akkök and the CEZ Group. A project planned by Egemer Elektrik Üretim A.Ş. of Akenerji, Egemer Combined Cycle

Natural Gas Power Plant is expected to generate 6.7 billion kWh/year on average.

Aiming to build an environmentally friendly and contemporary power plant with a high efficiency in the region, the project will assume a key role in meeting the energy deficit in Turkey by supplying approximately 2.6% of the overall demand in electricity.

As a result of globalization, international competition and the global economic integration process, Akkök Group has focused its activities on chemicals, energy and real estate.

Producing more than 400 different types of chemicals in its plants with a capacity of 600,000 tons, Ak-Kim also entered the world markets with its wide range of products and realizes turn-key projects abroad.

Evaluating its options for strategic financial restructuring, Ak-Al stopped fabric production and rented out its plant in Çerkezköy as of the end of September 2010. Considering a move into different industries other than textile in the medium term, Ak-Al also stopped knitting yarn productions in Alaplı, Zonguldak as of June 2011. Thus, to date, Ak-Al has ended all textile-related production.

Proving its success in the real estate industry with investment in Akmerkez, Akkök Group continues to expand in the same industry with Akbatı Shopping and Lifestyle Center & Akbatı Residences, Akkoza (1st & 2nd Phase) and Akasya projects realized by Akiş. Akiş aims to realize large scale real estate projects, especially inner-city shopping centers, that are new and authentic and that keep creating value.

All companies within the Akkök Group are aware of their social, environmental and economic liabilities as corporate citizens as well as their financial liabilities.

Akkök Group, who signed the United Nations Global Compact in 2007, maintains its relationships with all of its social stakeholders, particularly with its employees, customers, suppliers and shareholders, on the basis of openness and accountability. All the companies within the Group are aware of their social, environmental and economic liabilities as corporate citizens as well as their financial liabilities.

With its 3,200 employees, Akkök Group had combined revenues of US$ 2.9 billion in 2011. US$ 458 million of this total is made up of exports to over 50 countries.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Knowing that we are among the leaders of our industry and the Turkish economy, while developing customer relations we focus on solutions that will make us more effective in new markets.

Dear Shareholders,

As the world goes through fundamental changes following the global economic crisis, developed economies are losing their power while developing economies are becoming prominent. According to the World Economic Outlook published by the IMF on January 2012, the growth rate in developed countries is 1.6% but in developing countries it has reached 6.2%. It has been predicted that the recovery process will take several years and in this respect, although economic growth has slowed down around the world, the major development that marked 2011 was the deepening of the crisis of public debt in Europe.

Despite this unpleasant picture of the global economy, the Turkish economy exhibited growth that was once again over the expectations for the past year. With 8.5% economic growth in 2011, the most serious problem in our economy has been the current account deficit of US$ 70 billion, the highest rate of all time. The IMF stipulates that in 2012, the global economic growth will decrease to the level of 3.3% and that the Turkish economy could even recede up to 0.4%. In this respect, fragile points such as the chronic problem of the current account deficit and high rate of unemployment as well as efficient use of resources should be rapidly addressed.

Although it is not surprising that economic growth slowed down globally, the major development that marked 2011 was the deepening of the crisis of public debt in Europe.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

The largest and most efficient acrylic fiber factory in the world

Uncertainties in the commodity market and concerns regarding the course of the global economy keep companies on guard in Turkey and elsewhere around the world. The government announced a new action plan in the framework of an export product strategy. We expect that these governmental policies aimed at increasing the competitiveness of our industry in the global markets will be efficiently realized.

Similar to last year, the global demand for acrylic fiber in 2011 was approximately two million tons.

Like last year, the global demand for acrylic fiber in 2011 was approximately two million tons. By the end of the year, the demand for acrylic fiber in Turkey was 257.000 tons. Despite the industry recession, Aksa managed to increase its global market share from 13.2% to 14% and its local market share from 67% to 72% during 2011. Preserving its leadership in the industry, Aksa reached a capacity utilization rate of 93% by the end of the year.

Overall, 2011 was a meaningful year for Aksa. We now have 40 years of experience behind us since we first started production. Within these 40 years, we played a vital role in establishing Turkey as the second largest market in the acrylic fiber industry after China. As the largest and most efficient acrylic fiber factory in the world, we excel in creating such an industry in Turkey. We will continue to increase our capacity, our greatest competitive advantage, as well as our efficiency to further create value for the Turkish economy and the Akkök Group.

We took a number of big steps to achieve our targets throughout 2011. In reexamining our organizational approach, we combined our Marketing and New Business Development departments and appointed new executive managers. Among our investments, which we direct by closely tracking the opportunities that will take us much further, the power plant and the second carbon fiber production line were of major importance during the year. In line with its long term goals for growth, Aksa has chosen carbon fiber as its new business line. Together with the investment on a second line that will launch in 2012, Aksa will increase its capacity to 3,500 tons/year. Partial provisional acceptance for our power plant, that once completed, will generate 100 MW electricity and 350 tons/hour steam, was received on December 30, 2011. We are also prioritizing the launch of projects for maintenance, conduct and upkeep to support our strategy toward operational perfectionism while increasing efficiency and quality.

With our values, we are taking steps to take our country into the future and transforming our innovative power into new opportunities.

With our carry values, we are taking steps to take our country into the future and transform our innovative power into new opportunities. To further our success in carbon fiber production, Aksa has aimed for the sky in 2011. As a result of the joint venture agreement signed between world's chemicals giant Dow

Chemicals and Aksa, a new company is currently being established with a 50:50 share from both companies. Aiming to be one of largest three manufacturers of carbon fiber and carbon fiber derivatives in the world, we are planning to put our joint venture into effect in 2012.

Thanks to our aptness in new technologies and business lines, capacity, pre- and post-sales services and product range, we embrace the future with hope.

Following the joint venture agreement, the decision to establish a new company by the partial spin-off of the carbon fiber business line of Aksa has been ratified during the Extraordinary General Assembly held on December 28, 2011 and on January 2, 2012, Aksa Karbon Elyaf Sanayi A.Ş. became a separate legal entity through its registration to the trade register.

We acknowledge that the sustainability of our leadership in the industry depends on environmentally friendly and energy efficient production. Therefore, we give priority to environment, health and safety in all stages of our activities and pay attention to increase our performance in these areas and to fulfill our social responsibilities. Aksa R&D Center also continues its work at full speed to develop technologies that may create new business lines and new environmentally friendly products.

We keep working with diligence to create permanent value for all our stakeholders and our country. Knowing that we are among the leading powers of our industry and the Turkish economy, as we develop our customer relations we focus on solutions that will also make us more effective in new markets. In this respect, by sharing the added value we have created with our stakeholders, I am proud to say that we created a shareholder value beyond our expectations. With its powerful performance, Aksa Akrilik has again been included in the Istanbul Stock Exchange 30 Index.

Among our investments, which we direct by closely tracking the opportunities to take us further ahead, the power plant and the second carbon fiber production line were of major importance in 2011.

Thanks to our ability to use and create new technology and business lines, capacity, before and after sales services and product range, we embrace the future with hope. We continue to create sustainable resources in order to benefit from our growth potential. Attaching importance to being environmentally friendly and occupational health and safety, our fundamental goal is to increase the added value for our customers and to maintain sustainable profitability.

Our employees play the major role in realizing our strategies and in making them sustainable. I would like to take this occasion to extend my thanks to our employees, to our customers and all of our stakeholders, who trust, support and stand by us.

Mehmet Ali Berkman
Chairman Board of Directors

INVESTOR RELATIONS AND DIVIDEND DISTRIBUTION POLICY

Steady growth, high financial performance, fair and transparent dividend distribution policy

Aksa Akrilik Kimya Sanayii A.Ş. (2011)	
Market Value	TL 818 million
Public Share Ratio	41.69%
ISE Trading Ratio	37.63%
Foreign Investor Shares(*)	11.88%

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

INVESTOR RELATIONS

As specified in Aksa's Disclosure Policy, carrying out activities related to investor relationships for the Company has been entrusted to the Director of Finance. Within this context, the duties of the Director of Finance includes informing the shareholders about the Company's financial statements and performance at regular intervals, responding to questions and requests by the shareholders and ensuring that the Company puts practices into effect that protect shareholders' rights.

In order to carry out such activities more efficiently, an e-mail account (yatirimciiliskileri@aksa.com) has been set up, to permit the shareholders to contact the Company via the Internet. Any questions directed to Aksa by telephone, fax or e-mail will be answered in writing or verbally within five working days maximum either by the Director of Finance or by persons delegated by him/her. Further information about Aksa's investor and shareholder relationships may be found within Aksa's Corporate Governance Code and in the Compliance Report dealing with the Corporate Governance Code.

In 2011, Aksa's performance relative to the ISE 100 Index was 56.3%; Aksa's performance relative to the Chemicals Index was 25.4%.

DIVIDEND DISTRIBUTION POLICY

Elements such as the financial performance of Aksa Akrilik Kimya Sanayii A.Ş., conjectures about the industry and economic conditions of the country during the period in question are taken into consideration during dividend distribution.

In accordance with legislation issued by the Capital Markets Board, dividends are distributed in cash or as bonus shares.

The Dividend Distribution Policy at Aksa Akrilik Kimya Sanayii A.Ş. foresees that the stakeholders receive stock yields as well as regular income earnings from their shares. In order to reach the goals set down in the mission and vision, provided that it does not conflict with current Capital Markets Board regulations, the Company has been distributing at least 20 to 50 percent of its distributable profit to its stakeholders in cash or bonus shares since 2006.

Taking the investments that aim for the Company to continue its financial performance more profitably and the conditions in both the industry and the economy into consideration, the Board of Directors at Aksa Akrilik Kimya Sanayii A.Ş. reviews the Dividend Distribution Policy every year.

ACTIVITIES IN 2011

A global power with a 14% global market share for acrylic fiber production

EVALUATION OF THE INDUSTRY

The major development in the acrylic fiber industry in 2011 was the decrease in demand due to the recession in European markets during the second half of the year and the fluctuations in the prices of raw materials and acrylic fibers. Despite these fluctuations, Aksa maintained its leadership in the industry thanks to its use of the new technologies and business lines, capacity, before and after-sales services, product range and flexibility.

Thanks to its ability to utilize new technology and business lines along with its product range and flexibility, Aksa maintained its leadership in the industry during 2011.

Playing a vital role in establishing Turkey as the second largest market in the acrylic fiber industry after China, Aksa increased its global market share from 13.2% to 14% in 2011. Despite price fluctuations and the decrease in demand throughout the year, Aksa reached to a capacity utilization rate of 93% (86% in 2010) and also increased its internal market share from 67% to 72%.

Together with the new marketing strategies and pricing policies as a result of the changing market conditions as well as its strategy of operational perfectionism, the Company kept growing and its revenue reached US$ 978 million in 2011 from US$ 851 million in 2010.

International events in relation to acrylic fiber in 2011:

- SpinExpo Trade Fair/China
- SpinExpo Trade Fair/USA
- Techtextil International Trade Fair for Technical Textiles and Nonwovens/Germany
- ITMA International Exhibition of Textile Machinery/Spain
- Heimtextile International Trade Fair for Home and Contract Textiles/Germany
- Domotex International Trade Fair for Carpet and Floor Covering/Germany
- Pitti Filati Textile Fair/Italy

Aksa aims to strengthen its competitive position with high capacity of production, flexible machine park and quality of its products in the following years.

CARBON FIBER

Carbon fiber, developed by Aksa's R&D activities and commercially manufactured as of the second half of 2009, was one of the most active fields in 2011 both in terms of process and product development. Obtained through oxidation and carbonization of special acrylic fibers, this specific type of fiber is a breakthrough in industrial use because of its light weight and higher durability compared to conventional metals. Carbon fiber is acknowledged as a strategic material in the space and aviation industry, land and maritime transport, industrial materials, reinforcement of buildings and infrastructure, blades of wind power plants and sports equipment. Carbon fiber is also widely used in other areas, including airplane and satellite systems, personal protective equipment, pressurized vessels and shell structure for Formula 1 racing cars.

Aksa reached full capacity in its carbon fiber production line with the capacity of 1,500 tons/year and achieved its sales targets in 2011. The capacity of this line increased by 300 tons/year to reach 1,800 tons/year. When growth in this market is taken into consideration, the demand is estimated to increase to 150,000 tons by the year 2020. To meet increasing demand and achieve anticipated targets for carbon fiber, Aksa plans to launch a second production line with a capacity of 1,700 tons in July 2012. Thus, Aksa will reach a production capacity of 3,500 tons/year through Aksa Karbon Elyaf Sanayi A.Ş., its wholly owned subsidiary.

Global carbon fiber market reached 46,000 tons/year in 2011, doubling in the past decade. The Company anticipates achieving the same success it achieved in the acrylic fiber and targets a 10% market share in carbon fiber in 2020.

The most important factors determining competitive pull in the carbon fiber sector are infrastructure and production capabilities for this sector's raw material, acrylic fiber. Aksa offers a significant cost advantage with infrastructure provided by a production capacity of 308,000 tons/year of acrylic fiber, at the same time maintaining flexibility in the context of rapid growth.

The annual total carbon fiber consumption in Turkish market is estimated to be 140 tons in 2011. Aksa began to manufacture carbon fiber in Turkey and within two years, five companies producing carbon fabric and two companies producing pultrusion were launched. The market is expected to expand in the near future with CNG production and also with companies that will manufacture products like blades for wind turbines.

With its success with regard to carbon fiber production, Aksa is also rapidly attracting attention in international arena. An initial agreement has been signed between Aksa and the world giant Dow Chemical Company to produce a partnership in carbon fiber production. Combining their powers, the two companies are intending to establish a new company that will become the world's largest manufacturer of carbon fiber and carbon fiber derivatives. With a 50:50 share, this new company is planned to start in 2012. With US$ 55 billion in sales volume, US$ 2.3 billion for the R&D budget and its worldwide sales network, the contribution Dow Chemicals will make in terms of Aksa's growth strategies is evident.

ACTIVITIES IN 2011

With customer oriented marketing strategies

Success in sales exceed targets

MARKETING AND SALES

With visionary marketing and product development strategies, Aksa maintained its leadership in the industry during 2011 despite the recession in European markets and the fluctuations in the pricing that influenced the demand for acrylic fiber.

Emphasis on customer satisfaction has been the key to Aksa's successful performance in marketing and sales over the years.

While the Company maintained its overseas market share, it managed to increase its internal market share from 67% to 72% through the quality of its products and services. In 2011, a total of 62% of its sales were to the domestic market; 38% were exports. The increase in the capacity utilization rate was also an important factor in the increase of its local market share. Aksa also became the market leader in technical fiber products.

Emphasis on customer satisfaction has been the key to Aksa's successful performance in marketing and sales over the years. In order to systematically measure customer expectations and satisfaction, since 1998, Aksa has conducted Customer Satisfaction Surveys. Directing its policies regarding products, services and customers in general with the help of these surveys, the Company is able to track its performance indicators within the scope of corporate performance and process management.

In 2011, Customer Satisfaction Survey results from the previous year were evaluated and all the regions were prioritized for their needs and were included in visits. Periodic technical visits continued throughout 2011 to increase customer satisfaction.

Increasing and maintaining customer satisfaction is among Aksa's strategic goals. The marketing team along with the technical team visit all of the markets periodically and invite customers to Aksa within the scope of the Center for Learning with the Customers. As a result of these efforts, as Aksa increased its sales in 2011, there has been a significant decrease in customer complaints.

Another goal of the Company is to provide products and services for new fields. In this respect, the quality of the acrylic fiber, which was added to the technical fiber range in 2011, was verified by the trial runs conducted by the customers. Thus, the Company took significant steps toward developing products with high added value in the field of technical fibers in addition to those in the textile industry. Quality certificates demanded by international customers are also in progress.

Aksa focused especially on production and marketing activities of carbon fiber in 2011. The Company participated to various national and international trade fairs to promote its carbon fiber product to the Turkish market and the global market at large. During these events, Aksa was welcomed with great interest particularly by the composite industry. JEC Paris, the world's largest composite fair, China International Composites Industrial Expo organized in Asia, JEC Asia held in Singapore and SAMPE held in Los Angeles, USA are among the fairs in which Aksa participated during 2011 to promote carbon fiber.

By marketing carbon fiber in more than 17 countries such as the USA, the UK, Japan, South Korea, China and Russia, Aksa not only entered new markets but also increased its share in the current markets in 2011.

ACTIVITIES IN 2011

Investment strategies that create a future with the power of technology and innovation

INVESTMENTS

In line with its strategy to obtain operational perfection, Aksa prioritized projects on cost reduction, efficiency and increasing quality and focused on realizing such projects in 2011. In addition to investments to increase efficiency in acrylic fiber production and increasing capacity in carbon fiber production, the Aksa R&D Center continued to work on developing the product range and the processes in these fields throughout the year. Aksa R&D Center continued working on developing technology and products that would lead to the creation of new business fields in the future.

Aksa R&D Center kept working at full speed on developing technologies and products that may create new business fields in the future.

Aksa spent US$ 159 million on investments in 2011. The projects according to their types are as follows:

- Maintenance, Conduct and Upkeep Projects (83 Projects)
- Investment R&D Projects towards Developing New Processes and New Products (42 Projects)
- Projects for Increasing Energy Efficiency (10 Projects)
- Projects for Increasing Capacity on Carbon Fiber (9 Projects)

Among the 144 projects undertaken, the power plant and the second carbon fiber production line received the principal investment shares. At Aksa, like the other industrial corporations, reliable, high-quality and continuous resources of energy in the most economical way possible is the basis for launching the power plant. Partial provisional acceptance for the first phase of the power plant project was received on December 30, 2011. A bank loan with a two-year grace period and maturity in 2014 was secured for the project. When all the phases of the power plant are completed, it will generate 100 MW electricity and 350 tons/hour steam.

Aksa reached its full capacity in carbon fiber production line in 2011 and in order to meet the increasing demands, increased the capacity of this line by 300 tons/year, thus reaching a capacity of 1,800 tons/year. Construction of the second production line with a 1,700 tons/year capacity, which is scheduled to start running as of July 2011, continue as planned.

In 2012, projects of maintenance, conduct and upkeep for increasing efficiency and quality will continue to be a priority for Aksa. Investments toward increasing energy production efficiency, which will serve the power plant to run efficiently, are also included in the projection of 2012 investment costs.

All possible incentives are being utilized for the existing investments. Aksa is also expecting the new stimulus package that has been on the agenda of the government and the manufacturers recently and continuing exchanging ideas with the related governmental bodies.

R&D WORK

Established with the know-how and determination to lead the industry, the R&D Center was launched in 2009. Aksa R&D Center realizes projects for creating new processes and technology to develop new products and decrease production costs has 70 full-time equivalent employees. Employees are specialized in their respective fields and Aksa is open to collaboration with industrial, academic and other research centers. Aksa aims to contribute not only to the industry but to science and technology in Turkey in general. In this respect, the center continues with projects entitled SANTEZ and TEYDEB, supported by the government and that create opportunities to collaborate with universities.

An intent letter for strategic collaboration on R&D and pre-competitive research was signed between Sabancı University and Akkök on November 25, 2011. Through this collaboration, Aksa R&D Center achieved an important partner in term of sustaining its future work. Aksa is also an active member of National Nanotechnology Initiative and European Wind Energy Technology Platform. Through these channels, Aksa contributes to pre-competitive collaboration together with other public and private R&D units.

Believing that innovation is more and more important to the success of companies, Aksa encourages its employees to be more motivated and creative.

Aksa R&D Center continued working on increasing quality in product development and developing sustainable product quality in 2011. As a result of the product development activities, Aksa introduced a newly developed product to the market in 2011. Also, experiments for the final phase of the product A-49 with a durability of 4,900 MPa, which will be added to the carbon fiber product range, are completed.

By conducting joint projects, Aksa started to extend its R&D know-how to other companies in the Akkök Group. Collaborations continue in order to learn, develop and launch applicable new technologies and to create new products and new areas of use in line with the global and individual strategies of the Akkök Group companies that work in acrylic and carbon fiber, textiles, chemicals and materials industries.

Believing that innovation is getting more and more important in the success of companies, Aksa encourages its employees to be motivated and creative. Aksa rearranged its strategy on intellectual property rights three years ago to encourage innovation. The first results of this reorganization were obtained in 2010 and 2011. The number of inventions and patent applications keep increasing. Although there are no registered inventions due to the length of the patent application process, the number of inventions, patent applications and patents are expected to increase in the coming periods. Five invention ideas are registered among the projects completed in the R&D Center in December 2011 and patent applications are already initiated.

Activities on Sustainability

Being "an efficient and environmentally friendly manufacturer"

Environmental, economic and social welfare in the world in which we live is at the core of the sustainable development concept. All the goods and services that are necessary for human life today are only possible with a healthy environment and organized society. In order to apply the three principles (economic, social and environmental) of this concept to everyday life, Aksa has taken the approach to become an "efficient and environmentally friendly" manufacturer. Incorporating this approach into its mission and vision over the years, Aksa put this philosophy into practice through policies and strategies, goals, business and development plans. The Company increases its corporate performance by means of efforts toward sustainability. Setting an example in Turkey with its corporate social responsibility practices based on volunteerism, Aksa increases its efficiency with technological innovations, preserves economic balance and fulfills its responsibility to the environment and to its stakeholders with a sensitive production approach.

Aksa gives back to society and displays its awareness of environmental issues with corporate social responsibility activities based on voluntary work.

CORPORATE SOCIAL RESPONSIBILITY IN AKSA

Aksa has adopted a working philosophy that supports giving back to the community what it has gained from the community. In this context, the Company takes on projects of social responsibility based on environmental awareness and voluntary participation. The Company's corporate social responsibility activities have at their focal point the environmental issues and the creation of environmental awareness within the community. Aksa's mission and also one of its strategic objectives is to achieve a corporate reputation as a productive and environmentally sound manufacturer. Toward this aim, Aksa developed a series of projects in 2011, bringing to life its various strategic goals.

CORPORATE SOCIAL RESPONSIBILITY PHILOSOPHY IN AKSA

Working on a voluntary basis to establish a relationship between society and industry based on open, transparent, accountability built on trust is fundamental to the corporate social responsibility philosophy at Aksa.

Aksa enhances its corporate performance through conducts based on sustainability approach.

CORPORATE SOCIAL RESPONSIBILITY PRINCIPLES AT AKSA

Economic principle: Aksa works toward being efficient and profitable by sustainable development and being environmentally friendly to minimize the possible environmental risk of its activities. The Company looks out for the maximum economic benefit of the country and the local community in its activities. Aksa's fundamental approach is to meet all stakeholder (employees, customers, shareholders, investors, society, local and national economy) expectations at a maximum level. At the same time, the Company pays attention to productivity, effectiveness and efficiency in all activities and to minimize the negative effects on global resources resulting from the activities of the Company.

Aksa, abides by the law, existing rules, international standards and international agreements in all its activities.

Legal principle: The Company abides by the law, existing rules and international standards and international agreements in all its activities. It believes in the supremacy of the law. Solutions for all the conflicts that may arise between the Company and the stakeholders are solved in compliance with the law. The Company respects all legal decisions, positive or negative and acts accordingly.

Ethical principle: In addition to the law, Aksa fully abides by social norms and expectations, moral standards, human rights, corporate values and ethical codes in all its business operations and other activities. The Company avoids actions that would conflict with business ethics.

Social principle: Aksa is aware that its activities not only concern its internal operations but also its immediate market, supply markets, the local area it operates, nongovernmental organizations and public institutions.

Aksa recognizes the parties influenced by its products and services and all its processes as its stakeholders.

STAKEHOLDERS

Aksa recognizes the parties who are influenced by its products, services and all of its processes as stakeholders. The stakeholders of Aksa are defined as:

- Customers
- Employees and Their Families
- Suppliers
- Investors
- Public Institutions
- Local Authorities
- Non-governmental Organizations
- Local Community
- Industrial Associations
- Education and Research Institutions
- Sister Companies
- National and International Press

ACTIVITIES ON SUSTAINABILITY

A corporate structure that values manpower the most

WORKFORCE

Aksa conducts human resource functions with the awareness that its employees play the most vital role in reaching "operational excellence." In this respect, Aksa employs the following policy with regard to human resources: "the most important reason for our success is our human resources and our organization culture based on learning and production." Aksa endeavors to create employees that are responsible, creative, participatory, self-confident, self-improving and happy individuals able to serve the Company's main goals.

Aksa provides training opportunities to its employees to adjust its existing manpower to the latest technology.

In order to evaluate the employees' personal goals together with the performance of the departments and the Company in general while encouraging continuous development, all employees are included in the Performance Management System. Within this system, at the start of every year business objectives as well as technical and behavioral competencies are determined and at the end of each year these criteria are evaluated together with the executives.

Aksa provides the opportunity for employees to adjust their skills to new technologies and to improve their technical knowledge. Wide ranging training workshops are organized under such categories as orientation, introduction, on-the-job training, technical training, system training, personal development training, seminars, congresses and fairs as well as informational training about environmental issues, energy and occupational health and safety for the employees of contractors. In 2011, in-house training workshops totaled 29,670.5 personXhour, and the training workshops outsourced reached 10,944.0 personXhour, equal to 47.65 hours of training per person.

Aksa biannually conducts an Employee Satisfaction Survey, a Corporate Culture Survey and activities related to the Intellectual Model. The Company also supports a project called Mozaik, that includes moving the talent management onto electronic platform, initiated by Akkök in 2011. The project enables employees to access their talent management processes through the Internet; executives can monitor and manage processes and practices in relationship to employees as well as effective and just process management in human resources.

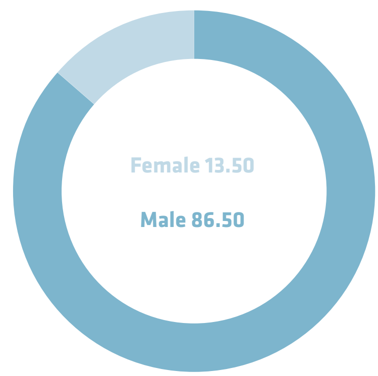
Aksa assists its employees to be responsible, creative, participatory, self-confident, self-improving and happy individuals who serve the Group's main goals.

Aksa revised its human resource strategies and Competency Model in 2011 and updated the 2012 performance management system along with 360 degree performance management practices.

In 2011, 52 employees graduated from Aksa School, which is organized in accordance with the developmental and organizational needs of the employees.

Level of Education	
PhD	10
MA	43
Undergraduate	158
High School	281
High School-Trade High School	109
Technical High School	287
Elementary School	45

Distribution of Employees by Gender



Within the framework of evaluation methodology based on competency, qualifications and personal qualities of the employees, to determine their current state and which aspects are open to improvement, Aksa also conducts activities in the Evaluation Center. In 2011, ten employees were appointed to a higher level within this process.

HAND IN HAND WITH THE EMPLOYEES

The Aksa Board of Education continued its activities in 2011, expressing its opinions and suggestions in relation to the planning and control of in-house and external training workshops organized by the Department of Human Resources. It also provided support in determining the needs of the departments, made suggestions in relation to general organizational needs and contributed to the improvement of related processes. Aksa has a Board of Suggestion Evaluation and Rewards that processes all ideas and suggestions from employees effectively and swiftly while encouraging employees to make suggestions. The Board evaluates these suggestions at its monthly meetings. In 2011, 349 employees participated in the suggestion program with 818 suggestions. The Representative Committee, founded to correct ongoing deficiencies and to listen to suggestions and requests by employees was formed after the elections in July 2011.

WORKFORCE IN NUMBERS

In 2011, the Aksa family added 164 new individuals, bringing the total number of employees to 933. As of the end of the year, the average age of those employed by Aksa was 33.55 and the average seniority was 6.74 years.

ACTIVITIES ON SUSTAINABILITY

An understanding of social responsibility that respects social interests

Aksa works toward the interests of society through corporate social responsibility projects it achieves in cooperation with its employees and other stakeholders.

THE COMMUNITY

Aware that its activities concern people living in the surrounding environment in which Aksa operates, the Company places a great importance on its relationship with the public. Determining the questions, problems and needs of the local community in the widest range possible, Aksa ensures an open and systematic exchange of information between industry and the community through regular and effective communication. The Company works for the interests of society through voluntary corporate social responsibility projects it carries out in cooperation with employees and other stakeholders.

AKSA COMMUNITY SCHOOL

Aksa Community School is among projects aimed at raising public awareness and consequently, attaches great emphasis to this project. Within the scope of this task, a team of Aksa managers, volunteers and specialists visit a different nearby village each year. The team includes experts in their respective fields such as doctors, nurses, occupational safety and environmental professionals and social workers. They provide training to the village community in subjects like healthy nutrition, protection from ticks, prevention of home accidents, mother and child healthcare, environmental protection, social rights of the pensioners to support rural development. During these visits, Aksa also distributes seedlings free-of-charge, grown in Aksa Akrilik's greenhouses in line with the forestation campaign initiated by the Ministry of Environment and Forestry.

In November 2011, the Community School went to Geyikdere village in Yalova per request of the village headman Mustafa Eryiğit. The agenda was prepared taking his suggestions into consideration and experts made presentations in his office. During the event, a presentation about Aksa was also made and the villagers were informed about Aksa's activities. Upon the villagers' requests, an expert from the Atatürk Garden Culture Research Institute briefed the villagers on "How to Grow Watermelons" and officers from the Police Department talked about "Traffic, Narcotics and Violence against Women." Also, Prof. Dr. Orhan Kural from the Faculty of Mining, Istanbul Technical University discussed "Protecting the Environment and Health Effects of Smoking." At the end of the event, an information leaflet about Solid Waste and Recycling was distributed to all students and seedlings grown in Aksa's greenhouses were given to the participants of the Community School.

CHARITABLE DONATIONS AND SOCIAL WELFARE

Aware of the needs of society and future generations, Aksa continues to improve its corporate social responsibility activities annually. In addition to its economic contributions to the local community, the Company aims to raise its standards in line with its contributions to the community with activities geared toward education, culture, art and athletics. In this respect, financial tables prepared according to the International Financial Reporting Standards show that expenditures for donations and social welfare in 2011 equal TL 2,874,078 of this amount, TL 2,392,293 was donated to the Yalova Municipality for the construction of the Raif Dinçkök Culture Center, raising the total investment over the years to TL 6,860,344. This entire amount was listed as expenses in the 2011 financial tables prepared according to the Tax Procedure Law.

	Amount (TL)
Associations, foundations and municipalities	2,807,334
Education	49,404
Sports	17,341
Total	**2,874,078**

Open Door Activities and Information Meetings

Visiting Groups	Date	Number of Participants
Atatürk Elementary School	12.01.2011	36
Yalova İsmet Paşa Elementary School	20.01.2011	30
Gebze Institute of Technology	26.01.2011	20
Hall of Fame Best Practices Visit	28.01.2011	6
Saudi Arabia King Fahd University	04.02.2011	20
PETKİM Petrokimya Holding Benchmarking	11.02.2011	8
Advansa Benchmarking	25.02.2011	4
Merkez Çelik Benchmarking	02.03.2011	3
Yalova Şehit Osman Altınkuyu Anatolian High School	14.03.2011	46
Yalova Şehit Osman Altınkuyu Anatolian High School	24.03.2011	44
Istanbul University	23.03.2011	4
Yalova Anatolian High School	30.03.2011	58
Brisa Benchmarking	01.04.2011	4
Yalova Anatolian High School	01.04.2011	57
Istanbul University	06.04.2011	18
Hacettepe University	17.04.2011	65
Yalova University Yalova Vocational School Department of Textile Technology	19.04.2011	48
KYK Yapı Kimyasalları Benchmarking	20.04.2011	5
Kütahya Technical and Industrial High School	25.05.2011	50
Yalova Anatolian High School	25.05.2011	103
Eyüboğlu Educational Institutions	14.06.2011	29
Balkan Countries	19.07.2011	58
Ak Yatırım and Foreign Funds	13.09.2011	6
Istanbul Major Taxpayers Tax Office	15.09.2011	4
DOW Chemicals		5
Eyüboğlu Educational Institutions	16.11.2011	4
Yalova University Department of Industrial Engineering	15.12.2011	9
Total		**744**

EDUCATION AND RESEARCH INSTITUTIONS

AKSA CONTINUES TO RAISE ENVIRONMENTAL AWARENESS

On November 30, 2011, Prof. Dr. Orhan Kural, Head of the Department of Mining Engineering, Istanbul Technical University hosted a conference about the environment to the students of Hacı Ali Saruhan Elementary School, an event organized by Aksa. Representatives of Aksa and approximately 500 students participated in the Protection of the Environment and Animals conference organized in the auditorium of the school with the support of Aksa.

Aksa also launched a website (http://yalovaenerjiyatirimi.blogspot.com) to facilitate easy public access to current and accurate information about investments on energy. This website includes the reasons behind the investment for the power plant in Yalova, detailed information about the plant, the fact that the plant is environmentally friendly and the efforts to minimize environmental damage.

ACTIVITIES ON SUSTAINABILITY

Customer-oriented production and services

Activities of the Center for Learning with the Customers

Name of Customer	Region	Number of Participants
Calada	Spain	2
Parsn Akh	Iran	2
Teksmen	Gaziantep	2
Paramount Lansul	Brazil	2
Bahariye Halı	Çorlu	2
Atlantik Halı	Kayseri	1
Korke Yazd	Iran	4
Saray Halı	Kayseri	4
Grund	Czech Republic	3
Mipsan	Kahramanmaraş	4
Coats Clark	ABD	2
Migiboy	Istanbul	1
Motohiro	Japan	3
Ülteks	Istanbul	2
Wilkie	United Kingdom	1
Sattler	Austria	1
Gut Sche	Germany	1
BWF	Germany	1
Escom	South Africa	1
Miroglio	Bulgaria	2
Glev Raven	USA	3
Dickson	France	2
Dinarsu	Alaplı	2
Mipsan	Kahramanmaraş	3
GAP Güneydoğu Tekstil	Malatya	4
Total		**55**

CUSTOMERS

Aksa values customer relationships and maximizes mutual sharing as a matter of principle. This principle is evident in the Center for Learning with Customers and is included in Aksa's Corporate Governance Code. Aksa provides new products and services to meet customer needs as it shares information and engages in collaborative work with customers to foster cooperation. Keeping customers informed about its products, Aksa aims to increase not only future demand but also customer satisfaction. Aksa is also engaged in benchmarking activities and renders cooperation permanent by acting together with the customers during both improvement of current products and the development of new products. The support given and the feedback received during technical visits paid to the customers are also considered part of the activities of the Center for Learning with Customers.

ENVIRONMENT

During the last quarter of 2011, Aksa secured a loan of US$ 50 million from the European Bank of Reconstruction and Development to finance projects dealing with energy efficiency, conservation and product development; these investments totaled US$ 60 million. This long term loan has a maturity of eight years with a grace period of 30 months. The loan, which will be used to optimize manufacturing processes and to maintain energy efficiency by reducing the operational costs at the factory in Yalova, will be of great assistance to Aksa in increasing operational efficiency. The projects will enable the development of environmentally friendly practices as well as the implementation of occupational safety and risk management measures on an international level. Carbon emissions are targeted to be reduced by 23,500 tons/year as a result.

ENVIRONMENTAL MANAGEMENT SYSTEM AND PROJECTS ABOUT THE ENVIRONMENT

Receiving its tenth ISO 14001 Environmental Management Systems Certificate in Turkey in 1997, Aksa maintained a record of zero non-compliance in the annual external inspections conducted by the Turkish Standards Institution since 2002. In 2010, Aksa also received zero recommendation in addition to zero non-compliance and in 2011, the inspection by the Turkish Standards Institution also included expert opinion with regard to positive achievements in addition to zero non-compliance and zero recommendation. Here are some of the positive opinions stated:

- With regard to decreasing waste management costs and meeting the targets for waste volume, Aksa sets an example with its online management system for the hazardous waste produced at the plant and the hazardous waste site. Waste from each unit is recorded into the online waste management system, enabling easy tracking and controlled management of waste.
- Within waste preventing and decreasing work, Aksa managed to decrease waste volume by 40% in sludge dewatering with the new decanter centrifuge system at its treatment facility. With this system, not only the volume of treated sludge was decreased but also Aksa made significant savings with regard to disposal costs.
- Landscape work around the waste treatment facility was achieved utilizing employee suggestions at the facility got credit during the external inspections and from visitors to the facility.
- The environmental monitoring-measurement plan, which was facilitated for legal and voluntary practices in line with Aksa's responsible care management, is followed actively through the QDMS action module; Aksa's environmental condition is consistently and controllably monitored.
- Aksa established an effective database to follow-up Environmental Legislation and communicate internally with the related parties. Environmental Legislation, which is now followed up on a timely basis from the Official Gazette through the database, is a useful tool in fulfilling legal obligations.

ACTIVITIES ON SUSTAINABILITY

Environment oriented solutions that add value to life

TS 18001 Occupational Health and Safety Management Systems Certificate

Aksa received the TS 18001 Occupational Health and Safety Management Systems Certificate in 1997 and maintained a record of zero non-compliance during the annual surveillance inspections conducted by the Turkish Standards Institution ever since.

Planning to conduct a Safety Culture Analysis and an evaluation of Safety Management Systems, Aksa signed an agreement with DuPont for Sustainable Solutions.

Aksa declared 2010 its "Occupational Health and Safety Year." Aksa is planning to conduct a Safety Culture Analysis and an evaluation of Safety Management Systems involving all operations at the Yalova plant. Aksa also aims to create a roadmap to achieve its vision in terms of safety. To this end, Aksa signed an agreement of Sustainable Solutions with DuPont. As part of this collaboration, the context and reasons, the aims of the project, the scope of the project, responsibilities, timing, details of the implementation of the project and details of the investment were determined. The first of this three-phase project was initiated by Aksa in 2010.

Phase 1: This stage includes evaluating the current state, defining the future state and strategy and crafting a solution. An Occupational Safety Perception Survey prepared in Turkish and made up of 12 articles and 24 questions was conducted with all Aksa employees as well as the employees of subcontractors and contractors who work in this field.

Phase 2: This stage includes planning and implementing changes.

Phase 3: This stage includes work and directions toward continuous improvement.

In addition to these, to Monitor and Direct Progress on the journey toward Excellence in Safety, the DuPont method relies on three essential success factors:

1. Involvement of Leaders: For the project to be effective through organization of direct and indirect reporting, cooperation by the leaders of the company is required at all stages of the project.

2. Hands-on Training: Most of what is acquired through training is lost after a couple of days. Education of adults depends on immediate hands-on application following in-class learning. Applying what has been taught is a fundamental component of learning. The DuPont method enables transferring the knowhow with hands-on applications to the customer within the customer's own environment and conditions.

An Occupational Safety Perception Survey prepared in Turkish and comprising of 12 articles and 24 questions was given to all Aksa employees as well as the employees of subcontractors and contractors who work in the field.

3. Realizing the Change Equation: This includes understanding the current state, constituting a vision for a better state and developing a method to reach that vision.

Within the framework of the Occupational Safety Project conducted with DuPont, four experts from DuPont visited Aksa between November 2 and 12, 2010. During their visit, the experts spent ten days at Aksa Akrilik

Üretim Tesisleri to evaluate Aksa's occupational management system, to interview the executives and to observe field implementations on site. In February 2011, two separate teams comprised of 11 executives from Aksa were invited by DuPont for three days to visit the facilities of DuPont in the Netherlands (Dordrecht) and DuPont Luxembourg and observed the best practices for occupational health and security on site.

As part of establishing TS 18001 Occupational Health and Safety Management System for determining occupational health and safety risk, two methods employed in 2005 have been effectively implemented.

As part of establishing TS 18001 Occupational Health and Safety Management System for determining occupational health and safety risk, two methods employed in 2005 are being effectively implemented. The first of these methods is the Failure Modes and Effects Analysis (FMEA), which is used to identify the effects of system and equipment failures in the electronic platform and to implement necessary measures to minimize risk. The second method is Hazard and Operability Analysis (HAZOP), which is used to determine and eliminate potential hazards in the most dangerous zones according to the plant's risk map.

CARBON FOOTPRINTING

Beginning work on Carbon Footprint last year, Aksa calculated its first Greenhouse Gas Inventory for the 2009-2010 period and was inspected by the British Standards Institution – Germany and Turkey. It thus became the first industrial company in Turkey to receive the ISO 14064-1 Greenhouse Management Systems Certificate with a high credibility level.

Although Turkey has no liabilities as of yet, since Aksa also aims to be a leader in this field, Aksa calculated the Greenhouse Gas Inventory for the 2010-2011 period for all its operations. To this end, the inspections conducted jointly by the Germany and Turkish offices of the British Standards Institution at the Istanbul headquarters and the plant in Yalova on December 20-23, 2012 with regard to ISO 14064-1 Greenhouse Management Systems certification was passed with zero non-compliance.

Aksa has been engaged in expanding forest areas, which are important terrestrial stores of carbon, to balance the greenhouse gas emissions into the atmosphere.

In order to make these efforts sustainable, Aksa will continue focusing reducing greenhouse emissions that result from its operations and as a leader in the industry.

FORESTATION

Aksa has been engaged in expanding forest areas, which are important terrestrial stores for carbon, in order to balance greenhouse gas emissions into the atmosphere.

In an effort to improve damaged forest areas and to fight erosion and to contribute to the National Forestation Mobilization Action Plan 2008-2010 organized by the Ministry of Environment and Forestry, Aksa continued to distribute free-of-charge seedlings grown in Aksa's greenhouses nationwide this year as well. To this end, 6,243 seedlings were handed over to environmentalists during 2011.

ACTIVITIES ON SUSTAINABILITY

High rate of recycling

EFFICIENCY

Preventing and reducing waste has been among Aksa's priorities within its environmental policy dating back to 1995. Reducing waste on site, reusing, recycling or disposing properly and preferring to use recycled, environmentally friendly materials are appropriated as fundamental principles. Various projects have been realized in terms of reducing waste on site, reusing and conversion to raw material. Through these investments, fewer natural resources are used and waste is recycled, which in turn contributes to the environment and economy.

Various projects have been carried out in terms of reducing waste onsite, reusing and conversion to raw material.

Thanks to the investments made and awareness raised within the Company, waste that had been disposed completely up until two years ago is now 65% recycled and reused. Parallel to Aksa's goal of increasing recycling rates, waste reduction and reclaim projects have an important place in their five-year strategic plans.

A project for the pretreatment of dye wastewater is being conducted by Aksa in collaboration with Yalova University. This wastewater results from dyeing acrylic fiber before it reaches the wastewater treatment facility, allows dye to be recycled and used as an input material in different industries. This project will allow for the reduction in the volume of waste at the wastewater treatment facility and reuse of the material.

Another investment is planned toward both reducing the volume of the hazardous waste that remains in the recycling solvent and is disposed of and reclaiming the disposed solvent. Aiming to reduce the volume of the disposed waste, the project is expected to significantly increase recycling rates of solvent that is disposed with waste. A project for reducing color value in the treated wastewater at the wastewater treatment facility has also been initiated. Although the color parameter, which is among the parameters to be checked in the current discharges of treated wastewater, is below the legal limits, Aksa is conducting work toward color removal onsite. The work is handled in two stages: the goal is to reduce color value by using organic based flocculant instead of ferrous sulfate for color removal during the chemical wastewater treatment and

A project for reducing color value in the treated wastewater at the wastewater treatment facility has also been initiated.

to pretreat dye wastewater resulting from production by separating it from the rest of wastewater and carrying it via a separate line to the wastewater treatment facility.

Within waste management efforts, a research project on dewatering treated sludge or reusing it in producing compost or fertilizer has also been carried out. The goal of this project is to decrease the volume of treated sludge at the wastewater treatment facility and to preserve global resources. Using treated sludge as compost or fertilizer in agricultural activities and/or for improvement of damages areas is also being considered.

By starting to use pressurized air instead of nitrogen when cleaning filter press cloths, Aksa reduced nitrogen use by 20% and thus limited the use of global resources.

By switching to use variable-speed compressor in generating pressurized air during the 2010-2011 period, power use was also reduced.

WASTE MANAGEMENT

In order to control waste more efficiently, all processes of waste management were transferred into an electronic platform which facilitated its management. Waste is categorized as hazardous waste, reclaimable waste, domestic and industrial solid waste, excavation-construction and demolition waste and waste sludge within this system. Once there is waste, the unit requests its removal from the site and enters the details of waste. After the removal is approved, the waste removal team goes to the site and removes it.

AKSA AKRILIK ENVIRONMENTALLY FRIENDLY PRODUCTS

As a result of its leadership in the industry, Aksa closely follows and integrates new technology. The Company also reflected its strategy for investing on innovation and products with added value in its vision statement after the revisions in 2007. Aksa's vision is to invest in technology to achieve operational excellence and create new, sustainable and profitable fields of use for acrylic fiber.

In line with this vision, Aksa started to manufacture environmentally friendly fibers in addition to textile fibers and aims at producing at least two types of new fiber every year.

Aksa began pilot manufacturing for carbon fiber, a fiber that has a variety of uses due to its superior qualities, in 2008 and following the positive outcome of these pilot studies, production was started for carbon fiber in 2009, once again a first in Turkey.

NEW FIBERS BY AKSA AND THEIR USE IN ENVIRONMENTALLY FRIENDLY FIELDS:

Homopolymer Acrylic Fiber:

Homopolymer acrylic fiber, which has a high chemical resistance and thermal resistance in the filtration of emissions and waste in coal operated power plants and cement plants, provides environmentally friendly fields of utilization with its superior qualities. In 2010, like other Aksa textile fibers, homopolymer acrylic fiber was also included in the ÖKO-TEX 100 Confidence in Textiles certification.

ACTIVITIES ON SUSTAINABILITY

Products that respect human health and environment

Carbon Fiber: Carbon fiber, which is a very strong, light material, is used in the reinforcement of propellers for wind power plants, automobile bodies and airplane fuselages instead of steel, increasing their resistance and providing fuel efficiency. This in turn reduces greenhouse gas emission, the reinforcement of buildings, bridges and infrastructure to increase earthquake resistance.

Outdoor Fiber: Outdoor fiber, which has high resistance to abrasion and excellent light and weather fastness, is used in outdoor applications like shades and tarpaulins under direct sunlight, upholstering of garden furniture, boat covers, in producing canvases and tarpaulins, headliners for convertible cars, etc. They limit the amount of sunlight and enable the consumption of less power indoors, thus contributing to the reduction of greenhouse gas emissions.

ÖKO-TEX 100 CONFIDENCE IN TEXTILES CERTIFICATE

ÖKO-TEX 100 is an internationally acknowledged standard to determine human ecological safety of textiles. Every year sample products are submitted to the independent Testex laboratory in Switzerland and tested for Class 1-Products for babies (the category with the strictest limits and the most tests) for compliance and certificates are renewed.

Samples have been submitted and the certificate renewed every year since 1995. In 2011, in addition to sample testing, a company visit was made by an independent inspector for ÖKO-TEX 100 certification. All stages of production and laboratory work including supply and storage of chemical-colorant materials as well as finished products were tested as part of the inspection. The visit was concluded with zero non-compliance, thus proving human ecological safety of Aksa products once again through inspection and certification.

ACTIVITIES ON SUSTAINABILITY

Sensitive and responsible approach to social responsibility

REFLECTIONS ON STAKEHOLDERS RELATIONS

AKSA RECEIVED TWO AWARDS FROM CORPORATE SOCIAL RESPONSIBILITY MARKETPLACE

As a result of its Responsible Care practices, Aksa was invited to the Corporate Social Responsibility Solutions Marketplace organized by the Corporate Social Responsibility Association of Turkey; it earned two awards. For the event, where the companies were evaluated by how they practiced social responsibility with regard to integrating corporate social responsibility into their work processes, the practices were followed by the Association for a period of one year.

Aksa became the third Turkish company to receive the "Hall of Fame" Award, one of the world's most prestigious commendations awarded by Palladium in 2010.

Aksa was included in the Corporate Social Responsibility Solutions Marketplace with its Community Advisory Panel, Community School, Open Dorr Events, Inventory of Greenhouse Gases and Forestation, Environmental Awareness and Aksa Rescue Team. Aksa received the Award for Stakeholder Management and Communication granted by the selection of the jury as well as Triple Stakeholder Award determined by the votes cast by the 750 visitors. Together with this event, Aksa once more was able to demonstrate its accumulation on and sensitivity towards social responsibility.

AKSA IN THE PALLADIUM BALANCED SCORECARD HALL OF FAME REPORT 2011

Aksa became the third Turkish company to receive the "Hall of Fame" Award, one of the world's most prestigious prizes awarded by Palladium in 2010. The practices implemented by companies who received this award are published in the Palladium Balanced Scorecard Hall of Fame Report 2011 printed by the Harvard Business Review and are being taught as case studies at Harvard Business School.

The Report devoted two pages to Aksa and its newly identified innovation oriented strategy. The Report also stated that Aksa changed its strategic focus from operational excellence to product innovation. It was especially highlighted that Aksa demonstrated an extraordinary discipline and meticulousness in the implementation of this new strategy and that the strategy was communicated through multiple channels to the organization and all levels of management and was adopted by all, which is one of the most important steps in strategic management.

Aksa, defined its primary goal as "quality work, quality life," the motto adopted at the national quality congress.

Defining "quality work, quality life," the motto adopted at the national quality congress as its primary goal, Aksa will continue to prioritize projects that focus on the balance between work and personal life of the employees and contribute to the quality of work and life.

Aksa constantly develops its environmental performance with regard to efficient use of global resources and reducing waste

AKSA AKRİLİK: GLOBAL REPORTING INITIATIVE, GLOBAL COMPACT AND RESPONSIBLE CARE COMMITMENT

Aksa has been publishing all the events organized in the field of environment, occupational health and safety and corporate social responsibility in accordance with the criteria of the Global Reporting Initiative. It has been providing these publications to its stakeholders on its corporate website.

Aksa became the first Turkish chemical company to receive a C level from the Global Reporting Initiative (GRI) with its Sustainable Development Report 2009.

With its Sustainable Development Report in 2009, Aksa became the first chemical company from Turkey to submit a C-level report to the Global Reporting Initiative.
http://www.globalreporting.org/reports/view/6897

AKSA AKRİLİK IN THE GLOBAL COMPACT YEARBOOK 2011

Aksa became a signatory of the United Nations Global Compact in 2006. As a result of its top level implementation of the Global Compact's principles, Aksa was one of the 44 companies worldwide featured in the Global Compact Yearbook 2011.

The first chemical company from Turkey to sign the Global Compact, Aksa also sponsored the Global Compact Workshop held as part of the National Quality Congress organized by KalDer (Turkish Quality Association). Setting annual environmental efficiency goals since 1997, Aksa constantly develops its environmental performance with regard to efficient use of global resources and reducing waste.

Best practices and approached on corporate sustainability are included along with entrepreneurial work carried out by the corporate participants in the third edition of the Global Compact Yearbook 2011 prepared by the United Nations Development Programme (UNDP). As the first and only Turkish company to be included in this yearbook, Aksa achieved phenomenal success.

The Global Compact Yearbook is a non-profit project and the income from this book is used towards the benefit of the Foundation for the Global Compact. In order to foster and create incentives for other companies, the Global Compact Yearbook includes best practice examples that illustrate how to implement the Global Compact's Ten Principles in daily business and projects.

AKSA is one of the three Turkish companies who signed the Global Compact featured in the bilingual (Turkish and English) catalogue "Seçenek Yaratmak-Creating Options" published by the United Nations Development Program (UNDP) to present examples from the projects and activities of the Global Compact signatories and share them with the communities throughout the world. The catalog also includes corporate social responsibility work undertaken by Aksa. These catalogs are being distributed at all the events by the United Nations Development Program (UNDP) organized all over the world.

ACTIVITIES ON SUSTAINABILITY

Aksa cares for the society and the protection of the environment

CERTIFICATES OF APPRECIATION

Aksa received numerous certificates of appreciation in 2011 for creating added value to society and to the protection of the environment through its social responsibility projects. Aksa was awarded certificates of appreciation for:

- Its briefing United Arab Emirates Water and Power Authority (ADWEA) and the company that provides infrastructure and wastewater treatment for the state and the private sector (ADSSC) during their visit to Aksa,
- Its hospitality to Canan Tekstil executives during their visit to Aksa,
- Organizing a Kızılay blood donation campaign at Aksa,
- Its hospitality during the benchmarking studies conducted jointly with Petkim,
- Providing technical knowledge assistance and giving advice to Akiş Tekstil Sanayi ve Ticaret Anonim Şirketi,
- Their satisfaction with the product performance by Damteks Tekstil ve Sanayii A.Ş.,
- Its contributions to Scientific and Technological Research Council of Turkey (TÜBİTAK) Sharing Success Stories Event,
- Its contribution to the Department of Mining Engineering Laboratory at Istanbul Technical University in obtaining "full accreditation" and
- Its hospitality and briefing for Miroglio Tekstil executives during their visit to Aksa.

BENCHMARKING VISITS

- Within the framework of "Hall of Fame" Best Practices Award by Palladium, a team of six people visited Aksa for benchmarking.
- A working group from the Human Resources Department of Petkim Petrokimya Holding A.Ş. visited Aksa as part of benchmarking studies.
- Advansa executives visited Aksa as part of benchmarking studies that have been conducted since 2010 on Customer Relations Management.
- Merkez Çelik executive visited Aksa as part of general benchmarking studies.
- A working group from BRİSA visited Aksa in order to inquire about and benchmark Process Management and QPR.
- A working group from KYK Yapı Kimyasalları visited Aksa for benchmarking.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS AND AUDITORS

BOARD OF DIRECTORS

Mehmet Ali Berkman

Chairman

Mehmet Ali Berkman was born in Malatya in 1943. After graduating from Middle East Technical University, Administrative Sciences Department of Industrial Management, he earned his MBA in the field of Operations Research from Syracuse University in the USA, where he was sent by the Turkish Education Foundation (TEV) on a scholarship. He joined the Koç Group in 1972 and served as General Manager of Mako, Döktaş, Uniroyal and Arçelik within this Group. He became the Head of Strategical Planning at Koç Holding A.Ş. in August 2000 and also served as the Head of Human Resources from the year 2001. He retired at the beginning of 2004 as required by the Group's policy. From September 2005, he took on the task of being a member of the Board of Directors and Chairman of the Executive Board. Berkman also served as Chairman of the Board of Directors at Akenerji Elektrik Üretimi A.Ş. and as a member and Chairman of the Board of Directors of other Group companies.

Raif Ali Dinçkök

Vice-Chairman

Raif Ali Dinçkök was born in Istanbul in 1971 and graduated from Boston University, Department of Business in 1993. He started working at the Akkök Companies Group where he served in the Purchasing Department of the Ak-Al Tekstil San. A.Ş. between 2000-2003 and as Coordinator at Akenerji between 2000–2003. Dinçkök presently serves as the member of the Board of Directors and on the Executive Board of the Akkök Sanayi Yatırım ve Geliştirme A.Ş. He also serves on the Board of Directors at various Akkök Group companies.

Ali Raif Dinçkök

Member on the Board of Directors

Ali Raif Dinçkök was born in Istanbul in 1944 and completed his high school studies at the Austrian High School. He graduated from the Department of the Textile Engineering at Aachen University in 1969. His business career started at the Akkök Companies Group and he has served as the Chairman of the Board of Directors at Akkök Sanayi Yatırım ve Geliştirme A.Ş. where he also serves on the Board of Directors of the other Group companies.

Ömer Dinçkök

Member on the Board of Directors

Ömer Dinçkök was born in Istanbul in 1948 and graduated from Robert College, Department of Business Administration and Economy. He completed his post-graduate study in the year 1971 in England. His business career began in Akkök Group Companies where he presently serves on the Board of Directors at Akkök Sanayi Yatırım ve Geliştirme A.Ş. and other Group companies. Dinçkök also served as the Chairman of the Board of Trustees of the Turkish Education Foundation from 2004 to 2007; Chairman of the Board of Directors of the Turkish Education Foundation between 2001-2004; President of Assembly at the Istanbul Chamber of Industry between 1992-2001; Chairman of the Council of Industry of the Turkish Union of Chambers and Exchange Commodities between 1992-2000; member of the Board of Trustees at Wilberforce University between 1989-2000; and as Chairman of the Board of Directors at the Turkish Industrialists and Businessmen's Association between 1987-1989. Dinçkök presently serves as an honorary member of the High Council of the Turkish Industrialists and Businessmen's Association, honorary member of the Council of Istanbul Chamber of Industry, member of the Board of Trustees at Koç University, founding member of the Education Volunteers Foundation of Turkey and as a member of the Board of Trustees.

Nilüfer Dinçkök Çiftçi

Member on the Board of Directors

Nilüfer Dinçkök Çiftçi was born in Istanbul in 1956 and graduated from Sainte Pulchérie French High School in 1970. She continued her education in Switzerland, later graduating from St. Georges School in 1976. Nilüfer Dinçkök Çiftçi presently serves at the Board of Directors of the Akkök Sanayi Yatırım ve Geliştirme A.Ş. and other Group companies.

Erol Lodrik

Member on the Board of Directors

Erol Lodrik was born in Istanbul in 1944 and completed his secondary education at Saint Benoit High School. He continued his education in England prior to undertaking several positions at Emboy ve Emniyet Ticaret A.Ş. and working at the Akkök Companies Group where he presently serves on the Board of Directors.

Ayça Dinçkök

Member on the Board of Directors

Ayça Dinçkök was born in Istanbul in 1973 and after obtaining a degree in Business at Boston University, she started her business career within the Akkök Companies Group in 1994. Dinçkök completed an Accelerated Development program at the London Business School in the year 2004 and served as a member on the Board of Directors at the Turkish Industrialists and Businessmen's Association between 2004-2009. She has also chaired the Information Society and New Technology Committee. Dinçkök served as a member of the Board of Directors at European Man-made Fibres Association (CIRFS) between 2007-2010 and a member of the Executive Board of Akkök Sanayi Yatırım ve Geliştirme A.Ş. between 2007-2011. Presently, she serves on the Board of Directors at Akkök Sanayi Yatırım ve Geliştirme A.Ş. and Group companies.

İzer Lodrik

Member on the Board of Directors

İzer Lodrik was born in 1971 and graduated from Northeastern University, Department of Economy in the USA. Lodrik presently serves as the Vice-Chairman at the Emboy Yüntaş Tekstil Sanayi ve Ticaret A.Ş. and Emniyet Ticaret ve Sanayi A.Ş. companies and serves at the Board of Directors at Akkök Group Companies.

Mustafa Yılmaz

Member on the Board of Directors

Mustafa Yılmaz was born in Tekirdağ in 1949; after graduating from Ankara University Faculty of Science, Department of Chemical Engineering in 1971, he completed his MA at the same faculty. His business career started at the Etibank Ergani Copper Operations and has held positions in the areas of research, production and quality management at the Aksa Akrilik Kimya Sanayii A.Ş. where he was employed as Operations Engineer. He continued his services as the General Manager between the years 2002-2011. Since 2002, Mustafa Yılmaz served as a member of the Board of Directors and has been a member of the Executive Board of Akkök since February 2011.

Cengiz Taş

Member on the Board of Directors

Cengiz Taş was born in Bursa in 1966 and started his business career in 1989 at Kordsa as an Investment Planning Engineer following his graduation from Boğaziçi University, Department of Industrial Engineering. He joined Ak-Al Tekstil Sanayi A.Ş. in 1991 as Budget Specialist, Budget Chief, Budget Manager, Production Coordinator and Assistant General Manager for Planning respectively and as General Manager between 2004-2011. He took office as General Manager at Aksa Akrilik Kimya Sanayi A.Ş. as of 01.02.2011.

Mehmet Emin Çiftçi

Member on the Board of Directors

Mehmet Emin Çiftçi was born in Istanbul in 1987 and graduated from Istanbul Commerce University, Faculty of Communication. He currently is continuing to pursue his education at UCLA in the US. He started his business career in 2006 at Ak-Kim Kimya Sanayi ve Ticaret A.Ş. He is currently assigned to the Board of Directors of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and other Group Companies.

AUDITORS:

1-Bülent Üstünel

2-Abbas Yüksel

CORPORATE GOVERNANCE

Alp Sarıoğlu

Director of R&D Center

Born 1971 in Istanbul, Alp Sarıoğlu graduated from the Swiss Federal Institute of Technology, Department of Energy and Fluid Mechanics and continued with an MSc in the field of Bio-Mechanical Engineering and a PhD in the field of plastic composite material technology between 1998-2002. He has worked as technology information consultant and gave theoretical and applied lectures during his doctorate. Sarıoğlu has carried out miscellaneous research and applied for patents; he also has written various scientific and technological papers. Sarıoğlu started his business career at Swiss Debiotech in the processes of technical and industrial problems, solutions and quality control. He took office at Aisa&Aisapack in Switzerland as Project Manager between 2003-2006 and at Nestle Switzerland as Senior Project Manager from 2006 until 2008. He served as Technical Manager at Sunset Gıda in 2008. In July 2011, he took over as director of the Aksa R&D Center Director.

Betül Sadıkoğlu

Director of Financial Affairs

Born 1973 in Ankara, Betül Sadıkoğlu graduated from METU, Department of Industrial Engineering and earned an MSc degree from Boğaziçi University, Department of Industrial Engineering. She began her professional career at Aksa Akrilik Kimya Sanayi A.Ş. in 1995 as Budget and Finance Specialist. Assigned to the office of Budget and Finance Manager in 1997, she has served as Director of Financial Affairs since 2003. In addition, Sadıkoğlu is a member of Board of Directors at Aksa Egypt Acrylic Fiber Industry SAE.

Dan Pichler

Carbon Fiber Director

Born 1955 in Pittsburgh, Pennsylvania in the USA, Pichler graduated from Notre Dame University, Department of Architecture where he also earned his MBA and completed the Senior Management Program at the London Business School. Pichler specializes in the field of carbon fiber and has worked at important companies such as Hitco Inc., Ladish Co. Inc., Schlosser Forge Co. and SGL Group's Carbon Fiber and Composite Unit. During his 30 year career, he has gained experience in America, Germany and England in the fields of strategic planning, engineering management, sale and marketing management and general management. He has been at Aksa since 2009 in the office of Carbon Fiber Directorship.

Fethi Baytan

Purchasing Director

Born in 1965, Fethi Baytan graduated in 1988 from Boğaziçi University, Department of Computer Engineering. The same year, he began working at Bios Bilgisayar as a Software Development Specialist and continued his career as Project Manager. He served as Information Technology Manager at Continent and Carrefour between 1994-2000. Joining Ak-Al Tekstil A.Ş. in 2000 as Information Technology Manager, Baytan undertook the office of Assistant General Manager for Purchasing, Logistics and System Development in 2007 and started at Aksa as Purchasing Director on December 1, 2011.

İsmail Murat İnceoğlu

Factory Director

Born 1951 in Istanbul, İsmail Murat İnceoğlu graduated from Leeds University, Department of Textile as a Textile Process Engineer and also completed his post-graduate degree at the same institution. He started his career at Royal Mail UK and Braims Steel UK-Textile Testing Laboratory, then in 1981, worked as a Production Operating Engineer in Ak-Al Tekstil. He next undertook the position of Production Manager at Semi Worsted Hand-Knit Plant. İnceoğlu was involved in miscellaneous projects including the Ak-Al and Aksu company merger process and served as Assistant General Manager for Technique and

Quality. In March 2011, İnceoğlu was appointed Director of Technical and Administrative Services at Aksa and assigned as Factory Director in July.

Mithat Okay

Carbon Fiber Marketing and Sales Director

Born 1961 in Istanbul, Mithat Okay graduated from Boğaziçi University, Department of Chemical Engineering and later earned his post-graduate degree from Manchester University, Technology Institute in the field of Textile Technology. Starting his business career in 1988 as a dye house engineer at Ak-Al, Okay served as After-Sales Technical Service Engineer and Assistant Manager for Quality Assessment/Process Control and After-Sales Technical Services in 1990 at Aksa Quality Control Directorate. Okay became a product manager in 1996 and took office as Marketing and Sales Manager, Marketing and Sales Director and Assistant General Manager for Marketing and Sales, respectively. Okay has been the Carbon Fiber Marketing and Sales Director since 2009.

Osman Arslan

Energy Director

Born in 1951, Osman Arslan graduated from Hacettepe University, Faculty of Chemistry with an MSc in chemical engineering. Arslan started working in 1976 at the Tüpraş Izmir Refinery as a process engineer in the Technical Services Directorate. He was then assigned to head the same department in 1980, after which he served as Chief Engineer in the Investments Directorate, Technical Services Manager, Process Units Operation Manager and Operations Manager. Retiring in 2009, Arslan continued as a consultant for one more year in the Refinery Directorate. In August 2010, he became the Energy, Maintenance and Plants Director at Aksa and was assigned to the Energy Directorship in April 2011.

Sabri Arca

Marketing, Sales and New Business Development Director

Born in 1960, Sabri Arca graduated from the University of Southern California, Business Administration Department. Serving at Dinarsu T.A.Ş. between 1985-1989 and Ak-Al between 1990-1994, Arca became Assistant General Manager at Aksa in 1994. He has served as Administrative Assistant General Manager, Purchasing Assistant General Manager, New Business Development and Purchasing Assistant General Manager, New Business Development Director, respectively at Aksa. On December 1, 2011, he was appointed Marketing, Sales and New Business Development Director.

Sibel Bekler

Human Resources and Management Systems Director

Born in 1964, Sibel Bekler graduated from Middle East Technical University, Department of Chemistry and completed her Executive MBA program at Bilgi University. She started her career as an engineer at Asil Çelik, joined Aksa Akrilik Kimya Sanayi A.Ş. where she served as Assistant Manager of the R&D Center and Laboratories, Quality and Environmental Manager, Human Resources and Management Systems Manager, respectively. She also carried out Human Resources Management, Strategic Planning Secretariat and 6 Sigma Coordination, Laboratories, Process and Product Monitoring Management, Management Agency for Quality, Environment and Occupational Health and Security management systems and institutionalization work, as well as Corporate Social Responsibility work for the Company in addition to her assignments. Bekler served at AKSA Corporate Culture, Process Management, Balanced Score Card, Information Management Model and Intellectual Capital, TPM projects as sponsor or project manager. She has continued as Human Resources and Management Systems Director since 2009.

DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

1. DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

Aksa Akrilik Kimya Sanayii A.Ş.
Aksa's target is to be a world leader in the sector during this period of accelerating global competition and change, where corporate governance practices are as important as financial performance. With this awareness, Aksa's objectives include creating sustainable value for its stakeholders. Aksa is determined to maintain its position as a reputable, hardworking, creative and innovative company, first for its shareholders and investors and then in the eyes of customers, employees and the community, achieving this over the years with adherence to the principles of corporate governance.

The Corporate Governance Principles of AKSA established in parallel with the best practices around the world are based on strengthening and increasing the confidence of existing and potential partners, employees, customers, regulatory authorities as well as the domestic and international community. In this regard, Aksa Akrilik Kimya Sanayii A.Ş. declares that it has committed itself to the application of the Corporate Governance Principles and that it will adopt the practices foreseen by these Principles within the framework of current practice.

SECTION I - SHAREHOLDERS

2. Shareholder Relations Department

2.1 Legislation, Articles of Association and other Inter-Company regulations are observed in using shareholding rights and precautions to provide the use of such rights are taken.

2.2 Relations with shareholders in Aksa Akrilik Kimya Sanayii A.Ş. are carried out in the Financial Affairs Department. The main purpose is to provide fair and full performance of the shareholders' right to be informed. In addition, the Company immediately and completely fulfills the rights of shareholders arising from partnership. The main activities are:

a) To provide record keeping of shareholders information securely and updated.
b) To reply the written and verbal information requests from the shareholders concerning the Company excluding the confidential and commercially secret information concerning the Company not disclosed to the public yet.
c) To hold the General Assembly meeting in compliance with the current legislation, Articles of Association and other Inter-Company regulations.
d) To prepare documentation so that shareholders may benefit during the General Assembly.
e) To keep the voting records and share the results with the public through General Assembly minutes.
f) To observe and monitor any matter concerning public awareness including legislation and disclosure policies of the Company.
g) To carry out capital market activities.
h) To carry out investment relations activities.

2.3 All information requests and questions directly or by means of mediating bodies from the shareholders during 2011 are answered and the relevant information and documentation conveyed to the shareholders by observing the principal of equality excluding those having confidential or commercially secret quality.

In addition, Investor Relations Department convey the messages of the management and the governance strategies concerning the Company through the meetings held by the mediating bodies to the shareholders in parallel to the disclosures to public opinion and special circumstance disclosures to exhibit an effective approach in the relations with the shareholders. In this context, meetings with various mediating bodies are carried out at the Aksa Center.

During 2011, visitations to London, Boston and New York were made to inform foreign corporate investors and facilities and they were invited to contact meetings organized in Istanbul by international investment institutions which provided foreign investors the opportunity to have interviews face to face with the Company managers.

Information concerning the Company is presented to shareholders in English and Turkish on the corporate website: www.aksa.com.

3. Shareholder's Right to Be Informed

3.1 In using the right to be informed, all shareholders including minority and foreign shareholders are treated in compliance with equal treatment principle.

3.2 Any information requests from shareholders excluding information that is considered a commercial secret or not generally disclosed to the public, is answered in writing, by telephone or electronically.

3.3 Information about the activities of the Company is regularly updated on Aksa's corporate website.

3.4 There is no provision in the Articles of Association that defines the request for the appointment of a special auditor as an individual right. There was no request during the present or previous periods for the appointment of a special auditor.

4. Information about the General Assembly

4.1 The Ordinary General Assembly meeting to discuss the results of the Company's 2010 activities was held on May 10, 2011 in Istanbul in order to facilitate attendance of the shareholders. Invitations were announced in the Turkish Trade Registry Gazette and Dünya newspaper two weeks before the date of General Assembly in compliance with our Articles of Association.

4.2 The Information Document, in which the agenda items for the meeting and the reasons for these items are explained to the shareholders and a Proxy Voting Form were prepared and submitted for the information of the shareholders prior to the General Assembly meeting. The shareholders did not request to add any items to the agenda.

4.3 Assembly procedures of the General Assembly provides for the participation of shareholders at maximum level.

4.4 Meeting protocols and lists of attendants are given to the requesting partners. Agents from the Stock Exchange, mediating bodies and press may participate in the General Assembly. After the meeting, meeting documentation is published in Public Disclosure Platform and on the AKSA's corporate website.

4.5 The General Assembly for 2010 held on May 10, 2011 recorded a quorum of 60.80%.

4.6 During the Ordinary General Assembly meeting, shareholders were informed about grants made by the Company in 2011.

4.7 Independent auditor gave a written explanation about the consolidated financial statements during the meeting.

4.8 During the meeting, questions from General Assembly participants were answered by the managers. Proposals by the shareholders were submitted for the approval of the General Assembly and accepted by majority vote. Since the authority of purchasing or selling or leasing properties is given to the Board of Directors in accordance with article nine of the Articles of Association, such matters are not included in the agenda of the General Assembly.

5. Voting and Minority Rights

5.1 Any application which aggravates the use of voting rights is avoided and each shareholder is provided with the opportunity to use his voting right easily and appropriately.

5.2 There is not any upper limit of voting right for any shareholder.

5.3 There isn't any privilege on the shares of the Company.

5.4 Each share of the Company is allowed to vote only once.

5.5 There isn't any regulation about length of period required to gain the right to vote following the acquisition of Company share.

DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

5.6 There isn't any provision in the Articles of Association to prevent the proxy voting of non-shareholder.

5.7 The shareholders didn't have a demand suggesting the representation of minority votes in the management.

5.8 There isn't any provision regarding the method of using cumulative votes in the Articles of Association.

5.9 As there are no companies which are in a mutual affiliation relation among the shareholders of the Company, votes were not used in the General Assembly in this direction.

5.10 There is not any founder and dividend share in the Company.

5.11 At the General Assembly meeting, voting was made by open ballot and raising hands. Voting procedure was announced to the shareholders at the beginning of the meeting.

6. Dividend Distribution Policy and Dividend Distribution Due Time

6.1 There is no privilege on the subject of participating in the profit of the Company.

6.2 Aksa Akrilik Kimya Sanayi A.Ş. realizes dividend distribution by always considering the financial performance of Company, sectorial conjunctural and the economic conditions of the country and in a manner in compliance with the legislation published by Capital Market Board.

6.3 Dividend distribution policy of the Company concerning 2010 and following years was announced to the public in accordance with decision of CMB dated 27.01.2006 number 4/67 , included in the activity report and presented to the Company shareholders in the Ordinary General Assembly meeting held on 10 May 2011.

6.4 At the Ordinary General Assembly meeting of the Company for 2010, held on 26 May 2011 in the framework of CMB regulations, distributable profit calculated over the consolidated financial statements prepared as of 31 December 2010 was distributed in cash to its partners and Members of Board of Directors

7. Transfer of Shares

7.1 Company shares are registered and there is no restricting provision in the Articles of Association concerning the transfer of shares.

7.2 The transfer of shares, all quoted on the ISE, are realizes in terms of TCC and CMB legal provisions.

7.3 All shareholders including the minority and foreign shareholders are treated equally.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

8.1 Company Disclosure Policy is based on the principle of providing all shareholders and all persons and organizations who will benefit from the information, with equally disseminated, accurate, complete, intelligible, interpretable, low-cost and accessible knowledge.

8.2 Aksa Disclosure Policy, prepared by the Board of Directors, is submitted to the information of shareholders in the General Assembly and published in the corporate website in order to be disclosed to public.

8.3 For this purpose, the Company organizes informing meetings besides material disclosures, publicly disclosed periodical financial statements and annual reports. Investors, analysts and members of print and visual press are invited to these meetings.

8.4 Financial Affairs Directorship is assigned to observe and monitor any matter concerning the application, follow-up and disclosure to the public of Aksa Disclosure Policy.

Attention is paid not to impair equal opportunities between the stakeholders in answering the questions.

9. Periodical Financial Statements and Reports and Independent Audit in Public Disclosure

9.1 Consolidated financial statements and footnotes, that are audited independently and disclosed to the public according to International Audit Standards, are prepared in compliance with IFRS based on the Communiqué of CMB Serial: XI, No:29 and the principles of presentation in accordance with the regulations of CMB concerning financial reporting.

9.2 Our annual and quarterly interim reports are elaborated in compliance with the Legislation of Capital Market and Principles of Corporate Governance announced by CMB, including all the information about the activities of the Company.

10. Material Disclosures

10.1 Our material public disclosures are realized in compliance with Securities Legislation, ISE regulations and Corporate Governance Principles published by CMB.

10.2 The Company has made a total of 30 material disclosures within 2011. There were no additional disclosure request by Capital Market Board or Istanbul Stock Exchange concerning the material disclosures. Besides, the Company does not have any material disclosures not on time.

10.3 Subsequent changes and developments are continuously updated and announced publicly.

10.4 The Company is not limited to the obligatory legislative disclosures, but publicly discloses any important information which may affect the decision of the shareholders and other stakeholders.

11. Company's Corporate Website and its Content

11.1 Corporate website of the Company www.aksa.com is actively used in the public disclosure.

11.2 The corporate website of the Company includes final version of the Company's Articles of Association, material disclosures, annual reports, periodical financial statements and reports, agenda of General Assembly meetings, lists of attendants and meeting minutes and proxy voting forms in accordance with the current legislation of CMB. In addition, further information can be reached by means of the electronic mail address yatirimciiliskileri@aksa.com.

11.3 The information included in the website is given also in English for the foreign investors.

12. Disclosure of Real Person Ultimate Controlling Shareholder(s)

12.1 Changes concerning the capital structure of the Company and/or management control are publicly disclosed in the direction of the legislation of Capital Market and CMB regulations.

12.2 Partnership structure of the Company by 31 December 2011 is as follows:

SHAREHOLDERS	SHARE RATE %	SHARE AMOUNT TL
Akkök Sanayi ve Yatırım Geliştirme A.Ş.	39.59	73,237,497
Emniyet Ticaret A.Ş.	18.72	34,638,843
Other (Public Offer)	41.69	77,123,660
Total	100.00	185,000,000

12.3 In 2011, shareholders did not make any vote contract within the knowledge of the Company for the purpose of providing efficiency in the Company management.

DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

13. Public Disclosure of Persons Who Have Access to Insider Information

13.1 Persons and organizations that are involved in the decision-making processes of the Company may be privy to information that may affect share prices. These persons have been prohibited by regulations from using this information toward personal gain or to gain benefit for others.

13.2 List of persons who have access to insider information is included below:

Name and Surname	Title
Mehmet Ali BERKMAN	Chairman of Board of Directors
Raif Ali DİNÇKÖK	Vice Chairman of Board of Directors
Ali Raif DİNÇKÖK	Member of Board of Directors
Ömer DİNÇKÖK	Member of Board of Directors
Nilüfer DİNÇKÖK ÇİFTÇİ	Member of Board of Directors
Erol LODRİK	Member of Board of Directors
Ayça DİNÇKÖK	Member of Board of Directors
İzer LODRİK	Member of Board of Directors
Mustafa YILMAZ	Member of Board of Directors
Cengiz TAŞ	Member of Board of Directors -General Director
Mehmet Emin ÇİFTÇİ	Member of Board of Directors
Sabri ARCA	Marketing, Sales and New Business Development Director
Betül SADIKOĞLU	Director of Financial Affairs
Aydın Fethi BAYTAN (9)	Purchasing Director
Osman ARSLAN	Energy, Maintenance and Plants Director
İsmail Murat İNCEOĞLU	Factory Director
Alp SARIOĞLU	Director of R&D Center
Eren Ziya DİK	Budget and Accounting Manager
Gülhan PAÇAL	Assistant Manager of Finance
Mehmet Yalçın TANES	Manager of R&D Center
Hasan SARI (1)	Accounting Manager
Hasan DENİZKURDU (2)	Member of Board of Directors
Wilried WALKENHORST (3)	Outdoor and Special Fibers Director
Nevzat AYAZ (4)	Member of Board of Directors
Necdet ÇOLPAN (5)	Acrylic Fiber Director
Dan PICHLER (6)	Carbon Fiber Director
Mehmet Mithat OKAY(7)	Carbon Fiber Marketing and Sales Director
Sibel BEKLER (8)	Human Resources and Management Systems Director

Authorities of the companies giving independent audit and full certification service within the framework of their duty scope.

(1) Resigned by 31 October 2010.
(2) Resigned by 10 May 2011.
(3) Resigned by 30 September 2010.
(4) Resigned by 10 May 2011.
(5) Resigned by 30 October 2011.
(6) Resigned by 2 January 2012.
(7) Resigned by 2 January 2012.
(8) Resigned by 5 March 2012.
(9) Continues service by 6 March 2012 as Purchase Director and acting Human Resources and Management Systems Director.

SECTION III - STAKEHOLDERS

14. Notification of Stakeholders

14.1 As explained in detail in section I of the report, shareholders and investors are informed in the direction of Capital Market Legislation and Company Disclosure Policy and by means of designated tools.

14.2 Shareholders, investors, financial institutions and suppliers forming the stakeholders of the Company may reach the information of Company by means of meetings held, presentations, and news shared with the press and mass media and by the website.

14.3 In addition, an intranet site is present in Akkök Sanayi Yatırım ve Geliştirme A.Ş. used solely in the direction of informing and communication of the employees.

15. Stakeholder Participation in Management

15.1 Representative Council (RC) in Aksa consists of 16 people, selected by Aksa employees according to a secret ballot open counting since 1996. The Council is made up of representatives from each shift, 13 from the Yalova Factory and three members from Istanbul Headquarters. Meeting once in a month, RC is responsible for determining the problems that the employees face, and bringing solutions, at the same time notifying Senior Management of employee expectations.

15.2 Regular contact is provided with the stakeholders and their requests transmitted to the Company are assessed and solution proposals are developed.

16. Protection of Company Property
Members of Board of Directors and managers may not have actions to decrease the properties with the intention of damage to the stakeholders.

17. Human Resources Policy
17.1 Human Resources Management at Aksa encompasses contemporary and innovative applications of internationally recognized models and integrated systems. Aksa's Human Resources Policy is best summarized by "Recruiting responsible, creative, self-confident and happy individuals who will serve the primary objectives of the Company as well as investing in our employees." Thus, the Company employs modern and internally integrated systems in all facets of employment, from recruitment to performance management, from remuneration to severance.

17.2 The objective of Aksa's human resources recruitment and appointment policy is to incorporate employees who will adapt to corporate culture and values and adopt the Company's Common Behavioral Competencies and serve the Company's primary and interim goals. The fundamental criteria that Aksa pays attention in recruitment and evaluation processes are the ability to work effectively in a team, loyalty and dedication to the corporation and the job, self-confidence, innovativeness, being open to change, being participatory, the will to take initiative and exhibiting effective problem-solving skills.

17.3 With its approach of emphasizing continuous learning and development, Aksa provides employees with training to support their technical and behavioral performance and competencies in line with Company goals, as well as their personal social and cultural development. Aksa acts in the awareness that free-flowing, close and continuous communication between management and personnel is conducive to high motivation and productivity.

17.4 Aksa's Performance Management System aims to achieve organizational development starting with the individual, to reinforce the adoption of a common corporate culture and to integrate corporate targets with individual goals. The main aim of the Performance Management System is to incorporate Aksa's education planning, remuneration/award and career planning systems into an integrated and transparent system, building a fair corporate structure based on the rewarding of high performance.

17.5 Additionally, an important result of the Company's human resources policies has been the adoption of the tool of the Six-Sigma Model which aims improve the problem-solving capacity of employees and the Company as a whole.

To date, there has been no discrimination issue among Aksa employees and to prevent any possible future conflicts, the Company implements the Hay Job Assessment System, a salary and reward system with worldwide validity and reliability assuring non-discrimination, fairness and equality. This easily implemented salary and other benefits model is based on objectivity, transparency, equality and justice which are the core principles of both domestic and international business environment and it ensures fair salaries for all employees.

18. Information about Relations with Customers and Suppliers
18.1 A leader in the world acrylic fiber market with its market share of %14, Aksa's sales span 50 countries. Aksa's domestic marketing is handled by the Marketing and Sales Department; foreign trade is carried out by Marketing and Sales Department and sales representatives and Akpa Tekstil Pazarlama A.Ş., a Group company which carries out marketing activities. Marketing organization network covers four main regions and a sales representative office in Gaziantep.

DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

18.2 Supplier Performance System provides determination, development of basic competency fields of suppliers, support of mutual development and evaluation of their annual performance on annual basis. Besides the data obtained from performance system and regular information about the system, suppliers are informed about the fields which suppliers require improvement. In addition, the Company also gives information about its policies, agreement conditions and contracts to the suppliers.

18.3 Aksa attaches importance to regularly informing the customers. A timely information flow is also restored between the consumer and Company regarding order issues including dispatch, product supply and price information as well as changes in sales conditions and product specifications.

18.4 Aksa also provides customers with product specs on which the product specifications are stated. In case of customer complaint regarding products, the Company undertakes the necessary technical analyses and informs the customers about the results. Furthermore, Aksa sends customers the "Product Responsibility and Product Manual Safety Guide", a guide which informs them both in Turkish and in English that Aksa's products are environmentally friendly.

18.5 The Company takes any precaution providing customer satisfaction in the marketing and sales of its goods and services and replies customer complaints immediately.

18.5.1 Customer demands concerning purchased goods and services are covered immediately and they are informed about the delays without waiting for the expiry of the time period.

18.5.2 The Company takes all measures to protect the quality standards of the goods and services. For this purpose, quality of the goods and services is verified by solid warranty coverage. Customers receive compensation if the goods and services are below standards.

18.6 Required measures are taken to secure the confidentiality of information about customers and suppliers which is qualified as commercial secret.

18.7 Necessary precautions are taken by the Company in order to establish better relations between the Company, customers and suppliers, prevent unfair advantage and provide the related parties'conformity to the agreement conditions.

19. Ethic Rules

"Corporate values" are published in our corporate website and publicly announced in the framework of the Company's ethic rules.

20. Social Responsibility

20.1 Aksa's Corporate Social Responsibility activities based on volunteering indicates that the Company gives back what it takes from the society as well as its environmental consciousness. Focal point of the Company's Corporate Social Responsibility activities is environmental subjects along with raising awareness of the local communities.

20.2 Knowing that its activities also have impacts on the environment where it operates, Aksa places great importance to social relations. All possible questions, problems and needs of the surrounding communities are determined and an open and systematic information exchange is provided between the industry and society through a regular and effective communication. The Company makes considerable efforts in favor of the society through Corporate Social Responsibility projects undertaken with the voluntarily cooperation of its employees and the other stakeholder groups.

20.3 One of the projects that Aksa undertook in order to raise awareness of the society is Aksa People's School. As a part of this project, which the Company attributes great importance, a team composed of Aksa managers, volunteered employees and specialists makes an informative visits to a different village every year nearby the production facilities. A team consisting of specialists support rural development by educating the villagers on subjects such as healthy feeding, methods of protecting from ticks and home accidents, mother and child health, protection of the environment, social rights, best practices in agriculture.

20.4 AKSA continued to create consciousness and awareness on the subject of environment in 2011. Prof. Dr. Orhan Kural, Head of Department of İTÜ Mining Faculty, gave a speech about environment to Primary School and High School students in the conference organized by Aksa.

20.5 Aksa has excellent relationships with both state and private enterprises in all of its operations and has received many appreciations and awards. Since 1980, Aksa has received awards from many institutions, such as the Istanbul Chamber of Industry, the Istanbul Chamber of Commerce, the Istanbul Federation of Textile and Raw Material Exporters (İTHİB), the Turkish Chemical Industry Council (TKSD) and the Ministry of Environment.

20.6 Aksa has formed a written Open Door Policy within the framework of its transparency principle. Open Door Policy aims to facilitate the employees communicate with their managers in any work related or other subject, and to facilitate the customers, society, business partners and shareholders communicate with the corporate authorities easily and directly. During 2011, approximately 799 people from schools, universities, customers, suppliers and local society representatives were invited to Aksa factory within the Open Door visits.

20.7 Environmental, economic and social welfare of the society and the world lies at the heart of sustainable development concept. In today's world, all goods and services required for human life are possible only within a healthy environment and orderly society. Since its establishment, Aksa has adopted the approach of being an "efficient and environment friendly" manufacturer for the practical application of three basic principles (economic, social and environment) of this concept. By integrating this approach to its mission and vision over the years, the Company has applied the policies and strategies together with its targets, work and improvement plans.

20.8 Within the scope of its Environment and Quality Policies, the Company places maximum importance on adopting and implementing innovative and environmentally friendly technology. Every innovative project undertaken at Aksa is based on Environment Impact Assessments and the Company has been acknowledged many times for its efforts in reducing wastes, conserving energy and resources and using these resources productively.

20.9 Aksa invests in technology to raise operational efficiency to the highest level thanks to its vision and approach of accountability in production and creates sustainable, profitable, environmentally friendly fields for its products. Aksa shows great sensitivity on the subject of compliance of its textile products with human health and ecology and provides the assessment and certification of all its products in this direction as a result of a series of analyses by independent and specialized bodies. The Company has annually renewed ÖKO-TEX 100 Certificate of Compliance with Health in Textiles since 1995. Standard requirements of this certificate play an important role in the design and improvement of production processes.

20.10 Aksa has become one of the 44 global companies included in Global Compact Yearbook 2011 booklet which involves "best practices" regarding 10 principles of the United Nations Global Compact, which the Company signed in 2006. Global Compact Yearbook aims to introduce exemplary models for other companies.

SECTION IV-THE BOARD OF DIRECTORS

21. Structure and Composition of the Board of Directors and Members

21.1 The Company's Board of Directors is made up of 11 executive and non-executive members. Chairman of the Board of Directors and General Director cannot be the same person and the executive members are in minority. There are no independent Members in the Board of Directors.

DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

21.2 The Board of Directors of our Company:

Member	Position
Mehmet Ali BERKMAN	Chairman of the Board of Directors
Raif Ali DİNÇKÖK	Vice Chairman of the Board of Directors
Ali Raif DİNÇKÖK	Member of the Board of Directors
Ömer DİNÇKÖK	Member of the Board of Directors
Nilüfer DİNÇKÖK ÇİFTÇİ	Member of the Board of Directors
Erol LODRİK	Member of the Board of Directors
Ayça DİNÇKÖK	Member of the Board of Directors
İzer LODRİK	Member of the Board of Directors
Mustafa YILMAZ	Member of the Board of Directors
Cengiz TAŞ	Member of the Board of Directors –General Director

There are no independent Members in the Board of Directors.

21.3 Members of Board of Directors are determined by the General Assembly annually. The members can be appointed for a maximum period of three years and the members may be re-assigned.

21.4 Some Members of the Board also serve in the Boards of Directors of Group companies since the Company is a corporate group.

21.5 Curriculum vitae of Members of the Board of Directors are published on our corporate website.

21.6 Travel/meeting costs of the Board of Directors, special work requests concerning the duty and such expenses are covered by the general budget.

22. Qualifications of Members of Board of Directors

22.1 The Company's Members of Board of Directors have the qualifications stated in title 3.1-Section IV of the Principles of Corporate Governance.

22.2 Qualifications required to be appointed as Members of Board of Directors are as follows:

a) To have higher education,

b) To be equipped with high knowledge and skill level,

c) To be equipped with knowledge and experience on the subject of operation fields of the Company and management,

d) To have the ability to comprehend and analyze the financial statements and reports,

e) To have the basic knowledge about the legal regulations to which the Company is subject,

f) Not to be sentenced from behaving contrary to legislation,

g) To have the will and possibility to attend the meetings of Board of Directors.

23. Company Mission, Vision and Strategic Goals

23.1 Aksa's mission and vision statements, first stated in 1998, were revised for the seventh time in 2011 and declared to shareholders and stakeholders on the Company's corporate website.

23.2 The mission and the vision statements are approved by the Board of Directors and shared with all Aksa employees through meetings, electronic databases, manuals, General Management circulars and training programs.

23.3 Company objectives, which are determined by Aksa every year, are classified as separate categories including strategic, quality, environment and productivity, occupational health and security objectives and shared with all employees. Steps taken to reach these objectives are regularly monitored.

23.4 Aksa began utilizing the Management by Objectives System in 2003. Degrees of responsibility are set up for each department in the Company, with the departments breaking up these goals into department targets, later dividing these department targets into individual targets, thus ensuring the participation in the process of each staff member. The realization of objectives is regularly monitored and every three months, this progress is announced to all employees. At the same time, the achievement of productivity targets is monitored daily at meetings of the Quality Management Board. This process is carried out for all seven categories of Company objectives.

24. Risk Management and Internal Control Mechanism

24.1 The Company holds a monthly Finance and Risk Management Board meeting to undertake its risk management more effectively. This Board is headed by the General Manager and the other members include member of the Executive Board, Director (Financial Affairs), Director (Marketing, Sales and New Business Development). It is the job of this Board to evaluate the Company's financial performance and assess its commercial and financial risks. In particular, the types of financial instruments to be utilized in the risk management of receivables and risk levels by customers are assessed. The Company's net foreign exchange position is also evaluated to prevent risk arising from changing foreign exchange rates. The Company's Monitoring of Risk Control Measures procedure is implemented to ensure that existing risk is only a natural outcome of the technology utilized at Aksa and that this risk is kept under control so as not to cause any danger to employee health and safety, the premises or the environment.

24.2 The Company's internal auditing is executed by the Internal Auditing Coordination Department of Akkök Sanayi Yatırım ve Geliştirme A.Ş. In this context, all processes are analyzed with an eye to increasing operational effectiveness to determine that the Company's work has been executed in compliance with procedures and regulations. Work is carried out with the departments concerned to enhance risk management and find effective solutions.

25. Powers and Responsibilities of Members of Board of Directors and Executives

25.1 The duties of Company executives have been drawn up within a written framework which is constantly updated in accordance with changes made in the scope of duties. The powers of the Company's Board of Directors have been set forth in the Articles of Association. The list of authorized signatures is updated as required.

25.2 The Board of Directors carries out its duties in compliance with CMB Principles of Corporate Governance.

26. Working Principles of the Board of Directors

26.1 The Company has a secretariat that is responsible for providing the Members of the Board with information and for conducting communications work. The draft for the agenda of Board meetings is prepared by the General Manager, and finalized by recommendations from the Chairman and Members of the Board.

26.2 On matters laid down as per provision of article 2.17.4 in section IV of the CMB Principles of Corporate Governance, actual participation is provided in Board meetings. In 2011, the Board of Directors conducted 42 meetings.

26.3 All decisions taken in the meetings of the Board of Directors are recorded in the resolution.

26.4 The Board of Directors engages in activities within the framework of authority set forth by the Company's Articles of Association.

26.5 The members of the Board have no weighted votes and although they have the right to contest votes, to date this right has never been exercised.

26.6 Agenda subjects in the meetings of Board of Directors are openly argued in all aspects and to date, all resolutions are made unanimously by the attending members.

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26.7 Meeting is held at the Company's Headquarters. Meeting may be held in another place upon the decision of the Board of Directors.

27. Prohibition against Competing and Transacting Business with the Company

Members of the Board of Directors take permission from the General Assembly to transact as per the articles 334 and 335 of Turkish Commercial Code (TCC) excluding the cases forbidden by TCC. In 2011, Members of the Board of Directors haven't conducted commercial activities on behalf of themselves in the fields which the Company operates.

28. Financial Compensation for the Board of Directors

Financial compensation provided to the Company's Board of Directors is specified in the Articles of Association. In addition to the monthly salaries established by the General Assembly in accordance with Article 7 of the Articles of Association, Article 25/3 of the Articles of Association states that 2% of net profit is set aside from profit distributed according to SPK regulations.

29. Number, Structure and Independence of the Committees Formed by the Board of Directors

29.1 An Audit Committee is established in the Company in compliance with the current legislation of CMB for the purpose in order to make the Board of Directors perform its duties and responsibilities properly. Mustafa Yılmaz and İzer Lodrik, Members of Board of Directors, are elected as Member of the Committee Responsible for Audit in the General Assembly of the Company dated 10 May 2011.

29.2 Audit Committee acts under its own responsibility and make recommendations to the Board of Directors, however, the final decision is given by the Board of Directors.

29.3 Audit Committee carries out its activities regularly in compliance with the Legislation of Capital Market and as foreseen in CMB Principles of Corporate Governance.

In this framework, in 2011:

a) Annual/intermediate financial statements and footnotes of the Company and independent audit reports were checked before being made publicly disclosed;

b) Opinion about determining the independent audit company which shall serve the Company was delivered and audit agreement was reviewed.

29.4 Corporate Governance Committee doesn't exist in the Company.

DIVIDEND DISTRIBUTION PROPOSAL

Dear Shareholders,

We have presented you with information about the Company's activities in financial year 2011, along with our balance sheet and income statement for the same period. We hope you find the results of our operations satisfactory.

In accordance with the terms of the dividend distribution policy that we have previously shared with our shareholders, the Company has drawn up its proposal for the distribution of dividends concerning the profit of 2011 as follows, subject to ratification by the General Assembly.

The net period profit appearing on the consolidated financial statements drawn up within the framework of the provisions of Communiqué No. 29, Series XI, of the Capital Markets Board is TL 97,049,347.38. The net profit for the period, based on the financial statements prepared in accordance with the provisions of Tax Procedure Law, stands at TL 77,667,088.20.

Out of the TL 97,049,347.38 net profit shown for the period on the consolidated financial statements drawn up within the framework of the provisions of the Capital Market Board's Communiqué, Series XI, No. 29;

- TL 3,883,354.41, corresponding to 5% of the amount of net period profit of TL 77,667,088.20 appearing in the legal records, shall be set aside as Series I Legal Reserves within the framework of Article 466 of the Turkish Commercial Code and Article 25/1 of the Company Articles of Association;

- The first dividend of TL 45,000,000.00 (gross dividend amount corresponding to a nominal share of TL 1 is TL 0.2432; the rate of dividend is gross 24.32%), corresponding to 46.86% of TL 96,040,070.92 the amount calculated by adding the total amount of donations made during the year (TL 2,874,077.95) to the net distributable profit of TL 93,165,992.97 (calculated by subtracting Series I Legal Reserves from net period profit) shall be distributed to shareholders in cash in accordance with Article 25/2 of the Company's Articles of Association;

- The gross dividend of TL 1,863,319.86 corresponding to 2% of the net distributable period profit of TL 93,165,992.97 shall be paid out to the Members of the Board of Directors in accordance with Article 25/3 of the Company's Articles of Association and within the framework of Fee Policy of the Company for the Board of Directors and Senior Managers;

- TL 3,761,331.99 shall be set aside as Series II Legal Reserves,

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

- Distribution of dividend amounts shall take place in cash on 30.05.2012,

- 24.32% and TL 0.2432 gross=net cash dividend per nominal share of TL 1 shall be paid to legally obligated corporations and corporate partners which acquire dividends by the mediation of a business place in Turkey or its resident representative;

- 20.68% and TL 0.2432 gross and TL 0.2068 net cash dividend per nominal share of TL 1 shall be paid to other shareholders.

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

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

The Board of Directors

AUDITORS' REPORT

AUDITORS' REPORT FOR THE YEAR OF OPERATIONS 2011 AS PRESENTED TO THE ORDINARY GENERAL ASSEMBLY OF AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Company Title	: Aksa Akrilik Kimya Sanayii A.Ş.
Company Headquarters	: Gümüşsuyu, Miralay Şefik Bey Sok. Ak-Han 15 Taksim/İSTANBUL
Capital	: TL185,000,000
Field of Activity	: Synthetic Fiber and Electrical Energy Production and Trade
Names of Auditors and Term of Duty	: Bülent Üstünel ve Abbas Yüksel Terms of office are three years. The auditors are notshareholders of the Company Number of Board Meetings : Participation has occurred in three Board Meetings. in which Four meetings were conducted to audit and Company books and transactions.
Number of Board Meetings in which Participation has occurred and number of Board of Auditors Meeting	: Participation has occurred in three Board Meetings. Four meetings were conducted to audit Company books and transactions.
Dates Shareholders Accounts were Reviewed and Results	: The audits conducted in April, June, September and December showed that the books were in compliance with the law and were authenticated with documentation.
Number of Inventories and Results thereof of the Shareholders' Cashier's Desk, conducted according to Article 353 of the TCC	: Six bi-monthly Cashier's Desk Inventories were conducted in which it was seen that all current accounts were in agreement with the records.
Review of Company in accordance with Article 353/4 of the TCC	: The monthly audits at the Company showed no valuable papers delivered as pledges or guarantees, nor any bail.
Complaints Received and Corrupt Practices	: No complaints were filed with the Company auditors on matters of corrupt practices.

The balance sheet as of 31.12.2011 of Aksa Akrilik Kimya Sanayii A.Ş. reflects the Company's actual financial status on said date, the profit and loss account for the period 01.01.2011-31.12.2011 reflects the actual operational results for that period, and the dividend distribution proposal is in keeping with the law and with the Company's Articles of Association; we propose the ratification of the balance sheet and profit and loss accounts as well as the acquittal of the Board of Directors.

Faithfully yours,

BOARD OF AUDITORS

Bülent ÜSTÜNEL **Abbas YÜKSEL**

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

pwc

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

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Aksa Akrilik Kimya Sanayii A.Ş. ("Aksa") and its subsidiaries (collectively referred as the "Group") which comprise the consolidated balance sheet as of 31 December 2011 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's responsibility

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

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

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

Opinion

4. In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Aksa Akrilik Kimya Sanayii A.Ş. as of 31 December 2011, and their financial performance and their cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

Additional Paragraph for Convenience Translation into English

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

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

Cansen Başaran Symes, SMMM
Partner

Istanbul, 23 March 2012

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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2011 AND 2010

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

	Notes	31 December 2011 USD	31 December 2011 TL	31 December 2010 TL
ASSETS				
Current Assets		**406.678**	**768.174**	**664.328**
Cash and cash equivalents	4	45.056	85.106	64.499
Trade receivables				
- Other trade receivables	7	141.068	266.464	307.143
- Due from related parties	25	71.381	134.832	16.349
Other receivables	8	118	223	36.918
Inventories	9	101.316	191.375	159.496
Other current assets	15	47.739	90.174	79.923
Non-current assets		**468.204**	**884.391**	**694.574**
Trade receivables	7	569	1.074	9.553
Financial investments	5	733	1.385	8.008
Property, plant and equipment	10	444.129	838.915	658.942
Intangible assets	11	11.333	21.406	5.175
Goodwill	12	3.171	5.989	5.989
Other non-current assets	15	8.270	15.622	6.907
TOTAL ASSETS		**874.882**	**1.652.565**	**1.358.902**

These consolidated financial statements at 31 December 2011 have been approved for issue by the Board of Directors on 23 March 2012 and signed on behalf of the Board of Directors by Cengiz Taş, General Manager and by Mustafa Yılmaz , member of the Board of Directors. These consolidated financial statements will be definitive following their approval in the General Assembly.

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2011 AND 2010

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

	Notes	31 December 2011 USD)	31 December 2011 TL	31 December 2010 TL
LIABILITIES				
Current liabilities		**229.220**	**432.974**	**398.730**
Financial liabilitie	6	91.580	172.986	171.258
Trade payables				
- Other trade payables	7	119.718	226.135	175.294
- Due to related parties	25	14.097	26.628	36.429
Other payables	8	1.097	2.072	3.808
Taxes on income	23	195	369	3.839
Provisions	13	1.734	3.276	2.237
Other current liabilities	15	798	1.508	5.865
Non-current liabilities		**195.163**	**368.644**	**184.407**
Financial liabilities	6	169.540	320.245	139.307
Derivative financial instruments	16	2.210	4.175	5.000
Provision for employee termination benefits	14	7.528	14.220	13.168
Deferred income tax liabilities	23	9.096	17.182	13.463
Other non-current liabilities	15	6.788	12.822	13.469
Total liabilities		**424.384**	**801.618**	**583.137**
EQUITY		**450.499**	**850.947**	**775.765**
Attributable to equity holders of the parent		**445.460**	**841.429**	**757.988**
Share capital	17	97.941	185.000	185.000
Adjustment to share capital	17	103.327	195.175	195.175
Share premium		23	44	44
Restricted reserves		27.816	52.542	48.523
Currency translation differences		627	1.185	-
Hedge funds		(1.768)	(3.340)	(4.000)
Retained earnings		166.115	313.774	276.528
Net income for the period		51.379	97.049	56.718
Non-controlling interests		**5.039**	**9.518**	**17.777**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**874.882**	**1.652.565**	**1.358.902**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Notes	31 December 2011 USD	31 December 2011 TL	31 December 2010 TL
Continuing operations				
Sales	18	887.008	1.675.470	1.304.312
Cost of sales (-)	18,19	(763.551)	(1.442.272)	(1.142.683)
Gross profit		**123.457**	**233.198**	**161.629**
Marketing, selling and distribution expenses (-)	19	(16.338)	(30.860)	(21.206)
General administrative expenses (-)	19	(28.282)	(53.422)	(56.177)
Research and development expenses (-)	19	(1.425)	(2.692)	(3.287)
Other operating income	20	5.882)	11.111	4.798
Other operating expenses (-)	20	(8.027)	(15.163)	(4.865)
Operating profit		**75.267**	**142.172**	**80.892**
Financial income	21	81.547	154.035	120.805
Financial expenses (-)	22	(92.371)	(174.479)	(125.927)
Profit before tax		**64.444**	**121.728**	**75.770**
Taxation expense on income				
- Income tax expense	23	(9.951)	(18.796)	(14.813)
- Deferred tax (charge)/benefit	23	(1.834)	(3.465)	957
Net income for the year		**52.659**	**99.467**	**61.914**
Other comprehensive (expense)/income:				
Changes in fair value of derivative financial instruments		349	660	(971)
Currency translation differences		627	1.185	-
Total comprehensive income		**53.635**	**101.312**	**60.943**
Net income for the year attributable to				
Equity holders of the parent		51.379	97.049	56.718
Non-controlling interests		1.280	2.418	5.196
		52.659	**99.467**	**61.914**
Total comprehensive year attributable to:				
Equity holders of the parent		52.355	98.894	55.747
Non-controlling interests		1.280	2.418	5.196
		53.635	**101.312**	**60.943**
Earnings per share for equity holders of the parent (Kr)	24	0,28	0,52	0,31

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 THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Attributable to equity holders of the parent										
	Share Capital	Adjustments to share Capital	Share Premium	Restricted Reserves	Currency translation differences	Hedge Reserve	Retained Earnings	Net income for the period	Total	Non-controlling interests	Total shareholder's equity
Balances at 1 January 2010	**185.000**	**195.175**	**44**	**45.866**	**-**	**(3.029)**	**256.754**	**39.984**	**719.794**	**14.589**	**734.383**
Transfers	-	-	-	2.657	-	-	37.327	(39.984)	-	-	-
Dividends paid	-	-	-	-	-	-	(17.553)	-	(17.553)	(2.008)	(19.561)
Total comprehensive income	-	-	-	-		(971)	-	56.718	55.747	5.196	60.943
Balances at 31 December 2010	**185.000**	**195.175**	**44**	**48.523**	**-**	**(4.000)**	**276.528**	**56.718**	**757.988**	**17.777**	**775.765**

	Attributable to equity holders of the parent										
	Share Capital	Adjustments to share Capital	Share Premium	Restricted Reserves	Currency translation differences	Hedge Reserve	Retained Earnings	Net income for the period	Total	Non-controlling interests	Total shareholder's equity
Balances at 1 January 2011	**185.000**	**195.175**	**44**	**48.523**	**-**	**(4.000)**	**276.528**	**56.718**	**757.988**	**17.777**	**775.765**
Transfers	-	-	-	4.019	-	-	52.699	(56.718)	-	-	-
Change in the scope of consolidation (Note 2.1.3)	-	-	-	-	-	-	2.025	-	2.025	(9.283)	(7.258)
Dividends paid	-	-	-	-	-	-	(17.478)	-	(17.478)	(1.394)	(18.872)
Total comprehensive income	-	-	-	-	1.185	660	-	97.049	98.894	2.418	101.312
Balances at 31 December 2011	**185.000**	**195.175**	**44**	**52.542**	**1.185**	**(3.340)**	**313.774**	**97.049**	**841.429**	**9.518**	**850.947**

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 2011 AND 2010

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

	Notes	31 December 2011 USD	31 December 2011 TL	31 December 2010 TL
Profit before tax		**64.444**	**121.728**	**75.770**
Adjustments to reconcile income before tax to net cash generated from operating activities:				
Depreciation and amortisation	19	24.667	46.594	54.643
Provision for employment termination benefits		1.902	3.593	3.216
Interest income	21	(11.214)	(21.182)	(24.145)
Interest expense	22	9.475	17.898	18.760
Income from government grants		(801)	(1.513)	(1.344)
Provision cancellation income for				
impairment on inventory		(1.434)	(2.709)	(2.974)
Provision for impairment on trade receivables	7	6.158	11.632	2.977
Unrealized exchange differences		25.998	49.107	7.032
Other		(448)	(846)	554
Cash flows before changes in operating assets and liabilities		**118.747**	**224.302**	**134.489**
Changes in operating assets and liabilities:				
Taxes paid		508	960	809
Changes in restricted cash		(469)	(886)	(8)
Changes in trade receivables		(38.637)	(72.981)	13.417
Changes in other receivables		(33)	(62)	(26.010)
Changes in inventories		(23.550)	(44.483)	(40.681)
Changes in other receivables		(21.830)	(41.234)	3.836
Changes in trade payables		25.175	47.554	41.047
Changes in other payables		(745)	(1.408)	(816)
Changes in other liabilities		4.071	7.689	(5.619)
Employment termination benefits paid	14	(1.149)	(2.170)	(1.568)
Net cash provided from operating activities		**62.090**	**117.281**	**118.896**
Investing activities:				
Purchase of property, plant and equipment		(130.063)	(245.676)	(166.109)
Proceeds from sale of property, plant and equipment		185	350	70
Interest received		11.175	21.108	23.132
Net cash used in investing activities		**(118.703)**	**(224.218)**	**(142.907)**
Financing activities:				
Investment loans received		104.669	197.710	54.856
Investment loans paid		(26.206)	(49.500)	(46.054)
Changes in revolving bank loans, net		13.627	25.740	14.055
Dividends paid to equity holders of the parent		(9.253)	(17.478)	(17.553)
Dividends paid to non-controlling interests		(738)	(1.394)	(2.008)
Changes in non-controlling interests		(4.915)	(9.283)	-
Interest paid		(10.156)	(19.184)	(16.940)
Net cash provided/ (used in) financing activities		**67.029**	**126.611**	**(13.644)**
Net increase/ (decrease) in cash and cash equivalents		**10.416**	**19.674**	**(37.655)**
Cash and cash equivalents at 1 January	4	**33.891**	**64.017**	**101.672**
Cash and cash equivalents at 31 December	4	**44.307**	**83.691**	**64.017**

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

(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 9 October 1968 and registered in Turkey.

The Company is mainly engaged in the manufacturing, importing, exporting, marketing and trading of the products and raw materials, supplementary materials and intermediary materials used in textile, chemicals and other industries, and artificial, synthetic, natural fibers, filaments and polymers, and the machinery, equipment, and spare parts used in their production, processing and storage. In addition, the Company engaged in establishing electricity production center, operating and producing the electricity.

Aksa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in the Istanbul Stock Exchange ("ISE") since 1986.

As of 31 December 2011, the principle shareholders and their respective shareholding rates in the Company are as follows (Note17):

	%
Akkök Sanayi Yatırım ve Geliştirme A.Ş. ("Akkök")	39,59
Emniyet Ticaret ve Sanayi A.Ş.	18,72
Other (*)	41,69
Total	**100,00**

(*) As of 31 December 2011, %37,63 of the Group's shares is traded on ISE.

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

Miralay Şefik Bey Sokak
No: 15 Akhan
Gümüşsuyu 34437 İstanbul

Subsidiaries

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial Reporting Standarts Applied

The consolidated financial statements of Aksa have been prepared in accordance with the accounting and reporting principles accepted by the Capital Markets Board ("CMB"), namely "CMB Financial Reporting Standards". CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") accepted by the TASB which are in line with the aforementioned standards shall be considered.

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS.

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

Aksa and its Subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB for listed companies. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

Amendments in International Financial Reporting Standards

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

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

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

IFRS 7 “Financial Instruments: Disclosures”
IAS 1 “Presentation of financial statements”
IAS 27 (Revised), “Consolidated and Separate Financial Statements”
IAS 34 “Interim Financial Reporting”

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

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

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

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

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

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

IFRS 1, “First time adoption of IFRS”
IFRS 3, ‘Business combinations’
IFRIC 13, ‘Customer loyalty programmes’

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

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

- IFRS 1 (Amendment), "First time adoption" is effective for annual periods beginning on or after 1 July 2011. Amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

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

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

- IAS 1 (Amendment), "Financial statement presentation" is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in Other comprehensive income (OCI)on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments).

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

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

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

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

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

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

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

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

2.1.2 Functional and Presentation Currency

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

2.1.3 Basis of Consolidation

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

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

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

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

(1) The financial statements of subsidiaries are consolidated on a line-by-line basis.
(2) Although the Company has the power to exercise more than 50% of the voting rights, on the grounds of materiality these Subsidiaries have been classified and accounted for as financial assets in the consolidated financial statements with a carrying value of their initial acquisition costs less impairment, if any.
(3) These subsidiaries have been included in the scope of full consolidation as at the balance sheet date.
(4) As of 1 January 2011 these subsidiaries have been included in the scope of full consolidation as at the balance sheet date.

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

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

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

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

Changes in the scope of consolidation:

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

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

2.2 Changes in Accounting Policies, Accounting Estimates and Errors

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

2.3 Summary of Significant Accounting Policies

Cash and cash equivalents

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

Financial Assets

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

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

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

Loans and Receivables

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

Available-for-sale financial assets

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

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

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

Trade receivables

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

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.

Trade payables

Trade payables have average maturities changing between 30-180 days and consist of the amounts invoiced or not invoiced related with the realized material or service purchases, and are carried at amortized cost (Note 7).

Inventories

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

Property, plant and equipment

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

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

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 10). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. As of 31 December 2011, the depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

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

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

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

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

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 recognised at acquisition cost and amortised 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 11).

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

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Research and development costs

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

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

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

Revenue recognition

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

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

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

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

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

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).

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Without this context, the borrowing costs are expensed as incurred.

Fair value of financial instruments

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.
The fair values of the financial instruments are determined in accordance with the following methods and assumptions as follows:

Financial assets

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

Financial liabilities

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

Employee termination benefits

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

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

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

Current and deferred income tax

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

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

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

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

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

Provisions

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

Contingent assets and liabilities

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

Offsetting

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

Foreign currency transactions

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

Goodwill

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

The carrying value of goodwill is reviewed annually at the same time for impairment and the impairment provision, if any, is immediately recognised in the consolidated income statements. The recoverable amount of a cash generating unit is determined based on the value in use or fair value less cost to sell calculations. As a result of the impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 December 2011. Since the sales cost-based fair value of the said cash generating unit is higher than the book value, the Group management did not make a recoverable value calculation according to the use value (Note 12).

Segment reporting

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

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

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

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

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

Derivative financial instruments

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

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

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

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Related parties

Parties are considered related to the Group if;

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

i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);

ii) has an interest in the Group that gives it significant influence over the Group; or

iii) has joint control over the Group;

b) the party is an associate of the Group;

c) the party is a joint venture in which the Group is a venture;

d) the party is member of the key management personnel of the Group or its parent;

e) the party is a close member of the family of any individual referred to in (a) or (d);

f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to In (d) or (e);

or

g) the party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business (Note 25).

Reporting of cash flow

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

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

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

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

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

Government grants

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

2.4 Critical Accounting Judgements, Estimates and Assumptions

The preparation of financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them.

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

a) Goodwill impairment tests

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

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

The discount rate used in the value in use calculations is 10,59% and the risk premium is 3%. The discount rates used are after tax and reflect specific risks relating to the company. As of 31 December 2011, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

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

b) Net realizable value

Inventories are valued at the lower of cost or net realizable value as discussed in Note:2.3. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale (Note 9).

c) Tangible and intangible assets' useful lives

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

Useful lives change of plant, property and equipment

In 2011, Group has reviewed useful lives of some property, plant and equipments in fiber segment according to IAS 16 " Property, plant and equipment" , as a result of the study, estimated useful lives of these tangible fixed assets have been changed effective from 1 January 2011. As a result of this change, current period amortisation expense decreased by TL 8.299 compared to amount calculated with prior useful life estimation as of 31 December 2011.

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Useful lives changes as follows;

	New Useful lives	Previous Useful lives
Machinery and equipment	17-30 years	10 years
Land improvemens	30 years	15 years

d) Doubtful provision

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

e) Provisions

As discussed in Note 2.3, provisions are 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).

2.5 Convenience Translation into English of Consolidated Financial Statements

As of 31 December 2011, the financial reporting standards described in Note 2.1
(defined as "CMB" Financial Reporting Standards) to the consolidated financial statements differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the periods betrween 1 January and 31 December 2005.Accordingly, these consolidated financial statements are not intended to present the financial position and the results of operations in accordance with IFRS

USD amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the CMB as at 31 December 2011.

NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

		1 January- 31 December 2011		
	Fibers	Energy	Other	Total
Total segment revenue	1.634.482	46.829	37.627	1.718.938
Inter-segment revenue	-	(7.552)	(35.916)	(43.468)
External revenues	**1.634.482**	**39.277**	**1.711**	**1.675.470**
Adjusted EBITDA	**227.720**	**13.159**	**(2.828)**	**238.051**
Unallocated corporate expenses (*)				(45.233)
Amortization and depreciation (Note 19)	(36.834)	(5.707)	(4.053)	(46.594)
Other expenses, net (Note 20)				(4.052)
Financial expenses, net (Note 21-22)				(20.444)
Profit before tax				**121.728**

(*) As of 31 December 2011, unallocated corporate expenses consists of general administrative expenses amounting to TL 42.541, research and development expenses amounting to TL 2.692.

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	1 January- 31 December 2011			
	Fibers	Energy	Other	Total
Capital expenditure	91.887	145.457	8.332	245.676
	31 December 2011			
Total segment assets	1.100.686	330.687	34.458	1.465.831
Inter-segment adjustments and classification	-	(348)	(6.276)	(6.624)
Unallocated corporate assets				193.358
Total assets	**1.100.686**	**330.339**	**28.182**	**1.652.565**
Total segment liabilities	252.500	16.096	3.541	272.137
Inter-segment adjustments and classification	(6.276)	-	(348)	(6.624)
Unallocated corporate liabilities				536.105
Total liabilities	**246.224**	**16.096**	**3.193**	**801.618**

	1 January- 31 December 2010			
	Fibers	Energy	Other	Total
Total segment revenue	1.222.605	51.986	73.345	1.347.936
Inter-segment revenue	-	(7.367)	(36.257)	(43.624)
External revenues	**1.222.605**	**44.619**	**37.088**	**1.304.312**
Adjusted EBITDA	**163.376**	**13.894**	**782**	**178.052**
Unallocated corporate expenses (*)				(42.450)
Amortization and depreciation (Note 19)	(46.849)	(3.800)	(3.994)	(54.643)
Other income, net (Note 20)				(67)
Financial expenses, net (Note 21-22)				(5.122)
Profit before tax				**75.770**

(*) As of 31 December 2010, unallocated corporate expenses consists of general administrative expense amounting to TL 39.165, research and development expenses amounting to TL 3.285.

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

	1 January - 31 December 2010			
	Fibers	Energy	Other	Total
Capital expenditure	32.673	126.652	6.784	166.109

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

Segment Assets

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

	31 December 2011	31 December 2010
Reportable segment assets	1.459.207	1.157.453
Cash and cash equivalents	85.106	64.499
Other receivables	185	36.930
Other assets	86.638	77.947
Financial investments	1.385	8.008
Tangible and intangible assets	14.055	8.076
Goodwill	5.989	5.989
Total assets	**1.652.565**	**1.358.902**

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

Segment Liabilities

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

	31 December 2011	31 December 2010
Reportable segment liabilities	265.513	223.347
Financial liabilities (*)	493.231	310.565
Derivative financial instruments (**)	4.175	5.000
Other liabilities	2.072	3.808
Provisions	2.382	1.396
Taxes on income	369	3.839
Other liabilities	14.207	19.334
Provision for employment benefits	2.487	2.385
Deferred income tax liabilities	17.182	13.463
Total liabilities	**801.618**	**583.137**

(*) As of 31 December 2011, TL 114.614 (31 December 2010: TL 124.450) of the borrowings isused for energy unit investment and TL 265.247 (31 December 2010:TL 61.947) is secured for fiber investments.
(**) As of 31 December 2010, the swap agreement liability, amounting to TL 3.077 (31 December 2010: TL 3.793) of the derivative financial instruments is related to borrowings for fiber investment and amounting to TL 1.098 (31 December 2010: TL 1.204) of the derivative financial instruments is related to borrowings for energy investment.

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 December 2011	31 December 2010
Cash	104	169
Bank		
Demand deposit (TL)	10.042	4.776
foreign currency demand deposit	12.770	7.393
time deposits (TL)	13.732	17.095
foreign currency time deposit	47.122	34.616
Other	1.336	450
Total	**85.106**	**64.499**

Maturity of time deposit are less than three months and weighted average effective interest rates on TL denominated time deposits at 31 December 2011 is 11,01% (31 December 2010: 8,25%) and for USD 4,44% (31 December 2010: 2,91%), respectively. Weighted average effective interest rates of Euro denominated time deposits are 4,41% (31 December 2010: 1,70%).

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

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

	31 December 2011	31 December 2010	31 December 2009
Cash and cash equivalents	85.106	64.499	102.212
Less: Restricted cash with maturity of three months or less	(1.336)	(450)	(442)
Interest accrual	(79)	(32)	(98)
Cash and cash equivalents	**83.691**	**64.017**	**101.672**

NOTE 5 - FINANCIAL INVESTMENTS

Details of financial assets of the Group is as follows:

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

(*) The Company ceased to have the power to govern the operational and financial policies of Ak-Pa Tekstil İhracat Pazarlama A.Ş. Ak-pa is excluded from the scope of consolidation as of 1 January 2011 and as of that date, the fair value of AK-PA which is corresponding to participation rate of the Company is ncluded in the consolidated financial statements.
(**) As of 1 January 2011, Aksa Egypt and Fitco, subsidiaries of the Group, have been included to full consolidation scope due to per their increasing importance on the grounds of materiality.

Akgirişim, the subsidiary is not included in the scope of consolidation on the grounds of materiality due to the insignificance of their impact on the consolidated net worth assets, financial position and results of the Group. They are accounted for under short term financial assets at their acquisition cost as they do not have a quoted market price in active markets.

NOTE 6 - FINANCIAL LIABILITIES

Group's financial liabilities are as follows:

	31 December 2011	31 December 2010
Short term bank borrowings	114.227	113.384
Short term factoring liabilities	-	10.035
Current portion of long term bank borrowings	58.759	47.839
Short term financial liabilities	**172.986**	**171.258**
Long term bank borrowings	**320.245**	**139.307**
Total financial liabilities	**493.231**	**310.565**

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

Bank Loans

	31 December 2011		31 December 2010	
	Yearly weighted average interest rate %	TL	Yearly weighted average interest rate %	TL
Short term bank borrowings:				
USD borrowings	1,78	114.185	2,12	109.865
TL borrowings	-	42	7,25	3.519
		114.227		113.384
Factoring Liabilities		-		10.035
Current portion of long term bank borrowings:				
USD borrowings	3,54	58.759	3,48	47.839
Total short term bank borrowings		**172.986**		**171.258**
Long term bank borrowings:				
USD borrowings	3,54	320.245	3,48	139.307

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

	31 December 2011		31 December 2010	
	Fair Value	Book Value	Fair Value	Book Value
USD borrowings (*)	354.047	320.245	152.923	139.307

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

The redemption schedule of borrowings is as follows

	31 December 2011	31 December 2010
Less than 3 months	2.670	24.958
Between 3-12 months	170.316	146.300
Between 1-2 years	56.618	46.491
Between 2-3 years	72.291	46.436
Between 3-4 years	26.957	46.380
The payment with in 4 year and over	164.379	-
	493.231	**310.565**

As of 31 December 2011, according to the credit agreements, the Group has unused credit limit amounting to TL 1.127.883 (31 December 2010: TL 1.001.137).

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables of the Group as follows:

Short-term Trade Receivables:

	31 December 2011	31 December 2010
Trade receivables	309.025	337.985
Less: Provision for doubtful receivables	(40.236)	(28.789)
Provision for sales discount premium	(94)	-
Unearned finance income on term based sales	(2.231)	(2.053)
Total short-term trade receivables, net	**266.464**	**307.143**

Trade receivables as of 31 December 2011 and 31 December 2010 have an average maturity of 3 months and they are discounted with an average annual interest rate of 8%.

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

Movements of provision for doubtful receivables for 31 December 2011 and 2010 are as follows:

	2011	2010
1 January	**28.789**	**26.276**
Collections and reversal of provisions	(185)	(464)
Current period charge	11.632	2.977
31 December	**40.236**	**28.789**

Long term trade receivables:

	31 December 2011	31 December 2010
Notes receivables and cheques	1.090	9.729
Less: Unearned finance income		
on term based sales (-)	(16)	(176)
Total long term trade receivables, net	**1.074**	**9.553**

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

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

Short term trade payables:

	31 December 2011	31 December 2010
Suppliers	228.040	176.631
Less: Unincurred finance costs on purchases (-)	(1.905)	(1.337)
Total	**226.135**	**175.294**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

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

Short term other receivables:	31 December 2011	31 December 2010
Deposits and guarantees given	223	155
Due from related parties (Note 25)	-	36.763
Total	**223**	**36.918**

Short term other payables:	31 December 2011	31 December 2010
Accrued tax liability	1.931	3.655
Other	141	153
Total	**2.072**	**3.808**

NOTE 9 - INVENTORIES

	31 December 2011	31 December 2010
Raw materials	124.882	91.339
Semi-finished goods	20.272	7.890
Finished goods	35.005	50.787
Merchandise stocks	-	1.644
Other stocks and spare parts	12.459	11.788
Less: Provision for impairment in inventories	(1.243)	(3.952)
Total	**191.375**	**159.496**

The inventory impairment provision is mainly related with the finished goods.

The stocks of raw materials which are recognized as expense at current period, shown in cost of sales and their amounts are presented at Note 19.

Group has included the movements in the provision for impairment to cost of goods sold between 31 December 2011 and 2010. The decrease in provision for the impairment amount is partially due to the sale of inventory and increase in sales prices.

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NOTE 10 - TANGIBLE ASSETS

	1 January 2011	Additions	Disposals	Transfers (1) (2)	Changes in the scope of consolidation (3)	Currency translation differences	31 December 2011
Cost							
Land	59.457	2.341	(54)	713	1.154	-	63.611
Land improvements	43.925	-	-	35.815	-	-	79.740
Buildings	109.640	800	(297)	45.368	(1.418)	-	154.093
Machinery and equipment	748.983	3.365	-	186.993	4.459	-	943.800
Motor vehicles	1.358	84	(234)	-	241	-	1.449
Furniture and fixtures	23.255	1.101	-	2.097	(26)	-	26.427
Construction in progress	221.633	239.379	-	(288.170)	-	-	172.842
	1.208.251	**247.070**	**(585)**	**(17.184)**	**4.410**	**-**	**1.441.962**
Accumulated depreciation							
Land improvements	27.676	2.667	-	-	-	-	30.343
Buildings	33.357	2.445	(81)	-	(786)	14	34.949
Machinery and equipment	471.004	43.903	-	-	4.265	12	519.184
Motor vehicles	912	169	(204)	-	133	5	1.015
Furniture and fixtures	16.360	1.205	-	-	(9)	-	17.556
	549.309	**50.389**	**(285)**	**-**	**3.603**	**31**	**603.047**
Net book value	**658.942**						**838.915**

(1) The transfer of TL 232.622 is related with capitization of Company's energy plant investment.
(2) The transfer of TL 17.184 is related with intangible fixed assets (Note 11).
(3) Related with exclusion of Ak-Pa from the scope of consolidation, inclusion of Fitco and Aksa Egypt in the scope of full consolidation as of 1 January 2011.

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

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

TL 44,114 of current year depreciation and amortization expense is charged to "cost of goods sold", TL 1 is charged to "research and development expenses", TL 556 is included in "general administrative expenses", TL 16 is included in "selling and marketing costs", TL 2.189 which is related with projects in progress is charged to "construction in progress", TL 3.513 is included in closing "inventory". As of 31 December 2011 there is no mortgage on property, plant and equipment.

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	1 January 2010	Additions	Disposals	Transfers (1) (2)	Changes in the scope of consolidation(3)	Currency translation differences	31 December 2010
Cost							
Land	59.187	270	-	-	-	-	59.457
Land improvements	35.475	-	(101)	8.551	-	-	43.925
Buildings	109.595	59	(495)	481	-	-	109.640
Machinery and equipment	730.703	524	(83)	17.839	-	-	748.983
Motor vehicles	1.257	101	-	-	-	-	1.358
Furniture and fixtures	20.742	2.083	(4)	434	-	-	23.255
Construction in progress	83.935	165.009	-	(27.311)	-	-	221.633
	1.040.894	**168.046**	**(683)**	**(6)**	**-**	**-**	**1.208.251**
Accumulated depreciation							
Land improvements	25.920	1.759	(3)	-	-	-	27.676
Buildings	31.175	2.248	(66)	-	-	-	33.357
Machinery and equipment	419.311	51.722	(29)	-	-	-	471.004
Motor vehicles	803	109	-	-	-	-	912
Furniture and fixtures	15.363	998	(1)	-	-	-	16.360
	492.572	**56.836**	**(99)**	**-**	**-**	**-**	**549.309**
Net book value	**548.322**						**658.942**

Construction in progress additions mainly comprise of expenditures with the coal plant and carbon fiber investments.

As of ended year 31 December 2010 borrowing costs amounting to TL 6.555 related with coal plant investment has been capitalised on property, plant and equipment TL 51.810 of the depreciation and amortization expense is charged to "cost of goods sold", TL 254 is charged to "research and development expenses", TL 894 expense is included in "general administrative expenses", TL 75 is included in "selling and marketing costs, TL 2.032 is related with projects in progress, development costs amortisation is charged to "construction in progress", TL 1.771 is included in closing "inventory".

As of 31 December 2010 there is no mortgage on property, plant and equipment.

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NOTE 11 - INTANGIBLE ASSETS

	1 January 2011	Additions	Transfer[1]	Changes in the Scope of consolidation[2]	Currency translation differences	31 December 2011
Cost						
Rights	1.648	726	-	542	77	2.993
Development cost	7.117	-	17.184	-	-	24.301
Other intangible assets	1.577	69	-	-	-	1.646
	10.342	**795**	**17.184**	**542**	**77**	**28.940**
Accumulated depreciation						
Rights	1.480	146	-	445	15	2.086
Development cost	2.316	1.672	-	-	-	3.988
Other intangible assets	1.371	89	-	-	-	1.460
	5.167	**1.907**	**-**	**445**	**15**	**7.534**
Net book value	**5.175**					**21.406**

	1 January 2010	Additions	Transfer [1]	Changes in the Scope of consolidation[2]	Currency translation differences	31 December 2010
Cost						
Rights	1.648	-	-	-	-	1.648
Development cost	7.117	-	-	-	-	7.117
Other intangible assets	1.476	95	6	-	-	1.577
	10.241	**95**	**6**	**-**	**-**	**10.342**
Accumulated depreciation						
Rights	1.463	17	-	-	-	1.480
Development cost	830	1.486	-	-	-	2.316
Other intangible assets	1.264	107	-	-	-	1.371
	3.557	**1.610**	**-**	**-**	**-**	**5.167**
Net book value	**6.684**					**5.175**

[1] Consists of the capitalized cost of development projects regarding to R&D Center.
[2] Related with exclusion of Ak-pa from the scope of consolidation, inclusion of Fitco and Aksa Egypt in the scope of full consolidation as of 1 January 2011.

TL 153 (2010: TL 108) of the current amortization expense is charged to "cost of goods sold", TL 1.626 (2010: 1.486) is charged to "research and development expenses", TL 128 (2010: TL 16) is included in "general administrative expenses.

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NOTE 12 - GOODWILL

The goodwill balance with the carrying amount of TL5.989 (2010: TL5.989) as at 31 December 2011 resulted from the acquisition of 50% of shares Ak-Tops Tekstil Sanayi A.Ş. during 2007.

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

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	31 December 2011	31 December 2010
Provision for unused vacation (Note 14)	1.061	917
Provision for lawsuits	538	842
Provision for other payables and expenses	1.677	478
Total	**3.276**	**2.237**

Contingent assets and liabilities are as follows:

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

	31 December 2011	31 December 2010
Letter of credit	249.213	180.490
Collaterals given	149.914	118.114
Total	**399.127**	**298.604**

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

	31 December 2011	31 December 2010
Credit insurance	139.522	-
Guarantee notes and cheques received	95.007	48.282
Limits of Eximbank	78.444	54.419
Pledges received	47.730	36.310
Confirmed/unconfirmed letter of credits	42.190	21.981
Limits of Direct Debit System ("DDS")	29.464	17.749
Guarantee letters received	7.913	7.249
Total	**440.270**	**185.990**

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

	31 December 2011	31 December 2010
A.CPM given on behalf of the Company's legal personality	397.151	298.604
-Turkish Lira	*112.655*	*99.557*
- USD	*275.643*	*199.047*
-Euro	*3.519*	*-*
-Other	*5.334*	*-*
B.CPM given on behalf of fully consolidated subsidiaries	-	-
C.CPM given for continuation of its economic activities on behalf of third parties	1.976	-
- USD	*1.976*	*-*
D.Total amount of other CPM given	-	-
i) Total amount of CPM given on behalf of the majority shareholder	-	-
ii) Total amount of CPM given to on behalf of other		
group companies which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of		
third parties which are not in scope of C.	-	-
Total	**399.127**	**298.604**

NOTE 14 - EMPLOYEE BENEFITS

Short Term Employee Benefits	31 December 2011	31 December 2010
Provision for unused vacation (Note 13)	1.061	917
Long Term Employee Benefits		
Provision for employee termination benefits and employee termination incentive	14.220	13.168

Provision for employee termination benefits

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

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service 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.

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

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

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

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

	31 December 2011	31 December 2010
Discount rate (%)	2,91	4,66
Probability of retirement (%)	98,94	98,92

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. . As the maximum liability is revised once every six months, the maximum amount of TL 2.805,04 effective from 1 January 2012 (1 January 2010: TL 2.623,23) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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

	2011	2010
Balances as of 1 January	**13.168**	**11.520**
Service cost	2.294	1.748
Interest cost	614	682
Changes in the scope of consolidation (Note 2.1.3)	(371)	-
Paid compensation	(2.170)	(1.568)
Actuarial losses	685	786
Balances as of 31 December	**14.220**	**13.168**

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other current assets:

	31 December 2011	31 December 2010
VAT receivables	61.307	40.151
VAT to be transferred	17.168	26.588
Prepaid taxes and funds	5.522	-
Purchase advances given	2.024	8.863
Prepaid expenses	1.855	1.293
Job advances	1.598	1.309
Personnel advances	700	1.719
Total	**90.174**	**79.923**

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Other non current assets:

	31 December 2011	31 December 2010
Advances given for purchase of property, plant and equipment	15.527	6.797
Other	95	110
Total	**15.622**	**6.907**

Other current liabilities:

	31 December 2011	31 December 2010
Deferred income (*)	978	978
Advances received	21	4.764
Other	509	123
	1.508	**5.865**

Other non current liabilities:

	31 December 2011	31 December 2010
Deferred income (*)	12.771	13.469
Other	51	-
Total	**12.822**	**13.469**

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

Incentives, grants and benefits which have been obtained from TÜBİTAK and Undersecretaries of the Prime Ministry for Foreign Trade regarding R&D projects and which have been received in cash in 2008 and 2009, are recognized in the consolidated statement of income on a systematic basis over 16 years, which has been determined as the estimated useful life of related assets.

NOTE 16 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2011		31 December 2010	
	Asset	Liability	Asset	Liability
Held for hedging	-	4.175	-	5.000

Derivative instruments held for hedging:

	31 December 2011		31 December 2010	
	Contract Amount	Fair value Liability	Contract amount	Fair value Liability
Interest rate swap transactions	90.747	4.175	99.031	5.000

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Derivative financial instruments are initially recognised in the consolidated balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and interest rate swap instruments. On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognised asset or liability ("fair value hedge"), or a hedge of a forecasted transaction or a firm commitment ("cash flow hedge").

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

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.

As of 31 December 2011 the fixed interest rates vary from %2,5 to %4,2 (31 December 2010: %2,5 - %4,2). The main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2011 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 5).

NOTE 17 - EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the CMB and set a limit on its registered share capital representing type of registered shares with a nominal value of TL 1. Historical, authorized and issued capital of Aksa as of 31 December 2011 and 2010 is presented below:

	31 December 2011	31 December 2010
Limit on registered share capital (historical)	425.000	425.000
Issued share capital in nominal value	185.000	185.000

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

	Share %	31 December 2011	Share %	31 December 2010
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	39,59	73.237	39,59	73.237
Emniyet Ticaret ve Sanayi A.Ş.	18,72	34.638	18,72	34.638
Other	41,69	77.125	41,69	77.125
	100,00	**185.000**	**100,00**	**185.000**
Adjustment to share capital		195.175		195.175
Total paid-in share capital		**380.175**		**380.175**

The approved and paid-in share capital of the Company consists of 18.500.000.000 (31 December 2010: 18.500.000.000) shares issued on bearer with a nominal value of Kr 1 (31 December 2010: Kr 1) each.

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

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

In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL52.542 as of 31 December 2011 (31 December 2010: TL 48.523). This amount fully consists of legal reserves.

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

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

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

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from

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1 January 2008, “Share Capital”, “Restricted Reserves” and “Share Premiums” shall be carried at their statutory amount. The valuation differences shall be classified as follows:

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

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

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

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

Dividend Distribution

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

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

NOTE 18 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the year ended at 31 December 2011 and 2010 as follows:

	31 December 2011	31 December 2010
Domestic sales	1.105.026	828.791
Export sales	625.533	492.259
Commission income from foreign trade	-	665
Less: Sales returns	(6.839)	(3.965)
Other discounts	(48.250)	(13.438)
Net sales income	**1.675.470**	**1.304.312**
Cost of sales (-)	**(1.442.272)**	**(1.142.683)**
Gross profit	**233.198**	**161.629**

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NOTE 19 - EXPENSES BY NATURE

Cost of sales, marketing, selling and distribution expenses and general administrative expenses by nature for the year ended as of 31 December 2011 and 2010 are as follows;

	31 December 2011	31 December 2010
Raw materials and goods	1.311.887	1.022.522
Personnel expenses	67.152	61.240
Depreciation and amortisation	46.594	54.643
Repair, maintenance and cleaning expenses	17.811	15.117
Commission expense	14.598	11.426
Export expenses	9.805	9.500
Consultancy expenses	9.557	8.282
Information technologies expense	6.166	4.409
Miscellaneous tax expenses	4.759	2.200
Travel expenses	3.686	3.646
Other	37.231	30.368
Total	**1.529.246**	**1.223.353**

NOTE 20 - OTHER OPERATING INCOME / EXPENSE

As of 31 December 2011 net other income/ expense amounting to TL (4.052) (2010: TL 67). Other income and expenses mainly comprise of TL 2.869 insurance compensation income (2010: TL 241), TL 3.059 (2010: 203 TL) scrap sales income, TL 1.513 R&D incentive income (2010: TL 1.344) and TL 11.632 of provision for doubtful trade receivable (2010: TL2.977) expenses.

NOTE 21 - FINANCIAL INCOME

Financial income for the year ended at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Foreign exchange gains	132.853	96.660
Interest income from term based sales	15.590	17.712
Interest income	5.592	6.433
Total	**154.035**	**120.805**

NOTE 22 - FINANCIAL EXPENSES

Financial expense for the year ended at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Foreign exchange expense	156.581	107.167
Due date charges on term purchases	11.028	13.143
Borrowing costs	6.870	5.617
Total	**174.479**	**125.927**

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NOTE 23 - TAX ASSETS AND LIABILITIES

Tax expenses for the year ended at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Income tax expense for the period	(18.796)	(14.813)
Deferred tax (expense)/income, net	(3.465)	957
Taxes on income	**(22.261)**	**(13.856)**

Deferred Income Tax Assets and Liabilities

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates are as follows:

	Temporary Taxable Differences		Deferred Income Tax Asset/Liability	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Property, plant and equipment and intangible assets	(110.410)	(96.353)	(22.082)	(19.271)
Trade payables	(1.880)	(1.337)	(376)	(267)
Other	-	(308)	-	(62)
Deferred income tax liabilities			**(22.458)**	**(19.600)**
Employee benefits	14.220	13.168	2.844	2.634
Derivative financial instruments	4.175	5.000	835	1.000
Trade receivables	2.312	6.682	462	1.336
Inventories	2.765	3.663	553	733
Other current liabilities	2.485	1.788	497	358
Other	423	379	85	76
Deferred income tax assets			**5.276**	**6.137**
Deferred income tax liabilities, net			**(17.182)**	**(13.463)**

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Movement for the deferred income tax liabilities for year ended 31 December 2011 and 2010 are as follows:

	2011	2010
1 January	**13.463**	**14.663**
Deferred tax expense/(income) for the period, net	3.465	(957)
Changes in the scope of consolidation (Note 2.1.3)	89	-
Amounts recognised under equity	165	(243)
31 December	**17.182**	**13.463**

	31 December 2011	31 December 2010
Taxes on income	18.796	14.813
Amount deducted from Value Added Tax receivables	(18.427)	(10.974)
Taxes on income	**369**	**3.839**

The reconciliation of tax expenses stated in consolidated income statements for the year ended 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Profit before tax	121.728	75.770
Expected tax expense of the Group (%20)	**24.346**	**15.154**
Disallowable expenses	4.780	5.134
Research and development incentive	(10.001)	(8.109)
Dividend income	(2.690)	(2.524)
Other	(2.516)	(991)
Tax Effect (%20)	(2.085)	(1.298)
Current period tax expense of the Group	**22.261**	**13.856**

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 year ended 31 December 2011 and 2010 as follows

	31 December 2011	31 December 2010
Net income attributable to theequity holders of the parent (TL) (*)	97.049.347	56.718.366
Weighted average number of shares	18.500.000.000	18.500.000.000
Earnings per share (Kr)	0,52	0,31

(*) Amounts expressed in Turkish Lira.

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NOTE 25 - RELATED PARTY DISCLOSURES

As of 31 December 2011 and 2010, trade receivables from related parties are as follows:

	31 December 2011	31 December 2010
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (*) (1)	134.552	-
Akkim Kimya San. ve Tic. A.Ş. (2)	2.606	793
Ak-Al Tekstil Sanayii A.Ş. (2)	1	11.196
Aksa Egypt (3)	-	4.540
Other	2	52
Less: Provision of sales discounts (-)	(2.231)	-
Rediscount (-)	(98)	(232)
Total	**134.832**	**16.349**

(*) Sales to Ak-Pa comprise of export sales made to third party customers by export register.
(1) Shareholders' subsidiary and Company's financial investment at 2011 (Company's and Akkök's subsidiary at 2010).
(2) Akkök's subsidiary.
(3) Company's subsidiary at 2011 (Company's financial investment at 2010).

As of 31 December 2011 and 2010, non-trade receivables from related parties are as follow (presented in "Other Receivables" in the consolidated balance sheet):

	31 December 2011	31 December 2010
Akport Tekirdağ Liman İşletmeleri A.Ş. (*) (2)	-	20.098
Akkök Sanayi Yatırım ve Geliştirme A.Ş. (*) (4)	-	13.146
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş. (*) (2)	-	3.519
Total	**-**	**36.763**

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

Short term due to related parties is as follows:

	31 December 2011	31 December 2010
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (1)	22.504	-
Akkim Kimya San. ve Tic. A.Ş. (1)	2.898	8.014
Akkök Sanayi Yatırım ve Geliştirme A.Ş. (3)	659	529
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. (1)	496	812
Dinkal Sigorta Acenteliği A.Ş. (1)	87	73
Akenerji Elektrik Üretim A.Ş. (1)	13	2.859
Akenerji Doğal Gaz İthalat İhracat ve Toptan Tic. A.Ş. (1)	-	24.637
Other	87	50
Less: Rediscount (-)	(116)	(545)
Total	**26.628**	**36.429**

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Sales to related parties for the year ended as of 31.12.2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (**) (1)	634.038	-
Akkim Kimya San. ve Tic. A.Ş. . (1)	36.077	36.093
Ak-Al Tekstil Sanayii A.Ş. . (1)	17.877	32.247
Akenerji Elektrik Üretim A.Ş. . (1)	137	276
Aksa Egypt . (3)	-	44.600
Other	878	394
Total	**689.007**	**113.610**

(**) The sales to Ak-pa consist of sales to third parties via Ak-pa.
(1) Company shareholder's subsidiary and Company's financial investment at 2011 (Company and Company shareholder's subsidiary at 2010)
(2) Subsidiary of Akkök
(3) Company's subsidiary at 2011 (Company's financial investment at 2010)
(4) Company's shareholder

Product and service purchases from related parties as of 31.12.2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Akkim Kimya San. ve Tic. A.Ş. (2)	36.252	60.039
Akkök Sanayi Yatırım ve Geliştirme A.Ş. (4)	9.736	6.248
Aktek Bilgi İşlem Tekn. San.ve Tic. A.Ş. (2)	7.009	4.723
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (1)	6.251	-
Dinkal Sigorta Acenteliği A.Ş. (2)	2.386	1.552
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. (2)	1.033	1.080
Ak-Al Tekstil Sanayii A.Ş. (2)	754	1.041
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. (2)	603	488
Akdepo Lojistik ve Dış Ticaret A.Ş. (2)	501	-
Akenerji Elektrik Üretim A.Ş. (2)	136	901
Akenerji Doğal Gaz İthalat İhracat ve Toptan Tic. A.Ş (2)	-	24.637
Total	**64.661**	**100.709**

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

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The Company defined its key management personnel as member of action committee and board of directors, benefits provided to these key management personnel as of 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Salary and other short term employee benefits	7.049	4.022
Provision for employee termination benefit	38	22
Providing benefits after working period	-	-
Other long term benefits	-	-
Share based payments	-	-
Total	**7.087**	**4.044**

(1) Company shareholder's subsidiary and Company's financial investment at 2011 (Company and Company shareholder's subsidiary at 2010)
(2) Subsidiary of Akkök
(3) Company's subsidiary at 2011 (Company's financial investment at 2010)

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 7).

Trade Receivable Aging Analysis

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

31 December 2011	Trade Receivables
1-30 days overdue	12.690
1-3 months overdue	10.963
3-12 months overdue	2.201
More than 12 months overdue	131
Total (*)	**25.985**
Secured with guarantees	**21.530**

(*) Overdue trade receivables amounting to TL 18.634 has been collected in the period between the balance sheet date and the date of publication of these financial statements.

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

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Secured with guarantees	**4.630**

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

31 December 2011	Related Parties	Trade Receivables Other	Related Parties	Other receivables Other	Related Parties	Deposits at bank Other
Maximum credit risk exposure as of reporting date	**134.832**	**267.538**	**-**	**30**	**-**	**83.666**
- Secured portion of maximumcredit risk by guarantees (*)	**119.520**	**229.130**	**-**	**-**	**-**	**-**
Net book value of financial assets either are not due or not impaired	128.577	247.809	-	30	-	83.666
Financial assets with renegotiated conditions (**)	-	13.656	-	-	-	-
Net book value of the expired or not impaired financial assets	6.256	19.729	-	-	-	-
- Secured portion with guarantees	5.706	15.824	-	-	-	-
Net book value of impaired assets	-	2.000	-	-	-	-
- *Matured (net book value)*	-	*42.236*	-	-	-	-
- *Impairment (-) (Note 7)*	-	*(40.236)*	-	-	-	-
- *Secured portion with guarantees*	-	*(2.000)*	-	-	-	-

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

(**) As of 31 December 2011, re-structured receivables amount of TL 781 has been collected in subsequent period and TL 11.234 portion of given receivables secured with guarantees.

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

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

Foreign Exchange Risk

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

Foreign currency position presented in TL is as follows:

	31 December 2011	31 December 2010
Assets	435.426	408.567
Liabilities	(723.383)	(446.155)
Net balance sheet position	**(287.957)**	**(37.588)**

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

	31 December 2011			
	USD position	EURO position	Other foreign currency position	Total
Assets:				
Cash and cash equivalents	57.526	1.233	1.133	59.892
Trade receivables	335.236	39.329	57	374.622
Other assets	43	23	846	912
Total assets	**392.805**	**40.585**	**2.036**	**435.426**
Liabilities:				
Financial liabilities	493.189	-	-	493.189
Trade payables	226.065	2.400	1.528	229.993
Other liabilities	-	52	149	201
Total liabilities	**719.254**	**2.452**	**1.677**	**723.383**
Net foreign currency position	**(326.449)**	**38.133**	**359**	**(287.957)**

	31 December 2011			
	USD position	EURO position	Other foreign currency position	Total
Assets:				
Cash and cash equivalents	40.408	1.597	4	42.009
Trade receivables	299.136	31.730	-	330.866
Other assets	33.392	2.270	30	35.692
Total assets	**372.936**	**35.597**	**34**	**408.567**
Liabilities:				
Financial liabilities	297.011	-	-	297.011
Trade payables	144.415	4.729	-	149.144
Total liabilities	**441.426**	**4.729**	**-**	**446.155**
Net foreign currency position	**(68.490)**	**30.868**	**34**	**(37.588)**

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

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

31 December 2011	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation of USD against TL		
USD net asset/ (liability)	(32.645)	32.645
Amount hedged for USD risk	-	-
USD net effect	**(32.645)**	**32.645**
In case 10% appreciation of EUR against TL		
EUR net asset/ (liability)	3.813	(3.813)
Amount hedged for EUR risk	-	-
EUR net effect	**3.813**	**(3.813)**

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

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

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 2011, other things being constant, if the interest rate depreciate/ appreciate by 1%, profit before tax would increase/decrease TL 31 (31 December 2010: TL 18), capitalized borrowing cost on construction in progress would increase/decrease TL 474 (31 December 2010: TL 194).

	31 December 2011	31 December 2010
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents (Note 4) (*)	60.854	51.711
Financial liabilities		
USD borrowings	204.974	212.415
TL Borrowings	-	13.554
Floating interest rate financial instruments		
Financial assets		
Cash and cash equivalents (Note 4) (*)		-
Financial liabilities		
USD borrowings	288.257	84.596

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

Liquidity risk

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

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

31 December 2011:

Expected or maturities per agreement	Carrying value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Financial liabilities	493.231	557.115	2.335	183.621	229.764	141.395
Trade payables	226.135	228.039	147.964	80.075	-	-
Due to related parties	26.628	26.685	25.447	1.238	-	-
	745.994	**811.839**	**175.746**	**264.934**	**229.764**	**141.395**
Derivative financial instruments						
Derivative cash outflow	4.175	4.288	311	1.954	2.023	-

31 December 2010:

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	310.565	324.688	44.947	130.451	149.290	-
Trade payables	175.294	176.505	116.232	60.273	-	-
Due to related parties	36.429	36.975	9.255	27.720	-	-
	522.288	538.168	170.434	218.444	149.290	-
Derivative financial instruments						
Derivative cash outflow	5.000	5.190	375	2.331	2.484	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

Import export information:

Import export for the years ended at 31 December 2011 and 2010 are as follows:

Export		
	31 December 2011	31 December 2010
USD	410.522	334.244
EUR	187.053	134.305
Other	12.025	41
Total	**609.600**	**468.590**

Import		
	31 December 2011	31 December 2010
USD	863.912	632.741
EUR	61.658	45.454
Other	12.324	920
Total	**937.894**	**679.115**

Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including financial liabilities, trade payables and due to related parties, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The ratio of net debt to equity is as follows:

	31 December 2011	31 December 2010
Total liabilities	745.994	522.288
Less: Cash and cash equivalents (Note 4)	(85.106)	(64.499)
Net debt	**660.888**	**457.789**
Total shareholders' equity	850.947	775.765
Total capital	**1.511.835**	**1.233.554**
Debt/equity ratio	**%44**	**%37**

NOTE 27 - FINANCIAL INSTRUMENTS

Fair value estimation

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

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, 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 realise in a current market exchange.

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

Financial assets

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

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

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

Financial liabilities

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

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

Fair Value Estimation:

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

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

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

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

31 December 2011			
	Level 1	Level 2	Level 3
Hedging derivative financial instruments	-	4.175	-
Total Liabilities	**-**	**4.175**	**-**

31 December 2010			
	Level 1	Level 2	Level 3
Hedging derivative financial instruments	-	5.000	-
Total Liabilities	**-**	**5.000**	**-**

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

NOTE 28 - SUBSEQUENT EVENTS AND OTHER ISSUES THAT MATERIALLY AFFECT THE FINANCIAL STATEMENTS AND NEED TO BE EXPLAINED TO ENSURE THE FINANCIAL STATEMENTS ARE CLEAR, INTERPRETABLE AND UNDERSTANDABLE

1. In accordance with sub-paragraph (b), paragraph 3, Article 19 and Article 20 of Corporate Tax Law No. 5520; Article 19.2.2 of Corporate Tax General Communiqué Serial 1, dated 3 April 2007, of the Ministry of Finance; the Communiqué of the Ministry of Finance and Ministry of Industry and Trade on Principles and Procedures for Partial Spin-off Transactions of Joint Stock Companies and Limited Liability Companies that was published in the Official Gazette No. 25231, dated 16 September 2003; and Decision No. 39/1065, dated 25 November 2011, of the Capital Markets Board, partial spin-off of Aksa Akrilik Kimya Sanayii Anonim Şirketi to establish a new joint stock company comprising the carbon fiber operations as a capital in kind was approved. Transaction was also approved at the extraordinary general assembly held on 28 December 2011.

Following the completion of partial spin-off transactions, Aksa Karbon Elyaf Sanayi A.Ş. was established on 2 January 2012 and with the objective to specifically focus on production and worldwide marketing of carbon fiber and carbon fiber-based high technology materials.

A Joint Enterprise Agreement was executed by between Aksa Akrilik Kimya Sanayii A.Ş. and Dow Europe Holding B.V. on 20 December 2011 with the intention to establish integrated manufacture facilities containing whole value chain, presenting a wide product range and technical service solutions to the carbon fiber based composite industry, and developing activities on the international level by evaluating all alternatives by means of the new company 99,99% of which is owned by Aksa Akrilik Kimya Sanayii A.Ş..

Following the completion of relevant preliminary conditions, it is planned that shares corresponding to 50% of total shares in Aksa Karbon Elyaf Sanayi A.Ş., whose Enterprise Value is USD 275,000,000 and total share value is USD 185,000,000, will be transferred to Dow Europe Holding B.V. within 2012. The share transfer value will be adjusted taking into account the closing balance sheet date at the date of the partnership in Aksa Karbon Elyaf Sanayi A.Ş..

2. The Company resolved that it shall participate in capital increase for Aksa Karbon Elyaf Sanayi A.Ş., established on 2 January 2012, in March 2012 with TL 48,999,996, TL 35,035,673 of which shall be paid in cash and the remaining TL 13,964,323 shall be covered by adding other capital reserves account to the capital of Aksa Karbon Elyaf Sanayi Anonim Şirketi and that non-paid up shares to be issued as a result of the non-cash portion of the capital increase.

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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Aksa Akrilik Kimya Sanayii A.Ş. ("Aksa") and its subsidiaries (collectively referred as the "Group") which comprise the consolidated balance sheet as of 31 December 2011 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's responsibility

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

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

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

Opinion

4. In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Aksa Akrilik Kimya Sanayii A.Ş. as of 31 December 2011, and their financial performance and their cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

Additional Paragraph for Convenience Translation into English

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

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

Cansen Başaran Symes, SMMM
Partner

Istanbul, 23 March 2012

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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2011 AND 2010

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

	Notes	31 December 2011 USD	31 December 2011 TL	31 December 2010 TL
ASSETS				
Current Assets		**406.678**	**768.174**	**664.328**
Cash and cash equivalents	4	45.056	85.106	64.499
Trade receivables				
- Other trade receivables	7	141.068	266.464	307.143
- Due from related parties	25	71.381	134.832	16.349
Other receivables	8	118	223	36.918
Inventories	9	101.316	191.375	159.496
Other current assets	15	47.739	90.174	79.923
Non-current assets		**468.204**	**884.391**	**694.574**
Trade receivables	7	569	1.074	9.553
Financial investments	5	733	1.385	8.008
Property, plant and equipment	10	444.129	838.915	658.942
Intangible assets	11	11.333	21.406	5.175
Goodwill	12	3.171	5.989	5.989
Other non-current assets	15	8.270	15.622	6.907
TOTAL ASSETS		**874.882**	**1.652.565**	**1.358.902**

These consolidated financial statements at 31 December 2011 have been approved for issue by the Board of Directors on 23 March 2012 and signed on behalf of the Board of Directors by Cengiz Taş, General Manager and by Mustafa Yılmaz , member of the Board of Directors. These consolidated financial statements will be definitive following their approval in the General Assembly.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2011 AND 2010

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

	Notes	31 December 2011 USD	31 December 2011 TL	31 December 2010 TL
LIABILITIES				
Current liabilities		**229.220**	**432.974**	**398.730**
Financial liabilitie	6	91.580	172.986	171.258
Trade payables				
- Other trade payables	7	119.718	226.135	175.294
- Due to related parties	25	14.097	26.628	36.429
Other payables	8	1.097	2.072	3.808
Taxes on income	23	195	369	3.839
Provisions	13	1.734	3.276	2.237
Other current liabilities	15	798	1.508	5.865
Non-current liabilities		**195.163**	**368.644**	**184.407**
Financial liabilities	6	169.540	320.245	139.307
Derivative financial instruments	16	2.210	4.175	5.000
Provision for employee termination benefits	14	7.528	14.220	13.168
Deferred income tax liabilities	23	9.096	17.182	13.463
Other non-current liabilities	15	6.788	12.822	13.469
Total liabilities		**424.384**	**801.618**	**583.137**
EQUITY		**450.499**	**850.947**	**775.765**
Attributable to equity holders of the parent		**445.460**	**841.429**	**757.988**
Share capital	17	97.941	185.000	185.000
Adjustment to share capital	17	103.327	195.175	195.175
Share premium		23	44	44
Restricted reserves		27.816	52.542	48.523
Currency translation differences		627	1.185	-
Hedge funds		(1.768)	(3.340)	(4.000)
Retained earnings		166.115	313.774	276.528
Net income for the period		51.379	97.049	56.718
Non-controlling interests		**5.039**	**9.518**	**17.777**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**874.882**	**1.652.565**	**1.358.902**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Notes	31 December 2011 USD	31 December 2011 TL	31 December 2010 TL
Continuing operations				
Sales	18	887.008	1.675.470	1.304.312
Cost of sales (-)	18,19	(763.551)	(1.442.272)	(1.142.683)
Gross profit		**123.457**	**233.198**	**161.629**
Marketing, selling and distribution expenses (-)	19	(16.338)	(30.860)	(21.206)
General administrative expenses (-)	19	(28.282)	(53.422)	(56.177)
Research and development expenses (-)	19	(1.425)	(2.692)	(3.287)
Other operating income	20	5.882	11.111	4.798
Other operating expenses (-)	20	(8.027)	(15.163)	(4.865)
Operating profit		**75.267**	**142.172**	**80.892**
Financial income	21	81.547	154.035	120.805
Financial expenses (-)	22	(92.371)	(174.479)	(125.927)
Profit before tax		**64.444**	**121.728**	**75.770**
Taxation expense on income				
- Income tax expense	23	(9.951)	(18.796)	(14.813)
- Deferred tax (charge)/benefit	23	(1.834)	(3.465)	957
Net income for the year		**52.659**	**99.467**	**61.914**
Other comprehensive (expense)/income:				
Changes in fair value of derivative financial instruments		349	660	(971)
Currency translation differences		627	1.185	-
Total comprehensive income		**53.635**	**101.312**	**60.943**
Net income for the year attributable to				
Equity holders of the parent		51.379	97.049	56.718
Non-controlling interests		1.280	2.418	5.196
		52.659	**99.467**	**61.914**
Total comprehensive year attributable to:				
Equity holders of the parent		52.355	98.894	55.747
Non-controlling interests		1.280	2.418	5.196
		53.635	**101.312**	**60.943**
Earnings per share for equity holders of the parent (Kr)	24	0,28	0,52	0,31

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 THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Attributable to equity holders of the parent										
	Share Capital	Adjustments to share Capital	Share Premium	Restricted Reserves	Currency translation differences	Hedge Reserve	Retained Earnings	Net income for the period	Total	Non-controlling interests	Total shareholder's equity
Balances at 1 January 2010	**185.000**	**195.175**	**44**	**45.866**	**-**	**(3.029)**	**256.754**	**39.984**	**719.794**	**14.589**	**734.383**
Transfers	-	-	-	2.657	-	-	37.327	(39.984)	-	-	-
Dividends paid	-	-	-	-	-	-	(17.553)	-	(17.553)	(2.008)	(19.561)
Total comprehensive income	-	-	-	-		(971)	-	56.718	55.747	5.196	60.943
Balances at 31 December 2010	**185.000**	**195.175**	**44**	**48.523**	**-**	**(4.000)**	**276.528**	**56.718**	**757.988**	**17.777**	**775.765**

	Attributable to equity holders of the parent										
	Share Capital	Adjustments to share Capital	Share Premium	Restricted Reserves	Currency translation differences	Hedge Reserve	Retained Earnings	Net income for the period	Total	Non-controlling interests	Total shareholder's equity
Balances at 1 January 2011	**185.000**	**195.175**	**44**	**48.523**	**-**	**(4.000)**	**276.528**	**56.718**	**757.988**	**17.777**	**775.765**
Transfers	-	-	-	4.019	-	-	52.699	(56.718)	-	-	-
Change in the scope of consolidation (Note 2.1.3)	-	-	-	-	-	-	2.025	-	2.025	(9.283)	(7.258)
Dividends paid	-	-	-	-	-	-	(17.478)	-	(17.478)	(1.394)	(18.872)
Total comprehensive income	-	-	-	-	1.185	660	-	97.049	98.894	2.418	101.312
Balances at 31 December 2011	**185.000**	**195.175**	**44**	**52.542**	**1.185**	**(3.340)**	**313.774**	**97.049**	**841.429**	**9.518**	**850.947**

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 2011 AND 2010

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

	Notes	31 December 2011 USD	31 December 2011 TL	31 December 2010 TL
Profit before tax		**64.444**	**121.728**	**75.770**
Adjustments to reconcile income before tax to net cash generated from operating activities:				
Depreciation and amortisation	19	24.667	46.594	54.643
Provision for employment termination benefits		1.902	3.593	3.216
Interest income	21	(11.214)	(21.182)	(24.145)
Interest expense	22	9.475	17.898	18.760
Income from government grants		(801)	(1.513)	(1.344)
Provision cancellation income for				
impairment on inventory		(1.434)	(2.709)	(2.974)
Provision for impairment on trade receivables	7	6.158	11.632	2.977
Unrealized exchange differences		25.998	49.107	7.032
Other		(448)	(846)	554
Cash flows before changes in operating assets and liabilities		**118.747**	**224.302**	**134.489**
Changes in operating assets and liabilities:				
Taxes paid		508	960	809
Changes in restricted cash		(469)	(886)	(8)
Changes in trade receivables		(38.637)	(72.981)	13.417
Changes in other receivables		(33)	(62)	(26.010)
Changes in inventories		(23.550)	(44.483)	(40.681)
Changes in other receivables		(21.830)	(41.234)	3.836
Changes in trade payables		25.175	47.554	41.047
Changes in other payables		(745)	(1.408)	(816)
Changes in other liabilities		4.071	7.689	(5.619)
Employment termination benefits paid	14	(1.149)	(2.170)	(1.568)
Net cash provided from operating activities		**62.090**	**117.281**	**118.896**
Investing activities:				
Purchase of property, plant and equipment		(130.063)	(245.676)	(166.109)
Proceeds from sale of property, plant and equipment		185	350	70
Interest received		11.175	21.108	23.132
Net cash used in investing activities		**(118.703)**	**(224.218)**	**(142.907)**
Financing activities:				
Investment loans received		104.669	197.710	54.856
Investment loans paid		(26.206)	(49.500)	(46.054)
Changes in revolving bank loans, net		13.627	25.740	14.055
Dividends paid to equity holders of the parent		(9.253)	(17.478)	(17.553)
Dividends paid to non-controlling interests		(738)	(1.394)	(2.008)
Changes in non-controlling interests		(4.915)	(9.283)	-
Interest paid		(10.156)	(19.184)	(16.940)
Net cash provided/ (used in) financing activities		**67.029**	**126.611**	**(13.644)**
Net increase/ (decrease) in cash and cash equivalents		**10.416**	**19.674**	**(37.655)**
Cash and cash equivalents at 1 January	**4**	**33.891**	**64.017**	**101.672**
Cash and cash equivalents at 31 December	**4**	**44.307**	**83.691**	**64.017**

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 2011

(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 9 October 1968 and registered in Turkey.

The Company is mainly engaged in the manufacturing, importing, exporting, marketing and trading of the products and raw materials, supplementary materials and intermediary materials used in textile, chemicals and other industries, and artificial, synthetic, natural fibers, filaments and polymers, and the machinery, equipment, and spare parts used in their production, processing and storage. In addition, the Company engaged in establishing electricity production center, operating and producing the electricity.

Aksa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in the Istanbul Stock Exchange ("ISE") since 1986.

As of 31 December 2011, the principle shareholders and their respective shareholding rates in the Company are as follows (Note17):

	%
Akkök Sanayi Yatırım ve Geliştirme A.Ş. ("Akkök")	39,59
Emniyet Ticaret ve Sanayi A.Ş.	18,72
Other (*)	41,69
Total	**100,00**

(*) As of 31 December 2011, %37,63 of the Group's shares are traded on ISE.

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

Miralay Şefik Bey Sokak
No: 15 Akhan
Gümüşsuyu 34437 İstanbul

Subsidiaries

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial Reporting Standarts Applied

The consolidated financial statements of Aksa have been prepared in accordance with the accounting and reporting principles accepted by the Capital Markets Board ("CMB"), namely "CMB Financial Reporting Standards". CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") accepted by the TASB which are in line with the aforementioned standards shall be considered.

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS.

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

Aksa and its Subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB for listed companies. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Amendments in International Financial Reporting Standards

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

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

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

IFRS 7 "Financial Instruments: Disclosures"
IAS 1 "Presentation of financial statements"
IAS 27 (Revised), "Consolidated and Separate Financial Statements"
IAS 34 "Interim Financial Reporting"

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

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

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

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

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

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

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

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

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

- IFRS 1 (Amendment), "First time adoption" is effective for annual periods beginning on or after 1 July 2011. Amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

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

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

- IAS 1 (Amendment), "Financial statement presentation" is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in Other comprehensive income (OCI)on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments).

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

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

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

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

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

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

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

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

2.1.2 Functional and Presentation Currency

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

2.1.3 Basis of Consolidation

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

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

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

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

[1] The financial statements of subsidiaries are consolidated on a line-by-line basis.
[2] Although the Company has the power to exercise more than 50% of the voting rights, on the grounds of materiality these Subsidiaries have been classified and accounted for as financial assets in the consolidated financial statements with a carrying value of their initial acquisition costs less impairment, if any.
[3] These subsidiaries have been included in the scope of full consolidation as at the balance sheet date.
[4] As of 1 January 2011 these subsidiaries have been included in the scope of full consolidation as at the balance sheet date.

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

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

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

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

Changes in the scope of consolidation:

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

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

2.2 Changes in Accounting Policies, Accounting Estimates and Errors

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

2.3 Summary of Significant Accounting Policies

Cash and cash equivalents

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

Financial Assets

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

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

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

Loans and Receivables

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

Available-for-sale financial assets

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

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

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

Trade receivables

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

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.

Trade payables

Trade payables have average maturities changing between 30-180 days and consist of the amounts invoiced or not invoiced related with the realized material or service purchases, and are carried at amortized cost (Note 7).

Inventories

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

Property, plant and equipment

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

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

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 10). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. As of 31 December 2011, the depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

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

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

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

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

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 recognised at acquisition cost and amortised 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 11).

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

Research and development costs

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

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

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

Revenue recognition

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

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

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

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

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

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).

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Without this context, the borrowing costs are expensed as incurred.

Fair value of financial instruments

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.
The fair values of the financial instruments are determined in accordance with the following methods and assumptions as follows:

Financial assets

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

Financial liabilities

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

Employee termination benefits

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

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

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

Current and deferred income tax

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

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

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

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

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

Provisions

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

Contingent assets and liabilities

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

Offsetting

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

Foreign currency transactions

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

Goodwill

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

The carrying value of goodwill is reviewed annually at the same time for impairment and the impairment provision, if any, is immediately recognised in the consolidated income statements. The recoverable amount of a cash generating unit is determined based on the value in use or fair value less cost to sell calculations. As a result of the impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 December 2011. Since the sales cost-based fair value of the said cash generating unit is higher than the book value, the Group management did not make a recoverable value calculation according to the use value (Note 12).

Segment reporting

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

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

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

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

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

Derivative financial instruments

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

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

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

Related parties

Parties are considered related to the Group if;

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

i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);

ii) has an interest in the Group that gives it significant influence over the Group; or

iii) has joint control over the Group;

b) the party is an associate of the Group;

c) the party is a joint venture in which the Group is a venture;

d) the party is member of the key management personnel of the Group or its parent;

e) the party is a close member of the family of any individual referred to in (a) or (d);

f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to In (d) or (e);

or

g) the party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business (Note 25).

Reporting of cash flow

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

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

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

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

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

Government grants

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

2.4 Critical Accounting Judgements, Estimates and Assumptions

The preparation of financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them.

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

a) Goodwill impairment tests

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

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

The discount rate used in the value in use calculations is 10,59% and the risk premium is 3%. The discount rates used are after tax and reflect specific risks relating to the company. As of 31 December 2011, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

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

b) Net realizable value

Inventories are valued at the lower of cost or net realizable value as discussed in Note:2.3. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale (Note 9).

c) Tangible and intangible assets' useful lives

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

Useful lives change of plant, property and equipment

In 2011, Group has reviewed useful lives of some property, plant and equipments in fiber segment according to IAS 16 " Property, plant and equipment" , as a result of the study, estimated useful lives of these tangible fixed assets have been changed effective from 1 January 2011. As a result of this change, current period amortisation expense decreased by TL 8.299 compared to amount calculated with prior useful life estimation as of 31 December 2011.

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

Useful lives changes as follows;

	New Useful lives	Previous Useful lives
Machinery and equipment	17-30 years	10 years
Land improvemens	30 years	15 years

d) Doubtful provision

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

e) Provisions

As discussed in Note 2.3, provisions are 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).

2.5 Convenience Translation into English of Consolidated Financial Statements

As of 31 December 2011, the financial reporting standards described in Note 2.1
(defined as "CMB" Financial Reporting Standards) to the consolidated financial statements differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the periods betrween 1 January and 31 December 2005.Accordingly, these consolidated financial statements are not intended to present the financial position and the results of operations in accordance with IFRS

USD amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the CMB as at 31 December 2011.

NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

		1 January- 31 December 2011		
	Fibers	Energy	Other	Total
Total segment revenue	1.634.482	46.829	37.627	1.718.938
Inter-segment revenue	-	(7.552)	(35.916)	(43.468)
External revenues	**1.634.482**	**39.277**	**1.711**	**1.675.470**
Adjusted EBITDA	**227.720**	**13.159**	**(2.828)**	**238.051**
Unallocated corporate expenses (*)				(45.233)
Amortization and depreciation (Note 19)	(36.834)	(5.707)	(4.053)	(46.594)
Other expenses, net (Note 20)				(4.052)
Financial expenses, net (Note 21-22)				(20.444)
Profit before tax				**121.728**

(*) As of 31 December 2011, unallocated corporate expenses consists of general administrative expenses amounting to TL 42.541, research and development expenses amounting to TL 2.692.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

		1 January- 31 December 2011		
	Fibers	Energy	Other	Total
Capital expenditure	91.887	145.457	8.332	245.676
		31 December 2011		
Total segment assets	1.100.686	330.687	34.458	1.465.831
Inter-segment adjustments and classification	-	(348)	(6.276)	(6.624)
Unallocated corporate assets				193.358
Total assets	**1.100.686**	**330.339**	**28.182**	**1.652.565**
Total segment liabilities	252.500	16.096	3.541	272.137
Inter-segment adjustments and classification	(6.276)	-	(348)	(6.624)
Unallocated corporate liabilities				536.105
Total liabilities	**246.224**	**16.096**	**3.193**	**801.618**

		1 January- 31 December 2010		
	Fibers	Energy	Other	Total
Total segment revenue	1.222.605	51.986	73.345	1.347.936
Inter-segment revenue	-	(7.367)	(36.257)	(43.624)
External revenues	**1.222.605**	**44.619**	**37.088**	**1.304.312**
Adjusted EBITDA	**163.376**	**13.894**	**782**	**178.052**
Unallocated corporate expenses (*)				(42.450)
Amortization and depreciation (Note 19)	(46.849)	(3.800)	(3.994)	(54.643)
Other income, net (Note 20)				(67)
Financial expenses, net (Note 21-22)				(5.122)
Profit before tax				**75.770**

(*) As of 31 December 2010, unallocated corporate expenses consists of general administrative expense amounting to TL 39.165, research and development expenses amounting to TL 3.285.

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

	1 January - 31 December 2010			
	Fibers	Energy	Other	Total
Capital expenditure	32.673	126.652	6.784	166.109
	31 December 2010			
Total segment assets	920.216	203.964	169.125	1.293.305
Inter-segment adjustments and classifications	(127.875)	(838)	(7.140)	(135.853)
Unallocated corporate assets				201.450
Total assets	**792.341**	**203.126**	**161.985**	**1.358.902**
Total segment liabilities	187.667	37.057	134.476	359.200
Inter-segment adjustments and classifications	(7.140)	-	(128.713)	(135.853)
Unallocated corporate liabilities				359.790
Total liabilities	**180.527**	**37.057**	**5.763**	**583.137**

Segment Assets

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

	31 December 2011	31 December 2010
Reportable segment assets	1.459.207	1.157.453
Cash and cash equivalents	85.106	64.499
Other receivables	185	36.930
Other assets	86.638	77.947
Financial investments	1.385	8.008
Tangible and intangible assets	14.055	8.076
Goodwill	5.989	5.989
Total assets	**1.652.565**	**1.358.902**

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

Segment Liabilities

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

	31 December 2011	31 December 2010
Reportable segment liabilities	265.513	223.347
Financial liabilities (*)	493.231	310.565
Derivative financial instruments (**)	4.175	5.000
Other liabilities	2.072	3.808
Provisions	2.382	1.396
Taxes on income	369	3.839
Other liabilities	14.207	19.334
Provision for employment benefits	2.487	2.385
Deferred income tax liabilities	17.182	13.463
Total liabilities	**801.618**	**583.137**

(*) As of 31 December 2011, TL 114.614 (31 December 2010: TL 124.450) of the borrowings isused for energy unit investment and TL 265.247 (31 December 2010:TL 61.947) is secured for fiber investments.
(**) As of 31 December 2010, the swap agreement liability, amounting to TL 3.077 (31 December 2010: TL 3.793) of the derivative financial instruments is related to borrowings for fiber investment and amounting to TL 1.098 (31 December 2010: TL 1.204) of the derivative financial instruments is related to borrowings for energy investment.

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 December 2011	31 December 2010
Cash	104	169
Bank		
Demand deposit (TL)	10.042	4.776
foreign currency demand deposit	12.770	7.393
time deposits (TL)	13.732	17.095
foreign currency time deposit	47.122	34.616
Other	1.336	450
Total	**85.106**	**64.499**

Maturity of time deposit are less than three months and weighted average effective interest rates on TL denominated time deposits at 31 December 2011 is 11,01% (31 December 2010: 8,25%) and for USD 4,44% (31 December 2010: 2,91%), respectively. Weighted average effective interest rates of Euro denominated time deposits are 4,41% (31 December 2010: 1,70%).

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

	31 December 2011	31 December 2010	31 December 2009
Cash and cash equivalents	85.106	64.499	102.212
Less: Restricted cash with maturity of three months or less	(1.336)	(450)	(442)
Interest accrual	(79)	(32)	(98)
Cash and cash equivalents	**83.691**	**64.017**	**101.672**

NOTE 5 - FINANCIAL INVESTMENTS

Details of financial assets of the Group is as follows:

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

(*) The Company ceased to have the power to govern the operational and financial policies of Ak-Pa Tekstil İhracat Pazarlama A.Ş. Ak-pa is excluded from the scope of consolidation as of 1 January 2011 and as of that date, the fair value of AK-PA which is corresponding to participation rate of the Company is ncluded in the consolidated financial statements.
(**) As of 1 January 2011, Aksa Egypt and Fitco, subsidiaries of the Group, have been included to full consolidation scope due to per their increasing importance on the grounds of materiality.

Akgirişim, the subsidiary is not included in the scope of consolidation on the grounds of materiality due to the insignificance of their impact on the consolidated net worth assets, financial position and results of the Group. They are accounted for under short term financial assets at their acquisition cost as they do not have a quoted market price in active markets.

NOTE 6 - FINANCIAL LIABILITIES

Group's financial liabilities are as follows:

	31 December 2011	31 December 2010
Short term bank borrowings	114.227	113.384
Short term factoring liabilities	-	10.035
Current portion of long term bank borrowings	58.759	47.839
Short term financial liabilities	**172.986**	**171.258**
Long term bank borrowings	**320.245**	**139.307**
Total financial liabilities	**493.231**	**310.565**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

Bank Loans

	31 December 2011		31 December 2010	
	Yearly weighted average interest rate %	TL	Yearly weighted average interest rate %	TL
Short term bank borrowings:				
USD borrowings	1,78	114.185	2,12	109.865
TL borrowings	-	42	7,25	3.519
		114.227		113.384
Factoring Liabilities		-		10.035
Current portion of long term bank borrowings:				
USD borrowings	3,54	58.759	3,48	47.839
Total short term bank borrowings		**172.986**		**171.258**
Long term bank borrowings:				
USD borrowings	3,54	320.245	3,48	139.307

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

	31 December 2011		31 December 2010	
	Fair Value	Book Value	Fair Value	Book Value
USD borrowings (*)	354.047	320.245	152.923	139.307

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

The redemption schedule of borrowings is as follows

	31 December 2011	31 December 2010
Less than 3 months	2.670	24.958
Between 3-12 months	170.316	146.300
Between 1-2 years	56.618	46.491
Between 2-3 years	72.291	46.436
Between 3-4 years	26.957	46.380
The payment with in 4 year and over	164.379	-
	493.231	**310.565**

As of 31 December 2011, according to the credit agreements, the Group has unused credit limit amounting to TL 1.127.883 (31 December 2010: TL 1.001.137).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables of the Group as follows:

Short-term Trade Receivables:

	31 December 2011	31 December 2010
Trade receivables	309.025	337.985
Less: Provision for doubtful receivables	(40.236)	(28.789)
Provision for sales discount premium	(94)	-
Unearned finance income on term based sales	(2.231)	(2.053)
Total short-term trade receivables, net	**266.464**	**307.143**

Trade receivables as of 31 December 2011 and 31 December 2010 have an average maturity of 3 months and they are discounted with an average annual interest rate of 8%.

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

Movements of provision for doubtful receivables for 31 December 2011 and 2010 are as follows:

	2011	2010
1 January	**28.789**	**26.276**
Collections and reversal of provisions	(185)	(464)
Current period charge	11.632	2.977
31 December	**40.236**	**28.789**

Long term trade receivables:

	31 December 2011	31 December 2010
Notes receivables and cheques	1.090	9.729
Less: Unearned finance income		
on term based sales (-)	(16)	(176)
Total long term trade receivables, net	**1.074**	**9.553**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Short term trade payables:

	31 December 2011	31 December 2010
Suppliers	228.040	176.631
Less: Unincurred finance costs on purchases (-)	(1.905)	(1.337)
Total	**226.135**	**175.294**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

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

Short term other receivables:	31 December 2011	31 December 2010
Deposits and guarantees given	223	155
Due from related parties (Note 25)	-	36.763
Total	**223**	**36.918**

Short term other payables:	31 December 2011	31 December 2010
Accrued tax liability	1.931	3.655
Other	141	153
Total	**2.072**	**3.808**

NOTE 9 - INVENTORIES

	31 December 2011	31 December 2010
Raw materials	124.882	91.339
Semi-finished goods	20.272	7.890
Finished goods	35.005	50.787
Merchandise stocks	-	1.644
Other stocks and spare parts	12.459	11.788
Less: Provision for impairment in inventories	(1.243)	(3.952)
Total	**191.375**	**159.496**

The inventory impairment provision is mainly related with the finished goods.

The stocks of raw materials which are recognized as expense at current period, shown in cost of sales and their amounts are presented at Note 19.

Group has included the movements in the provision for impairment to cost of goods sold between
31 December 2011 and 2010. The decrease in provision for the impairment amount is partially due to the sale of inventory and increase in sales prices.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

NOTE 10 - TANGIBLE ASSETS

	1 January 2011	Additions	Disposals	Transfers [1] [2]	Changes in the scope of consolidation [3]	Currency translation differences	31 December 2011
Cost							
Land	59.457	2.341	(54)	713	1.154	-	63.611
Land improvements	43.925	-	-	35.815	-	-	79.740
Buildings	109.640	800	(297)	45.368	(1.418)	-	154.093
Machinery and equipment	748.983	3.365	-	186.993	4.459	-	943.800
Motor vehicles	1.358	84	(234)	-	241	-	1.449
Furniture and fixtures	23.255	1.101	-	2.097	(26)	-	26.427
Construction in progress	221.633	239.379	-	(288.170)	-	-	172.842
	1.208.251	**247.070**	**(585)**	**(17.184)**	**4.410**	**-**	**1.441.962**
Accumulated depreciation							
Land improvements	27.676	2.667	-	-	-	-	30.343
Buildings	33.357	2.445	(81)	-	(786)	14	34.949
Machinery and equipment	471.004	43.903	-	-	4.265	12	519.184
Motor vehicles	912	169	(204)	-	133	5	1.015
Furniture and fixtures	16.360	1.205	-	-	(9)	-	17.556
	549.309	**50.389**	**(285)**	**-**	**3.603**	**31**	**603.047**
Net book value	**658.942**						**838.915**

[1] The transfer of TL 232.622 is related with capitization of Company's energy plant investment.
[2] The transfer of TL 17.184 is related with intangible fixed assets (Note 11).
[3] Related with exclusion of Ak-Pa from the scope of consolidation, inclusion of Fitco and Aksa Egypt in the scope of full consolidation as of 1 January 2011.

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

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

TL 44,114 of current year depreciation and amortization expense is charged to "cost of goods sold", TL 1 is charged to "research and development expenses", TL 556 is included in "general administrative expenses", TL 16 is included in "selling and marketing costs", TL 2.189 which is related with projects in progress is charged to "construction in progress", TL 3.513 is included in closing "inventory". As of 31 December 2011 there is no mortgage on property, plant and equipment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

	1 January 2010	Additions	Disposals	Transfers (1) (2)	Changes in the scope of consolidation(3)	Currency translation differences	31 December 2010
Cost							
Land	59.187	270	-	-	-	-	59.457
Land improvements	35.475	-	(101)	8.551	-	-	43.925
Buildings	109.595	59	(495)	481	-	-	109.640
Machinery and equipment	730.703	524	(83)	17.839	-	-	748.983
Motor vehicles	1.257	101	-	-	-	-	1.358
Furniture and fixtures	20.742	2.083	(4)	434	-	-	23.255
Construction in progress	83.935	165.009	-	(27.311)	-	-	221.633
	1.040.894	**168.046**	**(683)**	**(6)**	**-**	**-**	**1.208.251**
Accumulated depreciation							
Land improvements	25.920	1.759	(3)	-	-	-	27.676
Buildings	31.175	2.248	(66)	-	-	-	33.357
Machinery and equipment	419.311	51.722	(29)	-	-	-	471.004
Motor vehicles	803	109	-	-	-	-	912
Furniture and fixtures	15.363	998	(1)	-	-	-	16.360
	492.572	**56.836**	**(99)**	**-**	**-**	**-**	**549.309**
Net book value	**548.322**						**658.942**

Construction in progress additions mainly comprise of expenditures with the coal plant and carbon fiber investments.

As of ended year 31 December 2010 borrowing costs amounting to TL 6.555 related with coal plant investment has been capitalised on property, plant and equipment TL 51.810 of the depreciation and amortization expense is charged to "cost of goods sold", TL 254 is charged to "research and development expenses", TL 894 expense is included in "general administrative expenses", TL 75 is included in "selling and marketing costs, TL 2.032 is related with projects in progress, development costs amortisation is charged to "construction in progress", TL 1.771 is included in closing "inventory".

As of 31 December 2010 there is no mortgage on property, plant and equipment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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NOTE 11 - INTANGIBLE ASSETS

	1 January 2011	Additions	Transfer[1]	Changes in the Scope of consolidation[2]	Currency translation differences	31 December 2011
Cost						
Rights	1.648	726	-	542	77	2.993
Development cost	7.117	-	17.184	-	-	24.301
Other intangible assets	1.577	69	-	-	-	1.646
	10.342	**795**	**17.184**	**542**	**77**	**28.940**
Accumulated depreciation						
Rights	1.480	146	-	445	15	2.086
Development cost	2.316	1.672	-	-	-	3.988
Other intangible assets	1.371	89	-	-	-	1.460
	5.167	**1.907**	**-**	**445**	**15**	**7.534**
Net book value	**5.175**					**21.406**

	1 January 2010	Additions	Transfer [1]	Changes in the Scope of consolidation[2]	Currency translation differences	31 December 2010
Cost						
Rights	1.648	-	-	-	-	1.648
Development cost	7.117	-	-	-	-	7.117
Other intangible assets	1.476	95	6	-	-	1.577
	10.241	**95**	**6**	**-**	**-**	**10.342**
Accumulated depreciation						
Rights	1.463	17	-	-	-	1.480
Development cost	830	1.486	-	-	-	2.316
Other intangible assets	1.264	107	-	-	-	1.371
	3.557	**1.610**	**-**	**-**	**-**	**5.167**
Net book value	**6.684**					**5.175**

[1] Consists of the capitalized cost of development projects regarding to R&D Center.
[2] Related with exclusion of Ak-pa from the scope of consolidation, inclusion of Fitco and Aksa Egypt in the scope of full consolidation as of 1 January 2011.

TL 153 (2010: TL 108) of the current amortization expense is charged to "cost of goods sold", TL 1.626 (2010: 1.486) is charged to "research and development expenses", TL 128 (2010: TL 16) is included in "general administrative expenses.

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NOTE 12 - GOODWILL

The goodwill balance with the carrying amount of TL5.989 (2010: TL5.989) as at 31 December 2011 resulted from the acquisition of 50% of shares Ak-Tops Tekstil Sanayi A.Ş. during 2007.

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

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	31 December 2011	31 December 2010
Provision for unused vacation (Note 14)	1.061	917
Provision for lawsuits	538	842
Provision for other payables and expenses	1.677	478
Total	**3.276**	**2.237**

Contingent assets and liabilities are as follows:

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

	31 December 2011	31 December 2010
Letter of credit	249.213	180.490
Collaterals given	149.914	118.114
Total	**399.127**	**298.604**

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

	31 December 2011	31 December 2010
Credit insurance	139.522	-
Guarantee notes and cheques received	95.007	48.282
Limits of Eximbank	78.444	54.419
Pledges received	47.730	36.310
Confirmed/unconfirmed letter of credits	42.190	21.981
Limits of Direct Debit System (“DDS”)	29.464	17.749
Guarantee letters received	7.913	7.249
Total	**440.270**	**185.990**

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

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

	31 December 2011	31 December 2010
A.CPM given on behalf of the Company's legal personality	397.151	298.604
-Turkish Lira	*112.655*	*99.557*
- USD	*275.643*	*199.047*
-Euro	*3.519*	*-*
-Other	*5.334*	*-*
B.CPM given on behalf of fully consolidated subsidiaries	-	-
C.CPM given for continuation of its economic activities on behalf of third parties	1.976	-
- USD	*1.976*	*-*
D.Total amount of other CPM given	-	-
i) Total amount of CPM given on behalf of the majority shareholder	-	-
ii) Total amount of CPM given to on behalf of other		
group companies which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of		
third parties which are not in scope of C.	-	-
Total	**399.127**	**298.604**

NOTE 14 - EMPLOYEE BENEFITS

Short Term Employee Benefits	**31 December 2011**	**31 December 2010**
Provision for unused vacation (Note 13)	1.061	917
Long Term Employee Benefits		
Provision for employee termination benefits and employee termination incentive	14.220	13.168

Provision for employee termination benefits

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

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service 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.

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

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

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

	31 December 2011	31 December 2010
Discount rate (%)	2,91	4,66
Probability of retirement (%)	98,94	98,92

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. . As the maximum liability is revised once every six months, the maximum amount of TL 2.805,04 effective from 1 January 2012 (1 January 2010: TL 2.623,23) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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

	2011	2010
Balances as of 1 January	**13.168**	**11.520**
Service cost	2.294	1.748
Interest cost	614	682
Changes in the scope of consolidation (Note 2.1.3)	(371)	-
Paid compensation	(2.170)	(1.568)
Actuarial losses	685	786
Balances as of 31 December	**14.220**	**13.168**

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other current assets:

	31 December 2011	31 December 2010
VAT receivables	61.307	40.151
VAT to be transferred	17.168	26.588
Prepaid taxes and funds	5.522	-
Purchase advances given	2.024	8.863
Prepaid expenses	1.855	1.293
Job advances	1.598	1.309
Personnel advances	700	1.719
Total	**90.174**	**79.923**

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Other non current assets:

	31 December 2011	31 December 2010
Advances given for purchase of property, plant and equipment	15.527	6.797
Other	95	110
Total	**15.622**	**6.907**

Other current liabilities:

	31 December 2011	31 December 2010
Deferred income (*)	978	978
Advances received	21	4.764
Other	509	123
	1.508	**5.865**

Other non current liabilities:

	31 December 2011	31 December 2010
Deferred income (*)	12.771	13.469
Other	51	-
Total	**12.822**	**13.469**

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

Incentives, grants and benefits which have been obtained from TÜBİTAK and Undersecretaries of the Prime Ministry for Foreign Trade regarding R&D projects and which have been received in cash in 2008 and 2009, are recognized in the consolidated statement of income on a systematic basis over 16 years, which has been determined as the estimated useful life of related assets.

NOTE 16 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2011		31 December 2010	
	Asset	Liability	Asset	Liability
Held for hedging	-	4.175	-	5.000

Derivative instruments held for hedging:

	31 December 2011		31 December 2010	
	Contract Amount	Fair value Liability	Contract amount	Fair value Liability
Interest rate swap transactions	90.747	4.175	99.031	5.000

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

Derivative financial instruments are initially recognised in the consolidated balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and interest rate swap instruments. On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognised asset or liability ("fair value hedge"), or a hedge of a forecasted transaction or a firm commitment ("cash flow hedge").

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

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.

As of 31 December 2011 the fixed interest rates vary from %2,5 to %4,2 (31 December 2010: %2,5 - %4,2). The main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2011 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 5).

NOTE 17 - EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the CMB and set a limit on its registered share capital representing type of registered shares with a nominal value of TL 1. Historical, authorized and issued capital of Aksa as of 31 December 2011 and 2010 is presented below:

	31 December 2011	31 December 2010
Limit on registered share capital (historical)	425.000	425.000
Issued share capital in nominal value	185.000	185.000

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

	Share %	31 December 2011	Share %	31 December 2010
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	39,59	73.237	39,59	73.237
Emniyet Ticaret ve Sanayi A.Ş.	18,72	34.638	18,72	34.638
Other	41,69	77.125	41,69	77.125
	100,00	**185.000**	**100,00**	**185.000**
Adjustment to share capital		195.175		195.175
Total paid-in share capital		**380.175**		**380.175**

The approved and paid-in share capital of the Company consists of 18.500.000.000 (31 December 2010: 18.500.000.000) shares issued on bearer with a nominal value of Kr 1 (31 December 2010: Kr 1) each.

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

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

In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL52.542 as of 31 December 2011 (31 December 2010: TL 48.523). This amount fully consists of legal reserves.

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

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

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

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from

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1 January 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amount. The valuation differences shall be classified as follows:

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

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

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

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

Dividend Distribution

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

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

NOTE 18 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the year ended at 31 December 2011 and 2010 as follows:

	31 December 2011	31 December 2010
Domestic sales	1.105.026	828.791
Export sales	625.533	492.259
Commission income from foreign trade	-	665
Less: Sales returns	(6.839)	(3.965)
Other discounts	(48.250)	(13.438)
Net sales income	**1.675.470**	**1.304.312**
Cost of sales (-)	**(1.442.272)**	**(1.142.683)**
Gross profit	**233.198**	**161.629**

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NOTE 19 - EXPENSES BY NATURE

Cost of sales, marketing, selling and distribution expenses and general administrative expenses by nature for the year ended as of 31 December 2011 and 2010 are as follows;

	31 December 2011	31 December 2010
Raw materials and goods	1.311.887	1.022.522
Personnel expenses	67.152	61.240
Depreciation and amortisation	46.594	54.643
Repair, maintenance and cleaning expenses	17.811	15.117
Commission expense	14.598	11.426
Export expenses	9.805	9.500
Consultancy expenses	9.557	8.282
Information technologies expense	6.166	4.409
Miscellaneous tax expenses	4.759	2.200
Travel expenses	3.686	3.646
Other	37.231	30.368
Total	**1.529.246**	**1.223.353**

NOTE 20 - OTHER OPERATING INCOME / EXPENSE

As of 31 December 2011 net other income/ expense amounting to TL (4.052) (2010: TL 67). Other income and expenses mainly comprise of TL 2.869 insurance compensation income (2010: TL 241), TL 3.059 (2010: 203 TL) scrap sales income, TL 1.513 R&D incentive income (2010: TL 1.344) and TL 11.632 of provision for doubtful trade receivable (2010: TL2.977) expenses.

NOTE 21 - FINANCIAL INCOME

Financial income for the year ended at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Foreign exchange gains	132.853	96.660
Interest income from term based sales	15.590	17.712
Interest income	5.592	6.433
Total	**154.035**	**120.805**

NOTE 22 - FINANCIAL EXPENSES

Financial expense for the year ended at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Foreign exchange expense	156.581	107.167
Due date charges on term purchases	11.028	13.143
Borrowing costs	6.870	5.617
Total	**174.479**	**125.927**

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NOTE 23 - TAX ASSETS AND LIABILITIES

Tax expenses for the year ended at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Income tax expense for the period	(18.796)	(14.813)
Deferred tax (expense)/income, net	(3.465)	957
Taxes on income	**(22.261)**	**(13.856)**

Deferred Income Tax Assets and Liabilities

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates are as follows:

	Temporary Taxable Differences		Deferred Income Tax Asset/Liability	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Property, plant and equipment and intangible assets	(110.410)	(96.353)	(22.082)	(19.271)
Trade payables	(1.880)	(1.337)	(376)	(267)
Other	-	(308)	-	(62)
Deferred income tax liabilities			**(22.458)**	**(19.600)**
Employee benefits	14.220	13.168	2.844	2.634
Derivative financial instruments	4.175	5.000	835	1.000
Trade receivables	2.312	6.682	462	1.336
Inventories	2.765	3.663	553	733
Other current liabilities	2.485	1.788	497	358
Other	423	379	85	76
Deferred income tax assets			**5.276**	**6.137**
Deferred income tax liabilities, net			**(17.182)**	**(13.463)**

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Movement for the deferred income tax liabilities for year ended 31 December 2011 and 2010 are as follows:

	2011	2010
1 January	**13.463**	**14.663**
Deferred tax expense/(income) for the period, net	3.465	(957)
Changes in the scope of consolidation (Note 2.1.3)	89	-
Amounts recognised under equity	165	(243)
31 December	**17.182**	**13.463**

	31 December 2011	31 December 2010
Taxes on income	18.796	14.813
Amount deducted from Value Added Tax receivables	(18.427)	(10.974)
Taxes on income	**369**	**3.839**

The reconciliation of tax expenses stated in consolidated income statements for the year ended 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Profit before tax	121.728	75.770
Expected tax expense of the Group (%20)	**24.346**	**15.154**
Disallowable expenses	4.780	5.134
Research and development incentive	(10.001)	(8.109)
Dividend income	(2.690)	(2.524)
Other	(2.516)	(991)
Tax Effect (%20)	(2.085)	(1.298)
Current period tax expense of the Group	**22.261**	**13.856**

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 year ended 31 December 2011 and 2010 as follows

	31 December 2011	31 December 2010
Net income attributable to theequity holders of the parent (TL) (*)	97.049.347	56.718.366
Weighted average number of shares	18.500.000.000	18.500.000.000
Earnings per share (Kr)	0,52	0,31

(*) Amounts expressed in Turkish Lira.

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NOTE 25 - RELATED PARTY DISCLOSURES

As of 31 December 2011 and 2010, trade receivables from related parties are as follows:

	31 December 2011	31 December 2010
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (*) (1)	134.552	-
Akkim Kimya San. ve Tic. A.Ş. (2)	2.606	793
Ak-Al Tekstil Sanayii A.Ş. (2)	1	11.196
Aksa Egypt (3)	-	4.540
Other	2	52
Less: Provision of sales discounts (-)	(2.231)	-
Rediscount (-)	(98)	(232)
Total	**134.832**	**16.349**

(*) Sales to Ak-Pa comprise of export sales made to third party customers by export register.
(1) Shareholders' subsidiary and Company's financial investment at 2011 (Company's and Akkök's subsidiary at 2010).
(2) Akkök's subsidiary.
(3) Company's subsidiary at 2011 (Company's financial investment at 2010).

As of 31 December 2011 and 2010, non-trade receivables from related parties are as follow (presented in "Other Receivables" in the consolidated balance sheet):

	31 December 2011	31 December 2010
Akport Tekirdağ Liman İşletmeleri A.Ş. (*) (2)	-	20.098
Akkök Sanayi Yatırım ve Geliştirme A.Ş. (*) (4)	-	13.146
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş. (*) (2)	-	3.519
Total	**-**	**36.763**

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

Short term due to related parties is as follows:

	31 December 2011	31 December 2010
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (1)	22.504	-
Akkim Kimya San. ve Tic. A.Ş. (1)	2.898	8.014
Akkök Sanayi Yatırım ve Geliştirme A.Ş. (3)	659	529
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. (1)	496	812
Dinkal Sigorta Acenteliği A.Ş. (1)	87	73
Akenerji Elektrik Üretim A.Ş. (1)	13	2.859
Akenerji Doğal Gaz İthalat İhracat ve Toptan Tic. A.Ş. (1)	-	24.637
Other	87	50
Less: Rediscount (-)	(116)	(545)
Total	**26.628**	**36.429**

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Sales to related parties for the year ended as of 31.12.2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (**) (1)	634.038	-
Akkim Kimya San. ve Tic. A.Ş. . (1)	36.077	36.093
Ak-Al Tekstil Sanayii A.Ş. . (1)	17.877	32.247
Akenerji Elektrik Üretim A.Ş. . (1)	137	276
Aksa Egypt . (3)	-	44.600
Other	878	394
Total	**689.007**	**113.610**

(**) The sales to Ak-pa consist of sales to third parties via Ak-pa.
(1) Company shareholder's subsidiary and Company's financial investment at 2011 (Company and Company shareholder's subsidiary at 2010)
(2) Subsidiary of Akkök
(3) Company's subsidiary at 2011 (Company's financial investment at 2010)
(4) Company's shareholder

Product and service purchases from related parties as of 31.12.2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Akkim Kimya San. ve Tic. A.Ş. (2)	36.252	60.039
Akkök Sanayi Yatırım ve Geliştirme A.Ş. (4)	9.736	6.248
Aktek Bilgi İşlem Tekn. San.ve Tic. A.Ş. (2)	7.009	4.723
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (1)	6.251	-
Dinkal Sigorta Acenteliği A.Ş. (2)	2.386	1.552
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. (2)	1.033	1.080
Ak-Al Tekstil Sanayii A.Ş. (2)	754	1.041
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. (2)	603	488
Akdepo Lojistik ve Dış Ticaret A.Ş. (2)	501	-
Akenerji Elektrik Üretim A.Ş. (2)	136	901
Akenerji Doğal Gaz İthalat İhracat ve Toptan Tic. A.Ş (2)	-	24.637
Total	**64.661**	**100.709**

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

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The Company defined its key management personnel as member of action committee and board of directors, benefits provided to these key management personnel as of 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Salary and other short term employee benefits	7.049	4.022
Provision for employee termination benefit	38	22
Providing benefits after working period	-	-
Other long term benefits	-	-
Share based payments	-	-
Total	**7.087**	**4.044**

(1) Company shareholder's subsidiary and Company's financial investment at 2011 (Company and Company shareholder's subsidiary at 2010)
(2) Subsidiary of Akkök
(3) Company's subsidiary at 2011 (Company's financial investment at 2010)

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 7).

Trade Receivable Aging Analysis

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

31 December 2011	Trade Receivables
1-30 days overdue	12.690
1-3 months overdue	10.963
3-12 months overdue	2.201
More than 12 months overdue	131
Total (*)	**25.985**
Secured with guarantees	**21.530**

(*) Overdue trade receivables amounting to TL 18.634 has been collected in the period between the balance sheet date and the date of publication of these financial statements.

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

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Secured with guarantees	**4.630**

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

31 December 2011	Related Parties	Trade Receivables Other	Related Parties	Other receivables Other	Related Parties	Deposits at bank Other
Maximum credit risk exposure as of reporting date	**134.832**	**267.538**	**-**	**30**	**-**	**83.666**
- Secured portion of maximumcredit risk by guarantees (*)	**119.520**	**229.130**	**-**	**-**	**-**	**-**
Net book value of financial assets either are not due or not impaired	128.577	247.809	-	30	-	83.666
Financial assets with renegotiated conditions (**)	-	13.656	-	-	-	-
Net book value of the expired or not impaired financial assets	6.256	19.729	-	-	-	-
- Secured portion with guarantees	5.706	15.824	-	-	-	-
Net book value of impaired assets	-	2.000	-	-	-	-
- Matured (net book value)	-	*42.236*	-	-	-	-
- Impairment (-) (Note 7)	-	*(40.236)*	-	-	-	-
- Secured portion with guarantees	-	*(2.000)*	-	-	-	-

(*) Guarantees taken from the related parties consist of Ak-Pa's guarantees received from foreign customers. Therefore export sales that are made through Ak-pa are secured by these guarantees.
(**) As of 31 December 2011, re-structured receivables amount of TL 781 has been collected in subsequent period and TL 11.234 portion of given receivables secured with guarantees.

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

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

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

Foreign Exchange Risk

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

Foreign currency position presented in TL is as follows:

	31 December 2011	31 December 2010
Assets	435.426	408.567
Liabilities	(723.383)	(446.155)
Net balance sheet position	**(287.957)**	**(37.588)**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

		31 December 2011		
	USD position	EURO position	Other foreign currency position	Total
Assets:				
Cash and cash equivalents	57.526	1.233	1.133	59.892
Trade receivables	335.236	39.329	57	374.622
Other assets	43	23	846	912
Total assets	**392.805**	**40.585**	**2.036**	**435.426**
Liabilities:				
Financial liabilities	493.189	-	-	493.189
Trade payables	226.065	2.400	1.528	229.993
Other liabilities	-	52	149	201
Total liabilities	**719.254**	**2.452**	**1.677**	**723.383**
Net foreign currency position	**(326.449)**	**38.133**	**359**	**(287.957)**

		31 December 2011		
	USD position	EURO position	Other foreign currency position	Total
Assets:				
Cash and cash equivalents	40.408	1.597	4	42.009
Trade receivables	299.136	31.730	-	330.866
Other assets	33.392	2.270	30	35.692
Total assets	**372.936**	**35.597**	**34**	**408.567**
Liabilities:				
Financial liabilities	297.011	-	-	297.011
Trade payables	144.415	4.729	-	149.144
Total liabilities	**441.426**	**4.729**	**-**	**446.155**
Net foreign currency position	**(68.490)**	**30.868**	**34**	**(37.588)**

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

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

31 December 2011	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 10% appreciation of USD against TL		
USD net asset/ (liability)	(32.645)	32.645
Amount hedged for USD risk	-	-
USD net effect	**(32.645)**	**32.645**
In case 10% appreciation of EUR against TL		
EUR net asset/ (liability)	3.813	(3.813)
Amount hedged for EUR risk	-	-
EUR net effect	**3.813**	**(3.813)**

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

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

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 2011, other things being constant, if the interest rate depreciate/ appreciate by 1%, profit before tax would increase/decrease TL 31 (31 December 2010: TL 18), capitalized borrowing cost on construction in progress would increase/decrease TL 474 (31 December 2010: TL 194).

	31 December 2011	31 December 2010
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents (Note 4) (*)	60.854	51.711
Financial liabilities		
USD borrowings	204.974	212.415
TL Borrowings	-	13.554
Floating interest rate financial instruments		
Financial assets		
Cash and cash equivalents (Note 4) (*)	-	-
Financial liabilities		
USD borrowings	288.257	84.596

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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Liquidity risk

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

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

31 December 2011:

Expected or maturities per agreement	Carrying value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Financial liabilities	493.231	557.115	2.335	183.621	229.764	141.395
Trade payables	226.135	228.039	147.964	80.075	-	-
Due to related parties	26.628	26.685	25.447	1.238	-	-
	745.994	**811.839**	**175.746**	**264.934**	**229.764**	**141.395**
Derivative financial instruments						
Derivative cash outflow	4.175	4.288	311	1.954	2.023	-

31 December 2010:

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	310.565	324.688	44.947	130.451	149.290	-
Trade payables	175.294	176.505	116.232	60.273	-	-
Due to related parties	36.429	36.975	9.255	27.720	-	-
	522.288	538.168	170.434	218.444	149.290	-
Derivative financial instruments						

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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Derivative cash outflow	5.000	5.190	375	2.331	2.484	-

Import export information:

Import export for the years ended at 31 December 2011 and 2010 are as follows:

Export		
	31 December 2011	31 December 2010
USD	410.522	334.244
EUR	187.053	134.305
Other	12.025	41
Total	**609.600**	**468.590**

Import		
	31 December 2011	31 December 2010
USD	863.912	632.741
EUR	61.658	45.454
Other	12.324	920
Total	**937.894**	**679.115**

Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including financial liabilities, trade payables and due to related parties, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The ratio of net debt to equity is as follows:

	31 December 2011	31 December 2010
Total liabilities	745.994	522.288
Less: Cash and cash equivalents (Note 4)	(85.106)	(64.499)
Net debt	**660.888**	**457.789**
Total shareholders' equity	850.947	775.765
Total capital	**1.511.835**	**1.233.554**

Debt/equity ratio	**%44**	**%37**

NOTE 27 - FINANCIAL INSTRUMENTS

Fair value estimation

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

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, 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 realise in a current market exchange.

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

Financial assets

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

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

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

Financial liabilities

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

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

Fair Value Estimation:

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

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

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

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

31 December 2011			
	Level 1	Level 2	Level 3
Hedging derivative financial instruments	-	4.175	-
Total Liabilities	**-**	**4.175**	**-**

31 December 2010			
	Level 1	Level 2	Level 3
Hedging derivative financial instruments	-	5.000	-
Total Liabilities	**-**	**5.000**	**-**

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

NOTE 28 - SUBSEQUENT EVENTS AND OTHER ISSUES THAT MATERIALLY AFFECT THE FINANCIAL STATEMENTS AND NEED TO BE EXPLAINED TO ENSURE THE FINANCIAL STATEMENTS ARE CLEAR, INTERPRETABLE AND UNDERSTANDABLE

1. In accordance with sub-paragraph (b), paragraph 3, Article 19 and Article 20 of Corporate Tax Law No. 5520; Article 19.2.2 of Corporate Tax General Communiqué Serial 1, dated 3 April 2007, of the Ministry of Finance; the Communiqué of the Ministry of Finance and Ministry of Industry and Trade on Principles and Procedures for Partial Spin-off Transactions of Joint Stock Companies and Limited Liability Companies that was published in the Official Gazette No. 25231, dated 16 September 2003; and Decision No. 39/1065, dated 25 November 2011, of the Capital Markets Board, partial spin-off of Aksa Akrilik Kimya Sanayii Anonim Şirketi to establish a new joint stock company comprising the carbon fiber operations as a capital in kind was approved. Transaction was also approved at the extraordinary general assembly held on 28 December 2011.

Following the completion of partial spin-off transactions, Aksa Karbon Elyaf Sanayi A.Ş. was established on 2 January 2012 and with the objective to specifically focus on production and worldwide marketing of carbon fiber and carbon fiber-based high technology materials.

A Joint Enterprise Agreement was executed by between Aksa Akrilik Kimya Sanayii A.Ş. and Dow Europe Holding B.V. on 20 December 2011 with the intention to establish integrated manufacture facilities containing whole value chain, presenting a wide product range and technical service solutions to the carbon fiber based composite industry, and developing activities on the international level by evaluating all alternatives by means of the new company 99,99% of which is owned by Aksa Akrilik Kimya Sanayii A.Ş..

Following the completion of relevant preliminary conditions, it is planned that shares corresponding to 50% of total shares in Aksa Karbon Elyaf Sanayi A.Ş., whose Enterprise Value is USD 275,000,000 and total share value is USD 185,000,000, will be transferred to Dow Europe Holding B.V. within 2012. The share transfer value will be adjusted taking into account the closing balance sheet date at the date of the partnership in Aksa Karbon Elyaf Sanayi A.Ş..

2. The Company resolved that it shall participate in capital increase for Aksa Karbon Elyaf Sanayi A.Ş., established on 2 January 2012, in March 2012 with TL 48,999,996, TL 35,035,673 of which shall be paid in cash and the remaining TL 13,964,323 shall be covered by adding other capital reserves account to the capital of Aksa Karbon Elyaf Sanayi Anonim Şirketi and that non-paid up shares to be issued as a result of the non-cash portion of the capital increase.

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