



Creating value for
a sustainable future



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Aksa, bringing Turkey into the leading position at global level in its sector, is focused on the production of carbon fiber, labeled as the strategic material for future due to its lightness and durability.

Carbon fiber, produced through the technology developed in the R&D Center of Aksa, is utilized in various fields ranging from space and aviation to land and maritime transport, from industrial materials to building and infrastructure reinforcements, wind plants to sports equipment.

AGENDA FOR THE ORDINARY GENERAL ASSEMBLY

AGENDA

FOR THE 2010 ORDINARY GENERAL ASSEMBLY OF AKSA AKRİLİK KİMYA SANAYİİ ANONİM ŞİRKETİ HELD ON MAY 10, 2011

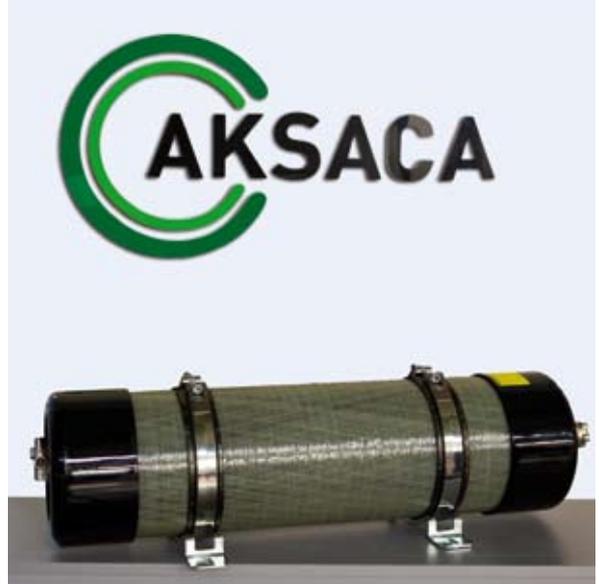
- 1- Opening, formation of the Chairing Board and authorization of the Chairing Board to sign the minutes of the Meeting.
- 2- Reading, discussion and ratification of the Annual Report of the Board of Directors, the Auditor and Independent Auditor reports, the balance sheet and income statement and the proposal of the Board of Directors concerning dividend distribution.
- 3- Discharge of the members of the Board of Directors and the Auditors.
- 4- Election of the members of the Board of Directors and Auditors, determination of their terms of office, remuneration and per diems and empowering the Members of the Board in connection with matters specified in Articles 334 and 335 of the Turkish Commercial Code.
- 5- Ratification of the Board's resolution regarding the appointment of the Independent Auditor.
- 6- In accordance with Capital Market Legislation, presentation of information to the shareholders about donations and financial assistance extended by the Company in 2010.

BOARD OF DIRECTORS

CARBON FIBER: A MATERIAL THAT PROVIDES SOLUTIONS FOR EVERY ASPECT OF LIFE



Blazing a trail with its durability in reinforcement work in the **construction sector**, carbon fiber is steadily and daily becoming an even more popular product.



Carbon fiber minimizes risks and is preferred in **pressure vessels and other equipment** that require high safety measures.



With its proven durability, carbon fiber is used in the production of **wind turbine blades**, accordingly playing a role in the development of renewable energy sources.



Ahead of all other equivalent materials with its light weight, carbon fiber is the main constituent of the framework of **Formula 1 racing cars**.

MESSAGE FROM THE CHAIRMAN



Aksa: A leader investing in the future...

With its leadership in technical fibers and its impressive production capacity in acrylic fiber, Aksa has carried Turkey to the rank of second largest producer of acrylic fiber in the world. Lately, Aksa focused on carbon fiber, regarded as the material of the new age, once again reinforcing its competitive superiority in 2010.

Dear Shareholders,

Customers and Stakeholders,

The worst part of the global financial crisis that held world markets in its grasp for more than two years is finally behind us. In addition to the positive financial developments during 2010, the year was also characterized by an optimistic outlook in the markets. As of the end of the year, final macroeconomic indicators and company balance sheets all pointed to a revival of global economic and industrial activity, confirming the positive trend. This process is encouraging us now to turn to challenging projects for the future on behalf of the corporations for which we are responsible.

Despite the positive macroeconomic developments in the past year, however, it was seen that the sustained public debts of countries such as Greece, Ireland, Portugal and Spain impeded the recovery of the global economy, leaving the growing global economic order open to risk. This has led companies to review their growth and future investment strategies and to make changes in their management strategies in light of the various risk factors.

Another aspect to be considered in the context of the global financial crisis is the change in the balances of power that give direction to the world economic system. Despite the expansionary financial policies of the U.S. and Europe which were placed in the center of the crisis, consumer-based demand did not reach desired levels. This and the rising economies of Brazil, India and China, which have been the driving force of the global recovery, appear before us as important parameters in terms of the direction the world economy will take in the upcoming years.

In 2010, the elements that accompanied concerns over the global economic crisis were inevitably the strategies devised to overcome the crisis. The Turkish economy implemented some successful financial policies and stood out among developing countries with its performance. One of the main indicators of Turkey's success was that the country's credit rating was raised to the next level by Moody's and S&P and up two levels by Fitch Ratings in 2010, at a time when even the most developed European countries were having their ratings slashed by international rating agencies.

Thanks to Turkey's experience during the 2001 financial crisis and the subsequent stability program that was implemented, the Turkish economy was able to rapidly and healthily overcome

the adverse effects of the recent global crisis. The Turkish economy, which had contracted by 4.7% in 2009, the peak and most acute period of the crisis, surpassed all expectations in 2010, achieving a growth rate of 7.8%, the highest in the OECD. We have every reason to believe that Turkey, with its geopolitical position, young population and dynamic economy, will very soon become one of the ten largest economies in the world.

Global demand for acrylic fiber in 2010 reached our expected total level of two million tons. Providing the major framework for the achievements of the Akkök Group and creating substantial and consistent added value, Aksa managed to raise its share in the global market to 13.2% in 2010 despite price fluctuations in the sector and the decline in demand. Also, in spite of the threat of substitute goods, Aksa did not fall below its steady tonnage levels, reaching a utilization capacity rate of 86% by the end of the year.

Aksa played a key role in establishing Turkey as the second largest market after China in the world acrylic fiber sector. Besides its intention to maintain leadership in the domestic market in the next five years, Aksa is also geared to increase its share in the world market, determined to continue in its efforts to create added value for the Turkish economy and the Akkök Group.

In line with its long-term goals for growth, Aksa has chosen carbon fiber as an area of new business and has accordingly launched operations in this field. Many industries, led by the aviation and automotive sectors, are increasingly turning to carbon fiber to respond to environmental and agricultural priorities. It is expected that the demand for carbon fiber in 2020 will reach a global level of 150,000 tons. Maintaining its leading position in the sector in 2010 with innovative applications, Aksa's present focus on carbon fiber, regarded as the material of the new age, has once again reinforced its competitive superiority.

All of these achievements have given us great pride and inspired us with enthusiasm and resolution to carry Aksa even further. I would like to take this opportunity to share with you the news that the first of our efforts toward this goal will be the energy generation project we will be inaugurating in 2011. Aksa will be offering Competitive product pricing policies with more flexibility by reducing energy costs, which have become the highest cost item for all industrial organizations in recent years.

I wish to extend my gratitude to all of our business partners, investors, employees, customers and social stakeholders who have stood by Aksa over the years as the Company has steadily blazed new trails with profitable and pioneering applications in both domestic and international markets.

Ali Dinçök
Chairman

MESSAGE FROM THE GENERAL MANAGER



Continuing on the journey to excellence...

As a leader in the introduction of carbon fiber to Turkey's different industries, Aksa has succeeded in confidently presenting to the market its own high-quality AKSACA brand, which has rapidly established a significant position in the market.

Dear Stakeholders,

Parallel to the recovery of domestic and world markets in 2010, for Aksa this year was a time in which important advances were made. As a world brand in acrylic fiber, Aksa's steady financial performance continued to create added value for the company's shareholders, customers and business partners.

Standing out in the sector in 2010 with its focus on productivity and competitive superiority, Aksa achieved a market share of 13.2% on a global scale despite the aftershocks of the crisis on demand. After restructuring its management philosophy in 2009, Aksa is now forging ahead toward its goals within the framework of its Acrylic Fibers, Technical Fibers, Carbon Fiber and Energy business units. Aksa's revenue and profitability increase every year, thanks to cost-reducing applications it implements and the new products it continues to introduce to the market.

In line with its strategic growth goals, Aksa commissioned its carbon fiber production plant in 2009 and introduced its carbon fiber product to world markets under the AKSACA brand.

As a leader in the introduction of carbon fiber to Turkey's varied industries, Aksa has confidently and successfully presented its own high-quality AKSACA brand to the market. It has established a significant position for itself in the market in a relatively short period of time.

Targeting a market share of 10% in the global carbon fiber market in 2020, Aksa continues to expand its research and development and to increase capacities to realize this goal. When carbon fiber production facilities reached their full capacity in 2010, Aksa found the incentive to direct itself to new investments. Aksa plans to invest US\$ 72 million in a 300 ton/year capacity expansion in its existing carbon fiber production line and undertake further investment for a second carbon fiber production line with a 1,700 tons/year capacity.

Having adopted a corporate identity that is open to improvement, development and innovation, Aksa continued to work on projects and improvements geared toward energy productivity during 2010. With the new energy production facility that is planned for 2011, the company's total

installed power will reach 170 MW. The projected investment will significantly reduce Aksa's production costs and reinforce its competitive edge.

It is my belief that our focus on productivity and quality is the fundamental approach that will carry the Aksa brand forward. We have set aside resources of between US\$ 15-20 million for research and development investments in the next five years. This budget will be managed by the Aksa R&D Center and will be utilized mainly to develop new products for new markets, reducing production cost and developing technology.

Aksa continues to work on its commitment to sustainable development; in this context, the Company has spent US\$ 24 million to date to minimize the possible adverse social and environmental effects of its production operations. With meticulous sensitivity to the environment, Aksa is a pioneer in the implementation of occupational health and safety regulations. Aksa pronounced 2010 "Occupational Health and Safety Year", launching practices in this area that will be role models for the sector.

Additionally, I am confident that the Sustainable Solutions Agreement that the Company signed with the DuPont Corporation in 2010 is, an important step toward the achievement of increased workplace occupational safety as inspired by the Company's vision statement.

Focusing on reliability and high quality in its production operations as well as on productivity, Aksa has turned its revenue and profitability figures into a "journey to excellence". Aksa will be a focus of attention as it creates projects that will provide added value to the Akkök Group and to the Turkish economy in the upcoming period.

I thank all of our shareholders, customers, investors, business partners and employees for the trust and support they have afforded us in the Company's "journey to excellence".

Mustafa Yılmaz
Board Member and General Manager

SENIOR MANAGEMENT



Daniel Joseph Pichler
Carbon Fiber Director



M. Mithat Okay
Carbon Fiber Marketing and Sales Director



Necdet Çolpan
Acrylic Fiber Director



Betül Sadıkoğlu
Finance Director



Osman Arslan
Energy, Maintenance and Plant Director



Sabri Arca
New Business Development and
Procurement Director



Sibel Bekler
Human Resources and Management
Systems Director



Dr. M. Yalçın Tanes
Research and Development Center Director

THE ACRYLIC FIBER SECTOR

Playing a major role in Turkey's becoming the second largest global market in acrylic fiber after China; Aksa increased its global market share in 2010 to 13.2%.



The most important development in the acrylic fiber sector in 2010 was the unexpectedly pronounced rise in raw material prices in response to market fluctuations in supply and demand for the petroleum derivative acrylonitrile (ACN). The striking increase in demand for acrylic fiber at a time when constrictions were seen in the supply of ACN resulted in significant surges in fiber prices. The increasing rift between acrylic fiber prices and the prices of other substitute fibers resulted in reactionary reductions in demand in

other markets, particularly in the Far East. This situation, which appeared in May, led the way to partial reductions in capacity utilization between June and September. Price pressures on acrylic fiber, however, ultimately diminished in October with the sudden price increase of natural and artificial fibers. Thus, seasonal demand returned to normal and in the last quarter of the year, Aksa was able to carry out production and sales at full capacity.

With its inclination toward new technology and business areas, large-capacity, high-quality before and after-sales services, diversity of products, as well flexibility, Aksa maintained its competitive edge in 2010 as a cost-advantageous market supplier. At the same time, the Company continued the projects and investments initiated to create financial savings and carry achievements even further. Playing a major role in Turkey's becoming the second largest global market in acrylic fiber after China; Aksa increased its global market share in 2010 to 13.2%. Despite price fluctuations and the drop in demand experienced during the year, Aksa achieved a general capacity utilization rate of 86%. As a market maker in Turkey with its 67% market share, Aksa's goal for 2011 is to maintain and fortify its leadership in the sector with existing as well as new business projects.

International activities in the acrylic fiber sector in 2010:

- International Trade Fair for Roller Shutters, Doors/Gates and Sun Protection 2010/Germany
- Techtextil International Textiles Fair/ Germany
- Dornbirn Man-Made Fibers Congress/ Austria
- SpinExpo Fair/China
- SpinExpo Fair/USA

Mission

To be the primary choice of the world acrylic-based textiles and technical fiber industry, the manufacturer that works effectively and in harmony with the environment, always operating with an innovative, customer-focused approach.

Vision

To invest in technology that will carry added value to its utmost level for the Company and the customer and to create new and profitable areas of utilization for acrylic fiber.

Corporate Values

Business Ethics: Aksa chooses to work only with persons and enterprises that abide by the Company's code of ethics.

Sustainable Profitability: Aksa's sustainable profitability policies are based on productivity and operational excellence.

Customer Focus: Aksa ensures customer satisfaction through innovative products and services that create added value for the customer. Aksa's goal is to be the best in quality, service, productivity and price while also meeting deadlines.

Creativity and Innovation: The ability to meet the customer's changing needs is at the forefront of all Aksa production and marketing processes.

Health, Safety and the Environment: Aksa's perfectionist approach in matters of health, safety and the environment is not only meticulously implemented in the workplace and the physical surroundings, but also in products and all production processes. Occupational health and safety is a matter of the greatest priority at all stages-from design to after-sales services.

Continuous Learning and Development: Aksa gathers its strength of creativity and progress from its employees. The Company places great importance on participation, teamwork and the promotion of employees to positions of authority by creating opportunities for continuous learning and development.

MILESTONES

THE 1960'S AND 1970'S

Established in Yalova to meet Turkey's acrylic fiber needs
 Started production with a 5,000 ton/year capacity
 Increased capacity in response to increasing demand for the first time
 Started exporting-first export destination was Italy

THE 1980'S AND 1990'S

Established the first Distributed Control System (DCS) in Turkey, to achieve control from a central workstation (GÖZ)
 Started production using its own technology
 Shares started being traded on the ISE in March • Capacity rose to 116,000 tons/year
 Organizational changes were made to facilitate the transition from a system of quality control to a system of quality management
 Work started on ISO 9000 and Total Quality Management
 Received the ISO 9002 Quality Assurance System Certificate • Signed the Responsible Care Commitment
 Received the ÖKO-TEX 100 Certificate of Compliance with Health Standards in Textiles • Won the Responsible Care Award from the Turkish Chemical Industry Council
 Won the Environmental Incentive Award of the Istanbul Chamber of Industry
 Capacity rose to 200,000 tons/year • Received the ISO 14001 Environment Management System Certificate • Became a member of the European Foundation for Quality Management (EFQM) • Won the Istanbul Chamber of Industry's Special Jury Award for the Environment
 The ISO 9002 Certificate was renewed as ISO 9001

THE 2000'S

Achieving a first in Turkey with the launching of a biological purification process the Deep Tank system, the most advanced technology in wastewater treatment • Production capacity increased to 250,000 tons/year • Won the TKSD R&D Award
 Started Turkey's first "Community Consulting Panel" • Was awarded the Responsible Care Grand Prize by the Turkish Chemical Industry Council and another prize for its "Social Consultancy Panel" project
 • Won a prize for being "The Enterprise with the Largest Number of Implemented Energy Conservation Projects" for its projects over the period 1997-1999 in the "Energy Conservation Project Competition" held by the Energy Conservation Center of the Ministry of Energy and Natural Resources
 • Launched its new product, pigment printed fiber

New General Manager Mustafa Yılmaz joined the Company • Received an ISO 9000:2000 Quality Management System Certificate

Aksa opened Gaziantep office • Aksa Egypt was established in Alexandria, Egypt
 • Fitco B.V. was established for planned new investments

2005 Aksa Egypt started production
 • Received the Istanbul Chamber of Industry's Sector Environment Award
 Investments began for the production of carbon fiber • Became the first chemicals factory to be a signatory to the Global Compact • Passed the Responsible Care inspections of SGS-UK, becoming the first company in Turkey to receive a Responsible Care Management Systems Certificate
 • Received an ISO 14001:2004 Environment Management System Certificate • Developed its Information Management System and the Intellectual Capital Model

Production capacity reached 308,000 tons/year • The required preliminary process was initiated to apply for the 2008 National Quality Award • The Balance Scorecard (QPR) and Cognos projects were completed • The Company broke consecutive "accident-free occupational safety" records, achieving close to 1.5 million man-hours of accident-free labor
 • Received the Occupational Health and Safety Management Systems Certificate (TS 18001)
 • Received an Ethical Accountability and Transparency Award in a joint evaluation by the London-based magazine Account Ability, Su CSR (Corporate Social Responsibility Company) and Capital magazine

Received a "National Quality Grand Prize" from KalDer in the category of Large-Scale Enterprises • Initiated pilot-scale carbon fiber production • Launched the Leadership Development Program • Started the Community School project • Received a TS-18001:2007 Occupational Health and Safety Management Systems Certificate on the basis of zero non-compliance

2009

• Established Turkey's 45th Research and Development Center • Commissioned its 1,500 ton/year-capacity carbon fiber production plant • Granted a license for electricity production • 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 • Ranked third and won an award for its listing in Capital Magazine's roster of Turkey's 500 Largest Private Companies
 • The application the Company sent to CEFIC (European Chemical Industry Council) in the contest organized to determine the recipient of the CEFIC Responsible Care Award 2009 was awarded a commendation

2010

• Received the Palladium "Hall of Fame" award, one of the world's most prestigious commendations • Official opening of the carbon fiber plant with the participation of Turkish Prime Minister Recep Tayyip Erdoğan • Received the "Success Award" in the category of Most Competitive Company of the Year in the first distribution of the Competitive Power Awards given by the Federation of Industrial Associations (SEDEFED) and the Forum on Competition (REF) • The CRM project was launched to restructure customer relations • Became the first industrial company to prepare an inventory of greenhouse gases and receive an ISO 14064-1 Certificate • In line with the goal of achieving a 10% market share in the carbon fiber sector, a decision was made to increase the 1,500 ton/year nominal capacity of the carbon fiber plant, currently working at full capacity and add a second production line • The Oracle upgrading project was completed

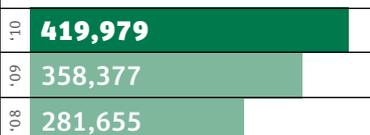
KEY FINANCIAL INDICATORS

STAND-ALONE BALANCE SHEET SUMMARY

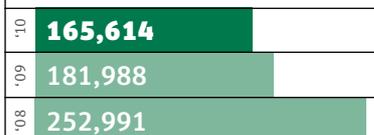
US\$ thousand	Restated		Restated
	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010
Assets	707,481	808,967	836,241
Current Assets	376,237	390,652	388,060
Liquid Assets	26,685	64,003	36,832
Trade Receivables	264,282	218,251	211,656
Other Receivables	338	395	90
Inventories	63,738	73,592	88,627
Other Current Assets	21,194	34,411	50,855
Non-Current Assets	331,243	418,316	448,181
Trade Receivables	8,375	7,792	6,179
Other Receivables	7	8	7
Financial Investments	17,945	18,024	17,554
Tangible Fixed Assets	281,527	353,984	416,635
Intangible Fixed Assets	128	4,393	3,344
Other Fixed Assets	23,262	34,115	4,462
Liabilities	707,481	808,967	836,241
Short-term Liabilities	158,370	209,146	227,168
Financial Liabilities	66,719	87,856	85,478
Trade Liabilities			
- Trade Liabilities	60,643	101,192	112,340
- Trade Liabilities to Affiliates	14,386	8,662	22,329
Derivative Financial Instruments	1,362	-	-
Other Liabilities	1,660	2,633	2,081
Period Profit Tax Liabilities	5,234	348	2,011
Liability Provisions	988	972	1,298
Other Short-term Liabilities	7,377	7,483	1,630
Long-term Liabilities	100,070	121,144	117,949
Financial Liabilities	80,070	91,253	90,108
Trade Liabilities	-	1,697	-
Derivative Financial Instruments	3,098	2,515	3,234
Provisions for Employee Benefits	4,923	6,306	7,218
Deferred Tax Liabilities	9,044	9,478	8,679
Other Long-term Liabilities	2,934	9,895	8,709
Shareholders' Equity	449,041	478,677	491,124

FIXED ASSETS (US\$ THOUSANDS)**17%**

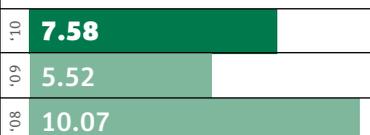
Aksa continues to be in fast forward with energy and carbon fiber investments.

**NET WORKING CAPITAL** (US\$ THOUSANDS)**(9)%**

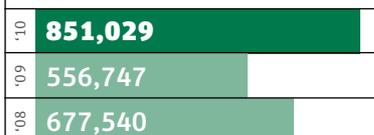
With improvements especially in the collection period of trade receivable since 2008, Aksa has reduced the amount of resources anchored to working capital.

**RETURN ON EQUITY (ROE) (%)****37%**

Aksa increased its return rate on equity from 5.5% in 2009 to 7.6% in 2010.

**NET SALES** (US\$ THOUSANDS)**53%**

In 2010, Aksa realized an increase in net sales of 53% over 2009, making it possible to reflect the cost increases for the raw material ACN at its revenue.



KEY FINANCIAL INDICATORS

STAND-ALONE INCOME STATEMENT SUMMARY

US\$ thousand	Restated		Restated
	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010
Net Sales	677,540	556,747	851,029
Operating Profit	32,872	42,918	50,945
EBITDA	59,703	73,716	84,806
Net Profit	45,238	26,413	37,217

FINANCIAL RATIOS

	Restated		Restated
	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010
Current Ratio	2.38	1.87	1.71
Liquidity Ratio	1.97	1.52	1.32
EBITDA Profit Margin (%)	8.81	13.24	9.97
Net Profit Margin (%)	6.68	4.74	4.37
Return on Invested Capital (ROIC) (%)	6.39	3.27	4.45
Return on Equity (ROE) (%)	10.07	5.52	7.58

EBITDA (US\$ THOUSAND)

15%

Aksa experienced a successful year in 2010 in that it increased EBITDA by 15% over the previous year.

'10	84,806
'09	73,716
'08	59,703

NET PROFIT (US\$ THOUSAND)

41%

With a significant rise of 41% in net profit in 2010, Aksa succeeded in increasing the shareholders' earnings per share.

'10	37,217
'09	26,413
'08	45,238

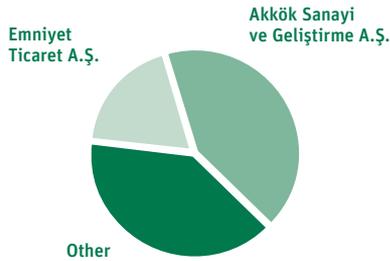
CAPITAL, SHAREHOLDING STRUCTURE, AFFILIATES AND SUBSIDIARIES

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.

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:

The Company increased its capital stock in 2009, raising it from the level of



CAPITAL AND SHAREHOLDING STRUCTURE

Shareholder	Share (%)	Value (TL)
Akkök Sanayi ve Yatırım Geliştirme A.Ş.	39.58	73,223,000
Emniyet Ticaret A.Ş.	18.72	34,632,000
Other	41.70	77,145,000
Total	100.00	185,000,000

AFFILIATES AND SUBSIDIARIES

					Dividend Amount		
Affiliate Title	Country	Area of Activity	Stake	Affiliation (%)	2008	2009	2010
Akpa Tekstil İhracat Pazarlama A.Ş.	Turkey	Foreign Trade	2,226,133	13.47	265,869	177,775	202,846
					Dividend Amount		
Subsidiary Title	Country	Area of Activity	Stake	Affiliation (%)	2008	2009	2010
Fitco B.V.	Netherlands	Foreign Trade	7,754,136	100.00	-	-	-
Aktops Tekstil Sanayi A.Ş.	Turkey	Textiles	15,450,000	60.00	2,005,515	2,014,690	2,321,438
Ak Girişim Kimya San. A.Ş.	Turkey	Chemicals	58,000	58.00	-	-	-

INVESTOR RELATIONS AND DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy of Aksa Akriklik Kimya Sanayii A.Ş. foresees that shareholders receive stock yields as well as regular income earnings from their shares.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. (2010)

Market Value	TL 686 million
Public Share Ratio	41.70%
ISE Trading Ratio	36.89%
Foreign Investor Share	35.05%*

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

INVESTOR RELATIONS

The responsibility of investor relations at Aksa, as specified in the Company's Disclosure Policy, has been assigned to the Director of Finance who is responsible for periodically informing shareholders about the Company's financial statements and performance, responding to shareholders' questions and requests and ensuring that the implementation of applications is protective of their rights.

The e-mail address yatirimciliskileri@aksa.com has been established for shareholders' communication with the Company. Questions directed to Aksa by telephone, fax or electronic mail are answered in writing or verbal form within a maximum of five business days by the Director of Finance or by persons delegated by that executive. All detailed information related to Aksa's relations with investors and stakeholders may be found in Aksa's Principles of Corporate Governance and in the Report on Compliance with the Principles of Corporate Governance.

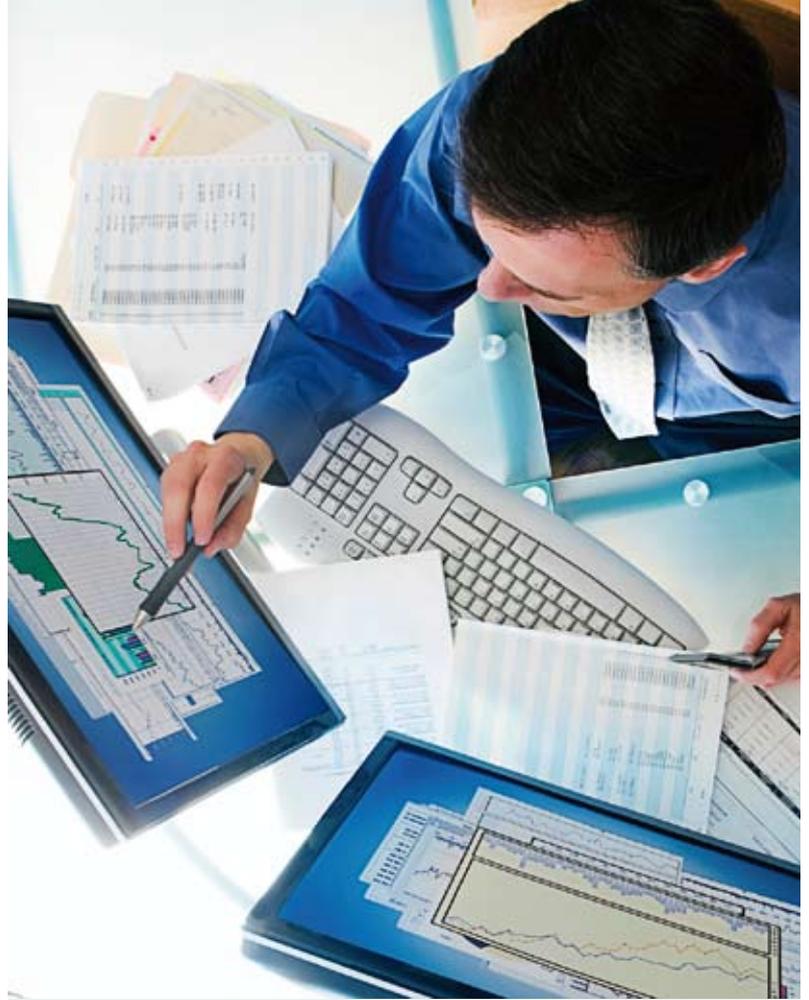
Aksa's performance in 2010 relative to the ISE 100 Index was 17.8%. Aksa's performance relative to the Chemicals Index, of which it is a part, was 7.9%.

DIVIDEND DISTRIBUTION POLICY

Aksa Akrilik Kimya Sanayii A.Ş. always distributes dividends in compliance with Capital Markets Board legislation on the basis of the Company's financial performance, the status of the sector and the economic climate in Turkey. Profit shares are paid out to shareholders in cash or with bonus shares.

The Dividend Distribution Policy of Aksa Akrilik Kimya Sanayii A.Ş. foresees that shareholders receive stock yields as well as regular income earnings from their shares. In order to reach the goals set down in the Company's mission and vision and in the light of the future investment expenditures and other funds needed, the decision, to disperse at least 20-50% of distributable profit in cash or bonus shares, provided that there is no conflict with current Capital Markets Board regulations, has been implemented every year since 2006.

The Board of Directors of Aksa Akrilik Kimya Sanayii A.Ş. may review the Dividend Distribution Policy annually to ensure more profitable financial performance and sustainability in light of planned investments and conditions in both in the sector and in the economy.



OPERATIONS IN 2010

After launching its 1,500 ton/year-capacity carbon fiber production line in the last quarter of 2009, Aksa reached full capacity in 2010 and achieved sales levels that exceeded targets.



PRODUCTS AND CAPACITY

Starting off 2010 with an 85% capacity utilization rate, Aksa concluded the year with a rate of 86%. Aksa's portfolio includes a range of products, covering tow, staple fiber, tops and micro-fiber.

Breaking new ground in industrial utilization because of its light weight and higher durability compared to conventional metals, as in 2009, carbon fiber was one of the areas that Aksa concentrated on in 2010, in terms of both process development and production.

This type of fiber, obtained from the oxidation and carbonization of special acrylic fibers, is used extensively in the aviation and space sectors, in the defense industry, in land and maritime transport, in industrial materials, in the reinforcement of buildings and infrastructure, in wind power plants and in sports equipment. In addition, carbon fiber is also widely used in many other areas, including airplane and satellite systems, personal protective equipment, and pressurized vessels and in the framework of Formula 1 racing cars.

In 2010, automotive manufacturers and carbon fiber producers invested in creating environmentally friendly vehicles; with the growing demand for such products, it is already apparent that carbon fiber producers will play a significant role in the automotive sector. In the aviation sector, new aircraft models are now being manufactured with increased ratios of carbon composites, with some models reaching the 50% mark. This is clearly an indication of the growing increase in the use of carbon fiber in the aviation sector.

After launching its 1,500 ton/year-capacity carbon fiber production line in the last quarter of 2009, Aksa reached full capacity in 2010 and achieved sales levels that exceeded targets. Leading the world market with a 13.2% market share in acrylic fiber, Aksa, with its 67% share of the Turkish market, is a definite determinant of market dynamics. Aksa foresees the same success with carbon fiber, targeting a 10% market share for 2020. When the growth trend in this market is considered, it is estimated that demand in 2020 will reach the level of 150,000 tons. In order to meet this demand and achieve the goals that have been established for carbon fiber, a decision was made to establish a second production line. The second line, which will have a production capacity of 1,700 tons, will be launched in July 2012. In the light of the same goals, capacity of the current production line will be increased by 300 tons.

The world carbon fiber market has doubled in size in the last ten years, reaching the level of 43,000 tons/year in 2010. Despite this growth, demand in the domestic market remained at a level of 50-80 tons/year, giving the Company the motivation to generate strategies to expand the domestic market. It is obvious that Aksa carbon fiber, taking its place in the market under the AKSACA



brand with competitive cost advantages, reliable supply processes and quality, has created an increase in the share of special products in total sales. 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.

Aksa's strategies since 2001 have centered on increasing profitability by producing high added-value special products and services in different areas.

These strategies continued in 2010 with the introduction to the market of some new products. "Super Lustrous" and "Micro-Pillout" newly developed to suit customer expectations, were met with a positive response from the market. Aksa, in its goal to offer products of added value for use in industrial markets in addition to the textiles sector, added homopolymer acrylic fiber, used in hot gas filtration systems, to its range of technical fiber products in 2010. European consumers have affirmed product quality after trial runs were conducted during the year in the European market. There has also been trial run bidding procedures with Aksa products for large-scale power generation contracts.

OPERATIONS IN 2010

As a world brand in acrylic fiber production, Aksa reinforced its global brand recognition in 2010 with the carbon fiber product it introduced under the brand AKSACA.

MARKETING AND SALES

In line with its marketing policies, Aksa continued to implement its strategies to develop special products in 2010. The “Super Lustrous” and “Micro-Pillout” products introduced to the market satisfied Aksa customers’ expectations and received a positive response. Another goal of the Company is to generate products and services for new areas of business. In this context, the quality of the acrylic fiber that Aksa added to its technical fiber product range since 2010 was certified by customer appreciation following trial production runs. Thus, the Company took another significant step toward its goal of developing quality products of added-value for industrial fields in addition to the textiles sector.

The year 2010 was a period in which Aksa concentrated primarily on carbon fiber production and related marketing operations. To introduce the carbon fiber product to the world and to the Turkish market, the Company participated in various national and international fairs during the year and particularly met with the great interest

of the composite sector at these events. JEC Paris, Europe’s largest composite fair, Asia’s China International Composites Industrial Expo, JEC Asia, organized in Singapore, and the Composites World Fair held in Chicago, were among the events in which Aksa participated for the promotion of its carbon fiber product during the year.

Aksa and Dünya Newspaper joined forces in 2010 to inform stakeholders about the opportunities that composite and carbon fiber industries present to the Turkish economy; two meetings were held, one in Yalova and one in Bursa, with the theme of “The Next Industrial Revolution and Opportunities in Turkey: Composites and Carbon Fiber”.

As in past years, Aksa was the main sponsor at the National Quality Congress, of which the 19th was organized in 2010 by the quality association KalDer. The Congress was pivotal to the implementation of the Company’s promotion strategies. The Company also participated in the concurrently held Quality and Management Systems Fair, an event that provided additional promotional opportunities.

All of these events served to expand Aksa’s potential customer network. The trial production runs after the fairs were also instrumental in generating positive feedback about the quality of the carbon fiber and its production performance.

In an environment in which the impact of the 2008 crisis was still being felt and the prices of ACN, the raw material of acrylic fiber, were fluctuating and affecting fiber demand, Aksa, thanks to its insightful marketing and new product development strategies, maintained its leadership in the market. With the largest market share in the acrylic fiber market and despite the turbulent economic atmosphere, the Company’s achievement in reaching a sales level that exceeded predicted targets was a direct result of the customer satisfaction it was able to deliver.

Always keeping customer satisfaction as a high priority, Aksa continues to work to ensure the right choice of product and timely delivery in order to secure high customer satisfaction in carbon fiber. This approach has earned the Company steadily increasing levels of customer satisfaction both in Turkey and abroad.

To be able to take a systematic measurement of Aksa customer expectations and satisfaction levels, a Customer Satisfaction Assessment Questionnaire (CSAQ) began development in 1998. The Company has used questionnaires since that time as guidelines for its products, services and customer policies. These instruments provide valuable means of monitoring customer satisfaction, performance indicators, corporate performance and process management.

To assess corporate performance in terms of customer satisfaction and determine new targets for upcoming periods, since 2006, a Customer Satisfaction Index (CSI) developed by the Acrylic Fiber Directorate, is being used in conjunction with the CSAQ. The Customer Satisfaction Index provides information on CSAQ satisfaction and loyalty scores, regular customer capacity utilization ratios, regular ordering customer ratios and weighted averages of market share indices. It is among Aksa's strategic goals to reach a level of 91.5% on the Customer Satisfaction Index by 2014.



OPERATIONS IN 2010

In the expectation that Aksa will be greeting 2020 with a 150,000 ton capacity that will answer world carbon fiber demand, the Company continues to expand its product capacity.

INVESTMENTS

The year 2010 was a period in which Aksa launched new businesses and continued to invest in an effort to realize its strategic goals. In 2010, the investment total was US\$ 96 million. Among the 136 projects executed over the year, the largest investment share involved the 100 MWe capacity power plant and the process development projects for the 1,500 ton/year-capacity carbon fiber production plant. The areas for which more projects were produced were cost reduction, new technology and process projects. On the basis of the work carried out on these projects, Aksa's goal is to maintain its low-cost advantage and sector leadership.

Breakdown of the projects on the basis of their content is:

- Cost reduction projects (44 projects)
- New products and profitability projects (21 projects)
- New technologies and process projects (27 projects)
- Environmental and social projects (44 projects)

Working at full capacity on its carbon fiber production line in 2010 and exceeding its sales targets, Aksa has made the decision to invest in a second carbon fiber production line with the expectation that in 2020 carbon fiber demand will rise to the level of 150,000 tons. The 1,700-ton-capacity second production line will be completed with an investment of US\$ 65 million and will be commissioned in July 2012. In addition, an investment of US\$ 7 million will be made to generate a 300-ton increase in the capacity of the currently operating production line.

In 2011, Aksa will continue implementing its strategic plans, investing not only in carbon fiber production but also in generating power. Like all industrial organizations, Aksa wants to be equipped with the most economic and reliable, high-quality and uninterrupted power sources. With this objective as a starting point, it is known that the most economic, reliable, and competitive solution is generating

energy using coal as an alternative fuel. The production of such energy, it is foreseen, can be accomplished with a 100 MWe-capacity plant and a budget of US\$ 135 million was set up for this. At the completion of the project, the power plant will generate 100 MW of electricity and 350 tons/hour of steam. A bank loan with two-year grace period and a maturity in 2014 was secured for this project.

Aksa's priority in 2010 was developing new products for different business areas. The added-value, high-quality products developed for industrial use plus those designed for the textiles sector are examples of this. In developing new business areas, the Company simultaneously ensures the uninterrupted continuation of Research and Development work and raw material procurement. When these efforts exhibit positive results, the commercialization of these products will be reviewed and the efforts in this context will be integrated with Aksa's strategies for the coming years.

With staff totaling 910 in 2010, Aksa ranks the highest among rated companies in terms of employee satisfaction.

HUMAN RESOURCES

Aksa determines and develops its human resources operations with the awareness that employees have a vital role in fulfilling a corporation's goals. Aksa's human resources policy is based on recruiting into the Aksa Family, professionally competent individuals who are open to learning, creative and self-confident, able to work with initiative and in a team. At the end of the past year, the Company's staff totaled 910; an additional 180 joined the Company during 2010.

Aksa revised human resources strategies in 2010 to adjust to the Company's strategy roadmap for 2010-2015. In this context, the scope of the workforce plans that had previously been drawn up once a year was expanded to cover 2010-2015 and a five-year budget was accordingly drawn up.

Aksa places great importance on motivating employees, providing incentives to make competent personnel a permanent part of the Aksa staff and boosting corporate performance to the highest levels. In this context, regularly conducted employee satisfaction surveys (CSS) are assessed by independent firms to determine levels of loyalty and motivation at Aksa. In 2010, another parameter, "employee inclination", began to be measured. According to GFK Turkey, the independent organization conducting the assessment, Aksa received the highest score in employee satisfaction among 150 companies. Having adopted competency-based hiring and placement policies, the Company carries out work-specific and managerial competency assessments for each employee within the framework of the Aksa Competency Model.

As part of the Akkök "Seeds of Competency" project that Aksa launched with an eye toward recruiting competent new university graduates into the ranks of the Company, in 2010 Aksa participated in and made presentations at career fairs of target universities. New graduates successfully completing the application process were welcomed into the Aksa Family.

Aksa held 1,486 training sessions in 2010.

One of Aksa's primary concerns is investing in the personal and professional development of the Company's middle- and senior-level executives. In this context, private consulting organizations were engaged by the Company in 2010 to conduct 360-degree performance appraisals.

To enhance Aksa's efforts to contribute to the measurement, assessment and development of the corporate culture, and within the scope of the Company's Cultural Change and Change Management Project, a consulting firm was enlisted to support a coaching program for strategic-level executive groups and individuals. The Cultural Change and Change Management Project will continue in 2011.

Aksa received the Hall of Fame Award at the Palladium 2010 EMEA Summit for its achievements in strategy management.



FAIRS, CONGRESSES AND AWARDS

Aksa completed its ninth self-assessment in 2010, an evaluation that the Company has carried out since 1998 based on the EFQM (European Foundation for Quality Management) model. Winner of the 2008 KalDer (Quality Association) National Grand Prize, the Company continued its process improvement efforts in 2010.

As the primary official sponsor of the National Quality Congress for more than ten years, Aksa supported KalDer in its work during 2010 as well. Aksa also participated in various domestic and international fairs to promote and market its carbon fiber product.

CEFIC Award “Hall Of Fame” 2010

Aksa received one of the world’s most prestigious commendations, the Hall of Fame Award, presented by Palladium in 2010. The Company is the third to be honored with this award. The companies in the competition receiving the awards were selected as topics in the world-renowned Harvard Business Review and adopted as case studies in Harvard University’s business courses.

Competitive Power Award

As a world brand in the acrylic fiber sector, Aksa earned an Achievement Award in the category of “Most Competitive Company of the Year” at the first “Competitive Power Awards” held this year at the Congress on Competition.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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 2010, bringing to life its various strategic goals. The Aksa Community School, various environmental awareness activities, the Community Open-House Project and the tree-planting projects are some of the Company's undertakings in this context. Since 2004, reports prepared in the format designated by the Global Reporting Initiative (GRI) are published on the Global Compact corporate Internet website. A certified report will also be published on the GRI website.

The project entitled "Creating Environmental Awareness in the Schools and Establishing a Waste

With its perspective of considering social responsibility projects as an integral component of building a "corporate reputation", Aksa signed its name to various long-term and differentiated projects in 2010.

Management System" launched in 2006 was continued in 2010 with activities organized at the Altınova Bülent Özyürük Multi-program High School. As part of this project, waste stations were installed at the school, a seminar was held for students and booklets about waste management were distributed. In addition, 120 young trees from the Aksa greenhouse were brought to the schoolyard and delivered to the school administration for planting.

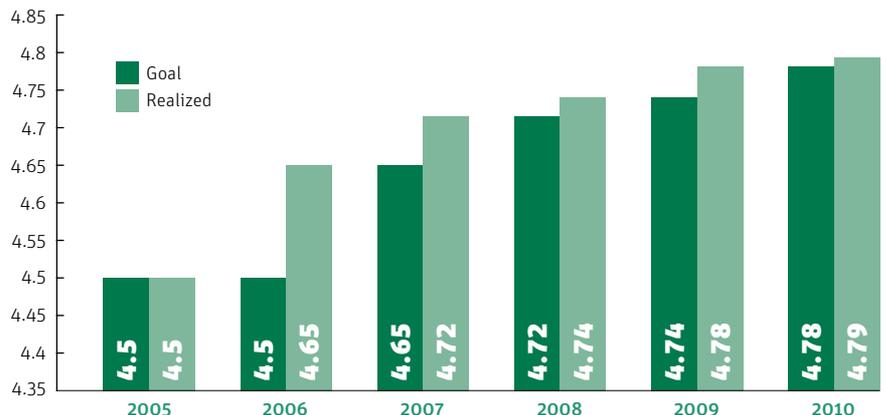
Aksa's Open-door Policy drew in visitors throughout 2010. Visitors from schools and universities, customers, suppliers and local community representatives were among the approximately 650 people who were hosted on site at the Aksa factory.

Open-door Policy and Open-door Events

Aksa created a written Open-door Policy as part of a general transparency policy. The Open-door Policy aims at establishing an environment of communication between Aksa employees and their managers, customers, the community and business partners on every subject, creating convenient and free-flowing opportunities for contact between shareholders and company officials.

After each Open-door Event, Aksa conducts a survey among visitors, reporting the results on a yearly basis. A comparison of survey results for the years 2005-2010 is presented in the table below.

Open-door Events Satisfaction and Reputation Compared



OPERATIONS IN 2010

Having adopted the principle of striving for sustainable growth, Akxa fulfills its environmental responsibility in compliance with universal standards.

Tree-planting Efforts

To keep greenhouse gases released from production processes under control, efforts are in progress to expand forest areas to provide reduction of carbon dioxide. With this goal in mind and in an effort to improve damaged forest areas and combat erosion, young trees continued to be distributed free-of-charge in 2010 as a contribution to the 2008-2010 National Forestation Mobilization Action Plan by the Ministry of Environment and Forestry.

AKSA's Community Awareness Activities

Akxa has taken on the mission of working to share the information and experience it has attained in energy projects with a wider audience and be a model in this respect. One of the activities in which the Company has participated was the panel on energy organized by the Yalova Chamber of Commerce and Industry on February 8, 2010.

The website <http://www.yalovaenerjiyatirimi.com/> launched by Akxa on March 31, 2010 aims to provide the community with easily accessible, current and accurate information about energy investments.

Some of Akxa's activities in the context of creating community awareness are as follows:

Community Advisory Panel

Active since 2001 to bring to life the principle of "Creating Community Awareness-Communication-Transparency" one of the six topics of Akxa's commitment to Responsible Care, the panel event was presented with a Project Award by the Turkish Association of Chemicals Manufacturers.

The Community Advisory Panel aims to gather information on Akxa's production, environmental performance, applications and activities, making use of a model of direct participation to review and share opinions and recommendations.

Two Community Advisory Panels were held in 2010.

Documents and Certificates of Sustainability Received by Akxa:

- ISO 14064-1 Certificate (Quantification and Reporting on the Organizational Level of Greenhouse Gas Emissions and Removals), 2010
- Oeko-Tex Standard 100, 2010 Homopolymer Fiber
- Global Compact, 2006
- Responsible Care Management Systems Certificate 2006, SGS, UK

- TS EN 14001:2004 Environment Management Systems Certificate 1997, 2005
- ISPS Code, 2004
- Oeko-Tex Standard 100, 1995 Standard Acrylic Fibers
- Responsible Care Commitment, 1993
- ISO 9001 Quality Management Systems Certificate
- TS 18001 İSGYS Certificate
- Global Compact and Global Reporting Initiative

Akxa signed the Global Compact in 2006, becoming the first chemicals factory to be accepted into the Global Compact from Turkey. The Company also acted as sponsor to the Global Compact Workshop organized as part of the National Quality Congress.

Carbon Footprint Work

Although there is no legal requirement in Turkey as yet, Akxa started work in 2010 on reducing its carbon footprint, direct evidence of the Company's leadership in environmental issues. As the third company in Turkey to receive the ISO 14064-1 certification, Akxa is the first industrial enterprise to be certified in this area. Closely monitoring developments regarding global climate change, Akxa produced a carbon inventory, in line with ISO 14064-1 specifications, for the period July 2009 - July 2010 and its management system. Additionally, "Greenhouse Gases Inventory Report" was reviewed for certification by BSI (British Standards Institute) in Germany and in Turkey.

Akxa's certificates are available on the corporate website.

Addressing 2010 as “Occupational Health and Safety Year”, Akxa signed a Sustainable Solutions Agreement with the DuPont. On the framework of which the Company has begun a system review to increase the levels of safety at the production plant in accordance with the concept of safety foreseen in the Akxa Vision Statement.

QUALITY AND OCCUPATIONAL HEALTH AND SAFETY

Making the transition from a system of quality control to a quality management system in the 1990s, Akxa successfully completed one of the most important steps in the transition, the establishment of an ISO 9001 Quality Management System and the certification process for this. In 1996, Akxa adopted Total Quality Management (TQM) as a management model, after which the Company achieved a perceptible transformation in its management philosophy.

In 2010, Akxa restructured its processes and organization, continuing the efforts it had begun in this context in 2009. Significant examples of these efforts were the series of reorganization and infrastructural changes carried out within the Company's strategic business units (SBU's). Akxa proceeds with certification for the ISO 9001 Quality Management Systems, ISO 14001 Environmental Management Systems and TS 18001 Occupational Health and Safety Management Systems. The new carbon fiber production line was also included within the scope of certification in 2009 and the document was renewed, as in past years, with “zero non-compliance”. Akxa maintained its record of zero non-compliance in 2010, as indicated by the external audits of TSE and

DQS, renewing at the same time its ISO 9001 certification. This success was reconfirmed by the external audits of ISO 14001 and TS 18001, with the Company thus completing its ninth consecutive year of ISO 14001 inspections with a designation of “zero non-compliance”.

Akxa pronounced 2010 “Occupational Health and Safety Year”. Targeting in its plans a Safety Culture Analysis and an assessment of Safety Management Systems in all operations at the Yalova Plant, Akxa's goal is to create a roadmap to achieve the level of safety foreseen for the organization in its vision statement. To this end, Akxa has signed a Sustainable Solutions Agreement with the DuPont, to be realized in three increments, the first step of Akxa's project in this context was launched in 2010.

Akxa's Journey to Excellence

The successful performance of the Company in 2008 earned it the distinction of receiving the National Quality Grand Award, the most prestigious of the National Quality Awards given out each year by the Turkish Quality Association (KalDer) since 1993.

Akxa has shared with stakeholders on various platforms the experience and know-how it gained over the years ever since its first step on the Journey to Excellence in 1993.

Added to these efforts in 2010 was Akxa's cooperation with KalDer on two projects. The first of these include the creation of a benchmark platform on strategic planning, project management and innovation, led by KalDer and supported by Akxa, Bosch and Siemens. The second cooperative endeavor involved Akxa's 2008 Application Document for the National Quality Awards, which was presented by KalDer as a case study in assessment training.

Akxa made still another contribution toward creating awareness in the community through an environment conference that was organized in 2010.

In 2006, Akxa had the distinction of being the first chemical factory from Turkey to sign the Global Compact.

The subject of the environment has always been a priority in Akxa's corporate mission. The Company's corporate strategies are formulated on the basis of goals and projects that encompass environmental and corporate social responsibilities.

The third company in Turkey to receive ISO 14064-1 certification, Akxa was the first industrial enterprise to be granted this distinction.

OPERATIONS IN 2010

Aksa regards informing social stakeholders about the superior quality standards it has acquired in its corporate development and its “journey to excellence” an integral part of its principles of corporate governance.

YEAR	TOPIC	PLATFORM
2010	AKSA Akirilik the Six-Sigma Experience	Lean Six-Sigma Conference
2010	Our Journey to Excellence	AKSA Acrylics: Syria Quality Awards Event
2010	Our Journey to Excellence	Bosphorus University Quality Summit
2010	National Quality Movement: Another Motivational Force	National Quality Congress
2010	Total Quality Management (TQM)	Yalova University
2010	AKSA Acrylic Sustainability: A 40-year Lifestyle	World Productivity Congress
2009	Competitive Model: Benefiting from the TQM Experience in a Carbon Fiber Project	Bursa Quality and Achievement Symposium
2009	Our Journey to Excellence	Sakarya University - 2 nd University/Industry Cooperation Symposium
2009	NQA Process Sharing Experiences	TOSB (Automotive Sector Organized Industrial Zone)
2009	NQA Process Sharing Experiences	KalDer Assessment Training
2009	NQA Process Local Promotion	Yalova University
2009	NQA Process Sharing Experiences	KalDer Awards Promotional Meeting
2009	Our Journey to Excellence	İğdaş (Natural Gas Distribution Corporation) Quality Seminar
2009	Windows of Opportunity for Yalova	Yalova University

CORPORATE GOVERNANCE

Disclosure Policy

The Aksa Disclosure Policy, drawn up by the Board of Directors, is presented to the attention of shareholders at the General Meeting and published for public view on the corporate website. This policy makes it possible for Aksa Akrilik Kimya Sanayii A.Ş. shareholders and stakeholders to have regular and reliable access to prompt, accurate and complete information about potential influences on capital market instruments and about the Company's management as well as its financial and legal status. In the event that any changes are made in any of the provisions of the Aksa Disclosure Policy, these changes are approved first by the Board of Directors and then presented to the attention of the General Assembly and published on the corporate website. On the other hand, the policy excludes information that is considered a trade secret and other data that may harm the Company by inhibiting its competitive power.

The job of supervising and monitoring the implementation, follow-up and dealing with matters to be disclosed to the public in accordance with the Aksa Disclosure Policy has been entrusted to the Finance Director. The Company handles all public disclosures and information-sharing in compliance with the stipulations of the Turkish Commercial Code, Capital Markets Legislation and with the regulations set down by the authorized institutions in this context, which are the Capital Markets Board (SPK), the Public

Disclosure Platform (KAP) and the Istanbul Stock Exchange (ISE), and acts in accordance with Capital Market Corporate Governance Principles.

Media and Methods Used in Public Disclosure

In addition to legal regulations, all information related to Aksa is disclosed to the public by means of the following methods and communication tools:

- Corporate website
- Annual reports
- Meetings with shareholders and potential investors*
- Meetings with banks, financial institutions and brokerage firms*
- Announcements and programs broadcast through the media corporations
- Electronic data distribution channels
- Fax and electronic mail
- GSM communication (WAP and similar technology)

* Meetings may be held face-to-face, via telephone or by tele-conference.

Scope of the Disclosure Policy

Providing they do not involve trade secrets or inhibit the competitive power of the Company, questions posed by shareholders and stakeholders are answered within maximum of five business days. Only those financial or legal occurrences that eventuate or seem likely to eventuate that might affect 5% of assets are disclosed to the public. Public disclosures are made by submitting special circumstance

disclosure forms to the Istanbul Stock Exchange through the mediation of KAP and publishing the disclosure on the corporate website.

Corporate Website

Aksa's website www.aksa.com is one of the tools that is effectively used to inform the public about Company policies, new products and investments. A reflection of the Company's principle of transparency, the website contains information required by the Capital Markets Corporate Governance Principles and constantly updated information. Disclosures made on the corporate website are not a substitute for the notifications and special circumstance announcements required by the provisions of Capital Market Legislation. The breadth and depth of disclosures are determined within the scope of the disclosure policy and provided to investors together with legally required disclosures to ensure that investors are better informed.

Aksa works uninterruptedly to constantly update the website and regularly incorporates security measures to prevent tampering with data published on the site.

CORPORATE GOVERNANCE

Shareholder Relations Department

The Shareholder Relations Department Manager is Finance Director, Betül Sadıkoğlu. An electronic mail address (yatirimciliskileri@aksa.com) has been designated for communications with shareholders. Questions addressed to Aksa through this e-mail address, by telephone via +90212 251 4500 or by fax via +90212 251 4507 or other means are answered by the Finance Director or her appointed representative(s), in writing or verbally, within a maximum of five business days.

Public Disclosure of Financial Statements

After being submitted to the ISE through the mediation of KAP as attachments to the documents required by law, periodic financial statements of the Company are published on the corporate website within two business days. In addition, annual financial statements are also submitted to shareholders in the annual reports.

Public Disclosure of the Annual Report

The Annual Report, prepared in accordance with the Turkish Commercial Code, Capital Market Legislation and Capital Market Corporate Governance Principles, is published on the corporate website within a maximum of 15 days prior to the date of the Ordinary Meeting of Shareholders. In addition, shareholders and stakeholders who wish to do so may request a printed annual report by telephone from the office of the Finance Director or by contacting Aksa via yatirimciliskileri@aksa.com

Public Disclosure of Special Circumstance Disclosure Forms

In cases where the circumstances specified in the Capital Market Board's published "Communiqué on the Principles of Public Disclosure of Special Circumstances" have taken place, these disclosures are first submitted to the ISE through the mediation of KAP and then published on the corporate website within the following two days.

Public Disclosure of General Assembly Meetings

In addition to those announcements foreseen by legal regulations, the date, time, agenda and sample of a letter of proxy are published on the corporate website at latest fifteen days before the date of the General Assembly.

Meetings with Shareholders and Potential Investors Requests received from shareholders and potential investors are answered periodically on a quarterly basis or when requests come in during interim periods, at a special meeting and/or by electronic mail.

Additionally, the Company may conduct a Road Show at least once a year to promote the Company to foreign investors abroad and provide information about the Company's strategic and financial status. This information, however, may not be different than what has been previously disclosed to the public. In other words, the information must be that which has already been released to the public.

Meetings with Banks, Financial Enterprises and Brokerage Firms

Written or oral requests received from banks and financial enterprises or brokerage firms are answered on a quarterly basis or when requests come in at interim periods, at a meeting and/or by electronic mail. An effort is made to keep stakeholders and potential investors informed about the Company's financial status and its strategic and financial goals through brokerage firms. This information, however, may not be different than what has been previously disclosed to the public. In other words, the information must be that which has already been released to the public.

Media Announcements, Interviews, etc.

An effort is made to keep stakeholders and potential investors informed about the Company's financial status and its strategic and financial goals through the various media channels. Media communications are handled with the approval of the General Manager. Media requests for interviews are answered by the General Manager or by the person delegated to do so by the General Manager. The information provided in the interview however, may not be different than what has been previously disclosed to the public. In other words, the information must be that which has already been released to the public.

Code of Ethics

The Company Code of Ethics is disclosed to the public via the corporate website within two business days of its approval by the Aksa Board of Directors. In the event that any changes are made to the Code of Ethics, these changes are also published on the corporate website and on KAP subsequent to the Board's approval.

Dividend Distribution Policy

The Profit Distribution Policy developed by the Aksa Board of Directors is presented to the General Assembly and included in the annual report. It is subsequently published on the corporate website within two business days following the General Assembly. In the event that any changes are made in the Dividend Distribution Policy, those changes are presented to the General Assembly after approval by the Board and are subsequently published on the corporate website and on KAP.

Insider Trading

Insider information is the information that has not as yet been made public, and if made public, would affect the value of capital market instruments and investors' investment decisions. A list of the names of management, employees and other persons/ organizations that are privy to such information is drawn up by the Finance Director and published on the corporate website and on KAP. This procedure aims at preventing the use of insider information or information not as yet made public.

Disclosures of Future Activities

Within the scope of its disclosure policy, Aksa may disclose its future expectations to the public, if deemed necessary. Disclosure of future activities is subject to the approval of the Board of Directors and is carried out only by those persons authorized to make public disclosures. Future expectations that are disclosed to the public are announced together with the grounds and reasons for these expectations with accompanying statistical data. This information may not contain exaggerations, may not be misleading and under all circumstances, must be associated with the Company's financial standing and operational results.

The utmost care is also taken to ensure that disclosure to the public of the results of audits conducted by independent auditors and disclosure of information on future activities are consistent with international standards. If any disclosed projections for the future are not realized, the revised data, tables and reports, along with the grounds on which they are based are then announced to the public.

Other Disclosures

In the event that sale/purchase transactions conducted in the last one year or net positions in derivative products based on Aksa shares owned by members of the Board, executives or shareholders, who possess 5% of the Company's capital either directly or indirectly, exceed 1% of their direct or indirect holdings in the Company, this information is published on the website.

The Company reserves the right not to make disclosures to the public about rumors in the press or unfounded news stories based on unfounded information.

Persons authorized to make disclosures to the public may speak on behalf of Aksa at conferences, panels, sessions, interviews and the like. The information imparted in such talks however, may not be different than what has been previously disclosed to the public. In other words, the information must be that which has already been released to the public.

The Public Disclosure Platform (KAP), which was formed under the joint efforts of the SPK-ISE-TÜBİTAK Information Technology and the Electronic Research Institute (BİLTEN), allows the electronic submission of the financial tables, special circumstance disclosures and other notifications that used to be sent to the ISE by mail or fax up until 2009. All notifications disclosed to the public by the Company may be accessed on the KAP website; <http://kap.gov.tr>. Such documents and information are sent after being signed electronically by the authorized persons concerned.

Written statements, disclosures and similar announcements submitted by authorized persons are valid only if they bear two signatures under the Company seal.

Persons Authorized to Make Disclosures

The following persons are entitled to respond to any questions and disclosure requests concerning Aksa management, activities, financial data or the sector:

- Chairman and Members of the Board,
- General Manager,
- Finance Director,
- Accounting and Budgeting Manager,
- Assistant Accounting Manager,
- Assistant Finance Manager

Unless a special appointment is made, no employees other than those listed above are authorized to respond to questions.

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Ali R. Dinçkök was born in Istanbul in 1944 and completed his secondary education at the Austrian High School. In 1969, he graduated from Aachen University, Department of Textile Engineering and began his career in the Akkök Group of Companies. He is currently serving as Vice-Chairman at Akkök Sanayi Yatırım ve Geliştirme A.Ş. and Chairman and Vice-Chairman on the boards of other companies within the Group.

Ömer Dinçkök was born in Istanbul in 1948 and graduated from Robert College, Department of Business Administration and Economy in 1971. He received his Master's degree in England and began his career at the Akkök Group of Companies. He is presently Chairman at Akkök Sanayi Yatırım ve Geliştirme A.Ş. and also serves in the capacity of Chairman and Vice-Chairman on the boards of other companies within the Group.

Erol Lodrik was born in Istanbul in 1944 and completed his secondary education at Saint Benoit Lyceé and his university education in England. He worked in various capacities at Emboy ve Emniyet Ticaret A.Ş. and is currently a member of the Board of Akkök Group companies.

Nevzat Ayaz was born in Çankırı in 1930 and completed his high school education at the Police High School. In 1954, he graduated from Ankara University, School of Law and began to work in the Police Force starting off as an Assistant Commissioner. Between 1993 and 1995, Ayaz served as Minister of Education; currently he is a Board member for various companies within the Akkök Group.

Hasan Denizkurdu was born in Izmir in 1948 and is a graduate of Istanbul University, School of Law and the Institute of Business Administration and Economy. Denizkurdu served as President of the Izmir Chamber of Commerce, Vice President of the Union of Chambers and Commodity Exchanges of Turkey, Member of Parliament from 1995 until 1999 and as Justice Minister in 1999. He is currently on the Board at various companies in the Akkök Group.

Ayça Dinçkök was born in Istanbul in 1973. After obtaining a degree in business at Boston University, Dinçkök returned to Turkey in 1994 and started her career at the Akkök Group of Companies. Taking on different positions in various Group companies, Dinçkök serves on the Board at many Group companies in addition to her position as member of the Board of Directors and Executive Board at Akkök Sanayi Yatırım ve Geliştirme A.Ş.

Mustafa Yılmaz was born in Tekirdağ in 1949. After graduating from Ankara University Faculty of Science, Department of Chemical Engineering in 1971, he earned his MA at the same faculty. His business career began at Etibank Ergani Copper Operations. Yılmaz started out at Aksa Akrilik Kimya Sanayii A.Ş. as an operations engineer, working in the areas of research, production and quality management. Yılmaz is currently General Manager and a Board member, positions in which he has served since 2002.

Auditors

Bülent Üstünel
Hilmi Yazan

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 in 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 before 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 formulated by the Capital Markets Board (SPK) in parallel with the best practices around the world are based on the objective of 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

Shareholder relations are handled by the manager of the Shareholders Department, Finance Director, Betül Sadıkoğlu. An e-mail address (yatirimciiliskileri@aksa.com) has been designated for communications with shareholders. Questions addressed to Aksa by this e-mail, by telephone via +90212 251 4500 or by fax via +90212 251 4507 or other means are answered by the Finance Director or her appointed representative(s), in writing or verbally, within a maximum of five business days.

3. Shareholder's Right to Be Informed

Requests for information from shareholders are answered in writing, by telephone or electronically. In addition, the Company has a continuously updated website that provides information about corporate activities, of the nature of a trade secret and those that have not been disclosed to the public. 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

General Assembly announcements which the ISE is also informed are published in two newspapers fifteen days prior to the date of the

General Assembly. This published General Assembly announcement contains the date, time and venue of the meeting as well as the rules for participation. The minutes of the meeting and a list of attendees are presented to shareholders upon request. Representatives of the Stock Exchange and brokers as well as members of the press attend General Assemblies. At the end of each meeting, documents pertinent to the meeting are submitted to the SPK and the ISE. Since 2004, this information has also been published on the Company's website. The General Assembly for 2009 held on April 26, 2010 recorded a quorum of 61.19%. Questions raised by participants at the General Assembly were answered by management; suggestions submitted by shareholders were presented for ratification by the General Assembly and accepted by a majority vote. Since the Board of Directors is invested with powers concerning the purchase, sale and rental of assets, as foreseen by Article 9 of the Company's Articles of Association, matters of this kind are not included in the agenda of the General Assembly.

5. Voting and Minority Rights

The Company's Articles of Association make no stipulation for preferential rights; each share allows only one vote. A minority vote is not represented in management, nor is the method of the cumulative vote used.

DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

6. Dividend Distribution Policy and Intervals

Aksa Akrilik Kimya Sanayii A.Ş. distributes dividends in light of the Company's financial performance, the status of the sector and the economic climate in the country, in accordance with the regulations published by the Capital Markets Board. The Company's Dividend Distribution Policy has been published in the ISE bulletin and made known to the shareholders.

7. Transfer of Shares

All Company shares are registered shares. All shares are quoted on the ISE and their transfer is undertaken in accordance with the provisions of the Turkish Commercial Code and Capital Markets Law.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY**8. Company Disclosure Policy**

The Aksa 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, save for that information that is considered to be a trade secret and outside of what is specified by law and which has not been disclosed to the public. Because of the nature of their businesses, independent auditing firms and tax auditing organizations are listed in the category of persons/ organizations that may be privy to Insider Trading Information and are therefore outside the scope of the above stipulation. Under the circumstances, persons who have accessed information show the utmost effort to protect its confidentiality.

9. Disclosures of Special Circumstances

Disclosures of Special Circumstances are made available to ensure that Aksa's stakeholders and particularly its shareholders are kept promptly informed. These disclosures, based on the Company's principle of informing the public and maintaining transparency, are made upon request. That the Disclosures of Special Circumstances made by Aksa did not receive any requests for additional explanations from the Capital Markets Board or the Istanbul Stock Exchange is a significant indication that disclosure procedures have been carried out promptly and in compliance with Capital Market Board regulations. Thirteen Disclosures of Special Circumstances were made in 2010.

10. Corporate Website and its Contents

The Company has an Internet address accessible at www.aksa.com. The contents of the website include trade registry information, up-to-date shareholding and organizational structure, the latest version of the Articles of Association, disclosures of special circumstances, annual reports, periodical financial statements and reports, agendas for General Assemblies, lists of General Assembly participants and minutes of the meetings, proxy vote forms and frequently asked questions. In addition, those who wish to obtain more information about the Company may correspond via e-mail at yatirimciiliskileri@aksa.com

11. Real Person Ultimate Controlling Shareholder(s)

The major shareholders of the Company are Akkök Sanayi ve Yatırım Geliştirme A.Ş., in which the Dinçök Family is

the ultimate controlling shareholder and Emniyet Ticaret A.Ş., in which the Lodrik Family is the ultimate controlling shareholder. The shareholding structure of the Company is published each year in the Annual Report.

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

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.

Persons and departments at Aksa that have access to insider information are the General Manager, the Directors, Budget and Accounting, Marketing Departments, and major organizations with access to the same are the independent auditing companies, Başaran Nas Bağımsız Denetim and Serbest Muhasebeci Mali Müşavirlik A.Ş. and the taxation consultancy, Denet Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş., all of which provide services to Aksa.

SECTION III - STAKEHOLDERS**13. Notification of Stakeholders**

Stakeholders of Aksa have been defined as shareholders, employees, customers, suppliers and civil and state organizations. Aksa formulates its main and interim goals, its policies and strategies as well as the Company targets in consideration of stakeholders' present and future expectations. The exchange of information is carried out with stakeholders in various ways during the formulation process.

In order to determine, develop and reciprocally support the basic areas of competence of our suppliers and to evaluate their annual performance, the Company makes use of a Supplier Performance System. As part of this system of evaluation, information about the system, notes regarding performance as well as information about areas to be improved, if any, are shared with the suppliers at regular intervals. Contained in the information that is shared with suppliers are the Company policy, specifications and agreements.

Aksa places great importance on regularly providing customers with information. Customers are promptly and continuously supplied with information on shipping, procurement and pricing as well as changes made in sales terms or in the technical features of the product.

Aksa also provides its customers with written product specifications. Analyses requested by the customer or results of technical studies conducted upon a customer's complaint are shared with the customer. Our "Product Responsibility and Product Safety Guide" or ÜSÜKEK, is a statement endorsing the ecological safety of our products and is sent to all customers in English/Turkish for their information.

Aksa Management joins the people of the region in many different activities, among which are Open-door Days, the Community Advisory Panels, student field trips and the Akçevre Art and Composition Contest. During these activities, Aksa organizes presentations and distributes booklets to provide visitors with information on the Company's total quality activities as well as its environmental activities and policies.

The backbone of the Company's Human Resources Management policy is Aksa's open and honest communications with employees. The main examples of vertical and horizontal communication channels in the Company are the Professional Life Evaluation Survey, Intranet Databases, Senior Management Information Meetings, Representative Council and Performance Assessment Meetings. These tools of communication are used by the Company to inform employees of corporate policies and strategies, targets and activities geared to improve the work environment and to ensure that employees find an opportunity to express their views.

14. Stakeholder Participation in Management

Since 1996, 18 people elected by Aksa employees through a receipt-free secret ballot election serve as the Representative Council (RC). Made up of representatives from each shift, 13 from the Yalova Factory and five members from Istanbul Headquarters, the RC meets once a month to determine what problems the employees have and to look for solutions, at the same time notifying Senior Management of employee expectations.

The RC also participates in the reviewing processes whereby the Company formulates its primary and interim goals, its corporate culture, policies and strategies. RC members are also members of the Total Quality Management Council (TQMC) and take active roles in drafting Aksa's main and interim target announcements. The Human Resources Policy and strategies drawn up as main and interim goals are determined by the TQMC, of which RC members are a part; these strategies are reviewed every two years. In addition, the 360-degree feedback mechanism

gives employees the opportunity to provide management and fellow employees with feedback, after which results are reviewed in management meetings so that the necessary action can be taken to bring about the required changes. Employees are thus encouraged to participate in and contribute to the effective management of the Company.

The activities of the Center of Learning with the Customer (CLC) provide customers with the opportunity of getting acquainted with Aksa and its operations, gathering information on the Company's R&D operations, sharing their experiences, problems, visions and future with Aksa. Aksa thus works to achieve its vision and mission, adopting a concept of group management through a completely linked chain of communication with its customers.

In 2010, 17 Aksa customers were invited to the Company within the scope of CLC. In addition, technical visits were made to 64 companies in an effort to answer customer needs.

15. Human Resources Policy

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 "Investing in people to create responsible, creative, self-confident and happy individuals who will serve the primary objectives of the Company." Thus, the Company employs modern and internally integrated systems in all facets of employment, from recruitment to performance management, from remuneration to severance.

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The objective of Aksa's human resources recruitment and appointment policy is to incorporate employees into the system 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 characteristics sought in employees in Aksa 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, exhibiting initiative and exhibiting effective problem-solving skills.

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.

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.

Moreover, an important result of the Company's Human Resources Policies has been the adoption of the tool of

the Six-Sigma Model to 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 ensure that such problems are never encountered, the Company implements the HAY Method of Job Evaluation, a system with worldwide validity and reliability that is a guideline for salary and reward distribution based on non-discriminatory fairness and equality. The model is derived from an objective, transparent outlook that reflects the domestic and international realities of business, involves the payment of salary according to the individual job and is a salary and benefits system that is easily implemented.

16. Information about Relations with Customers and Suppliers

A leader in the world acrylic fiber market with its market share of 13.2%, Aksa's sales span 50 countries. Aksa's domestic marketing of their products is handled by the Marketing and Sales Department; overseas marketing is carried out by the Marketing and Sales Department and sales representatives, through the Group company Akpa Tekstil Pazarlama A.Ş. Marketing organization consists of a network of four main regions and a sales representative in Gaziantep.

17. Social Responsibility

Aksa applies the principles of its Public Relations Policy, defined as "contributing to the creation of a society that fosters industrial development and supports industrialization policies and, in line with the principles of corporate social responsibility, encouraging a more dynamic and tolerant society in terms of cultural and social solidarity" to all aspects of its operations.

A "Social Impact Survey" has been conducted every two years since 1997 in the area and environs of Yalova, the location of the Aksa Plant, to gauge the community's perception of the Company. Survey results have shown that the community's perception of Aksa is highly positive, not only because of job opportunities and economic contributions but also stemming from educational programs and tree-planting activities that the Company has offered for the benefit of the community.

Aksa initiated a first in Turkey in 2001 when it organized a Community Advisory Panel to ensure the free and continuous flow of information between the industry and the community. The model application, a project that encourages the rapid flow of first-hand, accurate data to the community through community representatives, won the "Responsible Care Project" award of the Turkish Chemical Industry Council in 2001.

Aksa has excellent working relationships with both state and private enterprises in all of its operations and has received many commendations, plaques and awards. Since 1980, Aksa has won 55 awards from a host of authorities, among them 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 and Forestry; 25 of these awards were because of the Company's corporation tax payment record and 17 were due to its exporting success.

Part of Aksa'e endeavors to raise community awareness and provide educational opportunities are the summer school sessions that Aksa organizes for underprivileged achievers in the Yalova elementary school system. The Aksa Summer Sports School has enjoyed the participation of 400 students over the last twelve years.

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.

Textile products are evaluated and documented by an independent and specialized organization following a series of analyses that determine their safety in terms of human health and ecology. In this context, Aksa has been granted an ÖKÖ-TEX 100 Health Safety in Textiles Certificate, which has been renewed every year since 1995. The standards related to this certificate are used in the design and improvement of production processes.

SECTION IV-BOARD OF DIRECTORS

18. Structure and Composition of the Board of Directors and Independent Members of the Board

The Board of Directors is made up of seven members; the Chairman, the Vice-Chairman, one General Manager, two members are responsible for independent auditing and two additional members. Five members of the Board are executive members. The division of labor has been determined among the members of the Board. No rules have been established about members assuming or accepting positions outside of the Company.

There are no independent Members on the Board of Directors.

19. Members of the Board of Directors and Auditors

A.Raif Dinçkök
Ömer Dinçkök
Erol Lodrik
Nevzat Ayaz
Hasan Denizkurdu
Ayça Dinçkök
Mustafa Yılmaz

20. Company Mission, Vission and Strategic Goals

Aksa's Mission and Vision Statements, first drafted in 1998, were last revised for the fifth time at the beginning of 2007. These declarations have been made available to shareholders and stakeholders alike on the corporate website.

The Mission and the Vision Statements are approved by the Board of Directors and systematically shared with all Aksa employees through meetings, electronic databases, manuals, General Management circulars and training programs.

The Company regularly determines its targets each year, sharing them with all employees. The Company's targets are determined in seven categories set out in the following order: Strategic, financial, operational, quality, environment and productivity, occupational health and safety. These Company targets are approved by the Board of Directors. Once a month, a presentation before the Board of Directors provides the Board with information on the progress in meeting the different targets.

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 objectives.

21. Risk Management and Internal Control Mechanisms

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 members of the Executive Board, the Finance Director, the New Business Development Director and the Acrylic Fiber Director. 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

DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

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.

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.

22. Board Members and Executive Powers and Responsibilities

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 biannually.

23. Working Principles of the Board of Directors

The Company has a secretariat that is responsible for providing the members of the Board with information and notification. The draft for the agenda of Board meetings is prepared by the General Manager, becoming finalized after recommendations from the Chairman and members of the Board. In 2010, the Board of Directors conducted 15 meetings. The Board of Directors engages in activities within the framework of authority set forth by the Company's Articles of Association. All resolutions so far have been taken by unanimous vote. 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.

24. Prohibition against Competing and Transacting Business with the Company

As per Articles 334 and 335 of the Turkish Commercial Code, the prohibition against competition by Board members was lifted by the General Assembly. To date, no Board member has had a conflict of interest due to competition with the Company.

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

The Company's Board of Directors comprises a total of seven persons, of which, five are executive members and two are responsible for independent auditing. In accordance with the principle of independence, financial statements to be disclosed to the public are presented to the Board of Directors after Committee approval and resolution.

26. 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.

27. Donations and Social Assistance

Regarding the needs of the community and future generations with sensitivity and adopting an approach that embraces both the corporate culture and the well-being of employees, Aksa steadily expands upon its Corporate Social Responsibility projects every year. The Company not only makes an economic contribution to the environment, it also provides the community with educational, cultural, artistic and sports activities, always undertaking to raise its standards in the area of its endeavors. In line with this goal, Aksa provided TL 100,281 in donations and social assistance in 2010.

DONATIONS AND SOCIAL ASSISTANCE (TL)

Foundations, Associations and NGOs	54,083
Education	36,198
Sports	10,000
Total	100,281

DIVIDEND DISTRIBUTION PROPOSAL

Dear Shareholders,

We have presented you with information about the Company's activities in financial year 2010, 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 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 56,718,366.00. The net profit for the period, based on the financial statements prepared in accordance with the provisions of Tax Procedure Law, stands at TL 55,896,737.48.

Out of the TL 56,718,366.00 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 2,794,836.87, corresponding to 5% of the amount of net period profit of TL 55,896,737.48 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 16,400,000.00 (gross dividend amount corresponding to a nominal share of TL 1 is TL 0.08378; the rate of dividend is gross 8.3783%), corresponding to 30.36% of TL 54,023,810.01 the amount calculated by adding the total amount of donations made during the year (TL 100,280.88) to the net distributable profit of TL 53,923,529.13 (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 1,078,470.58 corresponding to 2% of the net distributable period profit of TL 53,923,529.13 shall be paid out in accordance with Article 25/3 of the Company's Articles of Association, the form of distribution to be determined by decision of the Board of Directors;
- TL 822,847.06 shall be set aside as Series II Legal Reserves;
- TL 34,800,582.97 shall be set aside as Contingent Reserve;

Distribution of dividend amounts shall take place on May 26, 2011.

Board of Directors

AUDITORS' REPORT

AUDITORS' REPORT FOR THE YEAR OF OPERATIONS 2010 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 1 Taksim/Istanbul/Turkey
Company Capital	:	TL185,000,000.-
Field of Activity	:	Synthetic Fiber and Electrical Energy Production and Trade
Names of Auditors and Term of Duty	:	Bülent Üstünel and Y. Hilmi Yazan Terms of office are three years. The auditors are not shareholders of the Company.
Number of Board Meetings in which Participation has occurred and Number of Board of Auditors Meetings	:	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 December 31, 2010 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 January 1, 2010-December 31, 2010 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,

Bülent Üstünel

Y. Hilmi Yazan

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)



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

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Aksa Akrilik Kimya Sanayii A.Ş. ("Akşa") and its subsidiaries (collectively referred as, the "Group") which comprise the consolidated balance sheet as of 31 December 2010 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. The consolidated financial statements of the Group as of and for the year ending 31 December 2009, prior to the restatements as described in Note 2.5 to the accompanying consolidated financial statements were audited by another independent auditor, whose report dated 8 March 2010 expressed an unqualified opinion.

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 Akşa Akrilik Kimya Sanayii A.Ş. as of 31 December 2010, 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).

Paragraph related with the restatement of prior year financial statements

5. We have also audited the adjustments described in Note 2.5 that were applied to restate the consolidated financial statements as of 31 December 2009 and for the year then ended. In our opinion, such adjustments are appropriate and have been properly applied.
6. 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, 10 March 2011

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2010, 2009 AND 2008

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

	Notes	2010	Restated 2009	Restated 2008
ASSETS				
Current assets		664.328	617.569	598.243
Cash and cash equivalents	4	64.499	102.212	43.680
Trade receivables				
-Trade receivables	7	307.143	331.511	378.774
-Due from related parties	25	16.349	6.581	25.228
Other receivables	8	36.918	10.904	18.187
Inventories	9	159.496	114.070	98.779
Other current assets	15	79.923	52.291	33.595
Non-current assets		694.574	632.111	505.909
Trade receivables	7	9.553	11.732	12.665
Other receivables	8	12	16	9
Financial investments	5	8.008	8.000	8.000
Property, plant and equipment	10	658.942	548.322	443.869
Intangible assets	11	5.175	6.684	199
Goodwill	12	5.989	5.989	5.989
Other non-current assets	15	6.895	51.368	35.178
TOTAL ASSETS		1.358.902	1.249.680	1.104.152

These consolidated financial statements as of and for the year ended 31 December 2010 have been approved for issue by the Board of Directors on 10 March 2011 and signed on behalf of the Board of Directors by Cengiz Taş, General Manager and by Mustafa Yılmaz, member of the Board of Directors. These consolidated financial statements will be definitive following their approval in the General Assembly.

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2010, 2009 AND 2008

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

	Notes	2010	Restated 2009	Restated 2008
LIABILITIES				
Current liabilities		398.730	330.474	256.095
Financial liabilities	6	171.258	141.841	118.482
Trade payables				
-Trade payables	7	175.294	156.258	94.170
-Due to related parties	25	36.429	12.905	16.947
Derivative financial instruments	16	-	-	2.060
Other payables	8	3.808	4.737	3.293
Taxes on income	23	3.839	1.222	8.103
Provisions	13	2.237	2.113	3.800
Other current liabilities	15	5.865	11.398	9.240
Non-current liabilities		184.407	184.823	154.108
Financial liabilities	6	139.307	137.400	121.090
Due to related parties	25	-	2.555	-
Derivative financial instruments	16	5.000	3.786	4.685
Provision for employment termination benefits	14	13.168	11.520	9.354
Deferred income tax liabilities	23	13.463	14.663	14.542
Other non-current liabilities	15	13.469	14.899	4.437
Total liabilities		583.137	515.297	410.203
EQUITY	17	775.765	734.383	693.949
Equity attributable to equity holders of the parent		757.988	719.794	679.091
Share capital		185.000	185.000	110.000
Adjustment to share capital		195.175	195.175	255.175
Share premium		44	44	44
Restricted reserves		48.523	45.866	42.777
Hedge funds		(4.000)	(3.029)	(3.748)
Retained earnings		276.528	256.754	217.450
Net income for the period		56.718	39.984	57.393
Non-controlling interests		17.777	14.589	14.858
TOTAL LIABILITIES AND EQUITY		1.358.902	1.249.680	1.104.152

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

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

	Notes	2010	Restated 2009
Revenues	18	1.304.312	905.137
Cost of sales (-)	18,19	(1.142.683)	(753.337)
Gross Profit		161.629	151.800
Marketing, selling and distribution expenses (-)	19	(16.094)	(10.416)
General and administrative expenses (-)	19	(61.289)	(46.462)
Research and development expenses (-)	19	(3.287)	(9.353)
Other operating income	20	4.798	3.636
Other operating expense (-)	20	(4.865)	(29.953)
Operating Profit		80.892	59.252
Financial income	21	120.805	137.748
Financial expense (-)	22	(125.927)	(143.432)
Profit before taxation		75.770	53.568
Taxation on income			
-Income tax expense	23	(14.813)	(11.283)
-Deferred tax income	23	957	58
Net income for the period		61.914	42.343
Other comprehensive (expense)/income:			
Changes in fair value of derivative financial instruments		(971)	719
Total Comprehensive Income		60.943	43.062
Net income for the period attributable to			
Non-controlling interests		5.196	2.359
Equity holders of the parent		56.718	39.984
		61.914	42.343
Total comprehensive income attributable to:			
Non-controlling interests		5.196	2.359
Equity holders of the parent		55.747	40.703
		60.943	43.062
Earnings per share for equity holders H of the parent (TL)	24	0,31	0,22

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

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(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	Hedge Reserve	Retained Earnings	Net income for the period	Total	Non-controlling interests	Total shareholder's equity
Balances at 1 January 2009 (as previously reported)	110.000	255.175	44	42.777	-	217.450	72.907	698.353	14.858	713.211
Effect of restatement (Note 2.5)	-	-	-	-	(3.748)	-	(15.514)	(19.262)	-	(19.262)
Balances at 1 January 2009 (restated)	110.000	255.175	44	42.777	(3.748)	217.450	57.393	679.091	14.858	693.949
Capital increases	75.000	(60.000)	-	-	-	(15.000)	-	-	-	-
Dividends paid non-controlling interests	-	-	-	-	-	-	-	-	(2.628)	(2.628)
Transfers	-	-	-	2.970	-	54.423	(57.393)	-	-	-
Income on sales of a subsidiary	-	-	-	119	-	(119)	-	-	-	-
Changes in fair value of derivative financial instruments	-	-	-	-	719	-	-	719	-	719
Net income for the period (restated)	-	-	-	-	-	-	39.984	39.984	2.359	42.343
Balances at 31 December 2009 (restated)	185.000	195.175	44	45.866	(3.029)	256.754	39.984	719.794	14.589	734.383
Balances at 1 January 2010 (as previously reported)	185.000	195.175	44	45.866	-	272.268	50.689	749.042	14.589	763.631
Effect of restatement (Note 2.5)	-	-	-	-	(3.029)	(15.514)	(10.705)	(29.248)	-	(29.248)
Balances at 1 January 2010 (as previously reported)	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)	-	-	-
Dividend Paid	-	-	-	-	-	(17.553)	-	(17.553)	(2.008)	(19.561)
Changes in fair value of derivative financial instruments	-	-	-	-	(971)	-	-	(971)	-	(971)
Net income for the period	-	-	-	-	-	-	56.718	56.718	5.196	61.914
Balances at 31 December 2010	185.000	195.175	44	48.523	(4.000)	276.528	56.718	757.988	17.777	775.765

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

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

	Notes	2010	Restated 2009
Income before tax		75.770	53.568
Adjustments to reconcile income before tax to net cash generated from operating activities:			
Depreciation and amortisation	10, 11	58.446	53.208
Provision for employment termination benefits	14	2.534	3.531
Interest income	21	(24.145)	(12.593)
Interest expense	22	19.442	20.299
Income from government grants		(978)	(504)
Provision for impairment on inventory	9	(2.974)	4.228
Provision for impairment on trade receivables	7	2.977	24.028
Changes in fair value of derivative financial instruments		-	(1.648)
Other		7.043	23.468
Cash flows before changes in operating assets and liabilities		138.115	167.585
Changes in operating assets and liabilities:			
Restricted cash		(8)	(442)
Decrease in trade receivables		13.417	44.882
(Increase)/decrease in other receivables		(26.010)	7.276
Increase in inventories		(42.452)	(19.519)
(Decrease)/increase in other assets		4.645	(52.934)
Increase in trade payables		41.047	59.465
Decrease in other payables		(816)	(243)
(Decrease)/increase in other liabilities		(5.985)	12.622
Employment termination benefits paid		(1.568)	(1.951)
Net cash generated from operating activities		120.385	216.741
Investing activities:			
Purchase of property, plant and equipment	10,11	(167.487)	(164.208)
Proceeds from sale of property, plant and equipment		(70)	62
Interest received		23.095	13.729
Net cash used in investing activities		(144.462)	(150.417)
Financing activities:			
Bank loans received		54.856	51.522
Bank loans paid		(46.054)	-
Changes in revolving loans, net		14.055	(36.618)
Dividends paid to equity holders of the parent		(17.553)	-
Dividends paid to non-controlling interests		(2.008)	(2.628)
Interest paid		(16.940)	(20.510)
Net cash used in financing activities		(13.644)	(8.234)
Net changes in cash and cash equivalents		(37.721)	58.090
Cash and cash equivalents at the beginning of the year 4		101.770	43.680
Cash and cash equivalents at the end of the year	4	64.049	101.770

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

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

(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.

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

Aksa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in the Istanbul Stock Exchange ("ISE") since 1986. As of 31 December 2010, 36,89% of the Group's shares are traded on ISE. As of the same date, the principle shareholders of the Group and their respective shareholding rates are as follows (Note 17):

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

The group's ultimate parent is Akkök Sanayi Yatırım ve Geliştirme A.Ş., which is being controlled by Dinçkök family.

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-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa")	Turkey	Marketing
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 unit, energy unit and other operations (Note 3).

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2010**

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

NOTE 2-BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial Reporting Standards 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.

The consolidated financial statements are prepared within the framework of Communiqué XI, No:29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the financial reporting standards accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS. The consolidated financial statements and the related notes are presented in accordance with the formats recommended by the CMB including 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

Amendments in International Financial Reporting Standards

Standards, amendments and interpretations effective from 1 January 2010 and applied by Group

- IAS 1 (Amendment), "Presentation of Financial Statements" (effective for the reporting periods beginning on or after 1 January 2010);

Amendments and interpretations effective from 1 January 2010 but not has material impact on Group's financial statements

- IFRS 3 (Revised), "Business Combinations" (effective for the reporting periods beginning on or after 1 July 2009);
- IAS 27 (Revised), "Consolidated and Separate Financial Statements" (effective for the reporting periods beginning on or after 1 July 2009);
- IAS 38 (Amendment), "Intangible Assets" (effective from 1 January 2010);
- IFRS 5 (Amendment), "Non-current Assets Held for Sale and Discontinued Operations" (effective for the reporting periods beginning on or after 1 January 2010);
- IAS 36 (Amendment), "Impairment of Assets" (effective from 1 January 2010);

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

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

- IFRIC 9, "Re-assessment of Embedded Derivatives" and IAS 39 (Revised), "Financial Instruments: Recognition and Measurement" (effective for the reporting periods beginning on or after 1 July 2009);
- IFRIC 16, "Hedges of net investment in a foreign operation" (effective from 1 July 2009);
- IFRS 2 (Amendment), "Share Based Payment" (effective for the reporting periods beginning on or after 1 January 2010);
- IFRIC 17, "Distributions of Non-cash Assets to Owners" (effective for the reporting periods beginning on or after 1 July 2009);
- IFRIC 18, "Transfers of Assets from Customers" (effective for the reporting periods beginning on or after 1 July 2009);

Standards, amendments and interpretations to existing standards those are not yet effective at 1 January 2010

- IFRS 9, "Re-assessment of Embedded Derivatives" (effective for the reporting periods beginning on or after 1 January 2013);
- IAS 24 "Related party disclosure" (effective for the reporting periods beginning on or after 1 January 2011);
- IAS 32 (Amendment), "Financial Instruments: Presentation" (effective for the reporting periods beginning on or after 1 February 2010);
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
- IFRIC 14 (Amendment) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for the reporting periods beginning on or after 1 January 2011);

The impacts of the amendments mentioned above are evaluated and it is not expected to result in material impact on the Group's financial statements.

2.1.2 Functional and Presentation Currency

Presentation and functional currency of the Group is Turkish Lira ("TL"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation are recognised in the consolidated statement of income as financial income and expenses.

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) to (c) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards by applying uniform accounting policies and presentation (Note 2.1.1). The results of operations of subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.
- b) Subsidiaries are companies in which Aksa has the power to control the financial and operating policies for the benefit of itself, either (1) through the power to exercise more than 50% of voting rights related to shares in the companies as a result of shares owned directly and/or indirectly by itself or (2) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş. **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2010**

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

The table below sets out all Subsidiaries and demonstrates their shareholding structure as of 31 December 2010 and 2009:

Subsidiary	Direct and indirect ownership interest by the Company and its subsidiaries (%)	
	2010	2009
Ak-Pa ^{(1), (2)}	13,47	13,47
Ak-Tops ⁽¹⁾	60,00	60,00
Fitco ⁽³⁾	100,00	100,00
Aksa Egypt ⁽³⁾	99,14	99,14
Akgirişim ⁽³⁾	58,00	58,00

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

⁽²⁾ Based on the ability to govern the financial and operational policies of Ak-Pa, Aksa consolidates Ak-Pa's financial statements on a line-by-line basis.

⁽³⁾ Although the Company has the power to exercise more than 50% of the voting rights, the Subsidiaries are excluded from the scope of consolidation on the grounds of materiality. These subsidiaries have been classified and accounted for as financial investments in the consolidated financial statements with a carrying value of their initial acquisition costs less impairment, if any.

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.

c) 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.

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 (Note 2.5). 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).

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

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

Financial Assets

Financial assets within the scope of IAS 39 "Financial instruments: Recognition and measurements" 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 market place.

As of 31 December 2010 and 2009 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 (Note5).

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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).

Trade payables

Trade payables have average maturities changing between 60-90 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. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land improvements	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 net sales price, whichever is higher.

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Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate (Note 20).

Repairs and maintenance are charged to consolidated statement of comprehensive income 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).

Amortisation period of intangible assets is 3-5 years.

Research and development expenses

Expenditures for research and development are expensed in the period incurred. Except with the following criteria for project expenditures are recorded as expense in the period incurred as well:

- 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.

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 financial income.

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 have been billed by the seller.

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Bank borrowings

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

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.

As of 31 December 2010 amount of TL6.555 borrowing costs related with coal plant investment has been capitalised on property, plant and equipment, as of 31 December 2009 amount of TL2.707 borrowing costs related with both coal plant investment and carbon fiber investment has been capitalized on property, plant and equipment (Note 10).

Fair value of financial instruments

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

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

Financial assets

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

Financial liabilities

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

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

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

Events after the balance sheet date

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

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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 announced by Turkish Republic Central Bank 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 consolidated financial statement as interest, fee, commission and similar income by the Group companies operating in the finance sector and as financial income or expense by the Group companies operating in non-finance sectors.

Goodwill

Acquisition value on the acquisition date, the acquired investment/subsidiary of the Group's share in excess of the fair value of net identifiable assets is recorded as goodwill.

Goodwill is reviewed annually for impairment and carried at cost less accumulated provision for impairment, recognised in balance sheet. For the purpose of impairment testing, the goodwill amount is distributed to cash-generating units. The distribution of goodwill, work consists of cash-generating units expected to benefit groups or cash-generating unit is done. Group performs goodwill impairment tests at 31 December. Goodwill impairment losses can not be canceled. Gains and losses arising from the sale of a business includes the recognized goodwill of the sold business.

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.

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For 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.

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

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

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

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).

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 3 months (Note 4).

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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 consolidated financial statements according to CMB Financial Reporting Standards, 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 test

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

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

The discount rate used in the value in use calculations is 9,49% and the risk premium is 3%. The discount rates used are after tax and reflect specific risks relating to the company. As of 31 December 2010, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

The sensivity analysis with 2 points higher rate on the goodwill impairment testing does not reveal any impairment charge on the goodwill balance.

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).

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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 (Note 10).

d) Provision for doubtful receivable

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 Comparative informations and restatement of prior year financial statements

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the preceding financial period. The Group presented the consolidated balance sheet as of 31 December 2010 comparatively with the consolidated balance sheet prepared as of 31 December 2009 and presented the consolidated statements of comprehensive income, cash flows and changes in equity for the year ended 31 December 2010 comparatively with such financial statements for the year ended 31 December 2009.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

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The Group has detected errors in the previous year's consolidated financial statements and corrected them retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". In accordance with IAS 1 (Revised) "Presentation of Financial Statements", when the financial statements are subject to a restatement of prior year financial statements, an entity should present three statements of financial position. Accordingly, the Group presented the consolidated balance sheet as of 31 December 2010 comparatively with the restated consolidated balance sheets prepared as of 31 December 2009 and 2008. At 31 December 2010, the effect of these corrections on the retained earnings, hedging reserve, net income for the period and total comprehensive income in the accompanying consolidated financial statements are as follows:

	Retained earnings	Hedging reserve	Net income for the period	Total comprehensive income
31 December 2009 (as previously reported)	272.268	-	53.048	53.048
Effect of restatement of capitalised borrowing costs (a)	(10.797)	-	-	-
Effect of restatement of government grants (b)	(4.717)	-	(10.705)	(10.705)
Effect of restatement of derivative financial instruments (c)	-	(3.029)	-	719
31 December 2009 (restated)	256.754	(3.029)	42.343	43.062

a) Restatement of capitalised borrowing costs:

The Group has detected errors in previous year's consolidated financial statements regarding the capitalization of borrowing costs for qualified assets in accordance with IAS 23 "Borrowing Costs". The error was due to disregarding the interest expense ceiling test, limiting the capitalised amount of foreign exchange losses of foreign currency denominated bank borrowings to the total interest expense to be incurred if the borrowing was made in functional currency. The Group accounted for the correction related to these errors retrospectively in accordance with IAS 8. The effect of this restatement was to decrease retained earnings as of 1 January 2009 by TL10.797 (decrease in property, plant and equipment by TL13.496 and deferred tax liability by TL2.699). The effect of the restatement on the comprehensive income has not been calculated in 2009 on the grounds of materiality. The effect of this restatement on the consolidated financial statements for the year ended 31 December 2008 and 2009 are as follows:

	Effect of restatement
Effect on consolidated balance sheets at 31 December 2008 and 2009:	
Decrease in property, plant and equipment	(13.496)
Decrease in deferred tax liabilities	2.699
Decrease in equity, net	(10.797)

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b) Restatement of government grants:

During the year 2010, the Group has detected error in the consolidated financial statements of prior years on the accounting of the incentives and donations received from The Scientific and Technological Research Council of Turkey ("TÜBİTAK") and Undersecretariat of the Prime Ministry for Foreign Trade regarding the research and development projects. In accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", incentives and donations shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognised the related costs for which the grants are intended to compensate. The Group accounted for the correction related to these errors retrospectively in accordance with IAS 8. The effect of this restatement was to decrease the retained earnings as of 1 January 2009 TL4.716 (1 January 2010: TL15.421). As the Group recorded these grants in equity and will use them to increase capital in statutory financials as permitted by the Turkish Tax Legislation, this restatement has no impact on deferred taxes. The effect of this restatement on the consolidated financial statements for the year ended 31 December 2008 and 2009 are as follows:

	Effect of restatement
Effect on the consolidated balance sheet at 31 December 2008:	
Increase in other short term liabilities	(279)
Increase in other long term liabilities	(4.437)
Decrease in equity, net	(4.716)
Effect of restatement	
Effect on consolidated balance sheet at 31 December 2009:	
Increase in other short term liabilities	(522)
Increase in other long term liabilities	(14.899)
Decrease in equity, net	(15.421)
Effect on consolidated income statement	
	31 December 2009
Decrease in other operating income	(10.705)
Increase in net income for the period	(10.705)

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c) Effect of restatement of derivative financial instruments:

The Group made interest swap contracts in order to hedge its cash flow risk regarding the long-term floating interest rate bank borrowings in 2008. During the year ended 31 December 2010, errors in fair value measurement and accounting of these swap instruments have been detected. The Group accounted for the correction related to these errors retrospectively in accordance with IAS 8. Effect of restatement has been recorded in "hedging reserve", classified under equity. Accordingly, there is no impact on retained earnings since these derivative financial instruments quantify for hedge accounting. The effect of this restatement on the consolidated financial statements for the year ended 31 December 2008 and 2009 are as follows:

	Effect of restatement
Effect on consolidated balance sheet at 31 December 2008:	
Increase in derivative financial instruments	(4.685)
Decrease in deferred tax liabilities	937
Decrease in equity, net	(3.748)
Effect of restatement	
Effect on consolidated balance sheet at 31 December 2009:	
Increase in derivative financial instruments	(3.786)
Decrease in deferred tax liabilities	757
Decrease in equity, net	(3.029)
Effect on consolidated statement of comprehensive income:	
31 December 2009	
Increase in other comprehensive income	719
Increase in comprehensive income	719

d) Segment Reporting:

The Group evaluated its reportable segments during 2010 and decided to revise segment functions as; fibers, energy and other due to increase in performance of new functions. The Group management analyse all reportable segments results with adjusted Earnings Before Interest, Tax and Depreciation "EBITDA". Prior year's results of the related segments are presented in Note 3.

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e) Other Classifications:

The Group has performed reclassifications in the consolidated balance sheet as of 31 December 2009 and 2008 in order to conform to presentation of balance sheet as of 31 December 2010 and consolidated comprehensive income statement for the period then ended. Such reclassifications are explained as follows:

- i) Cheques received amounting to TL 9.902 and TL19.903 were reclassified to "trade receivables" from "cash and cash equivalents" on the consolidated balance sheets of 31 December 2009 and 2008, respectively.
- ii) Leasehold improvements amounting to TL2.689 and TL2.827 were reclassified to "property, plant and equipment" from "intangible assets" on the consolidated balance sheets of 31 December 2009 and 2008, respectively.
- iii) VAT receivables amounting to TL31.928 and TL27.162 were reclassified to "other current assets" from "other receivables" on the consolidated balance sheets of 31 December 2009 and 2008, respectively.
- iv) VAT receivable and VAT payable amounting to TL15.771 and TL 10.834 have been offset out "other current liabilities" and "other current assets" on the consolidated balance sheets of 31 December 2009 and 2008, respectively.
- v) Fair value of the forward transactions amounting to TL2.060 were reclassified to değeri "derivative financial instruments" from "provisions" on the consolidated balance sheet of 31 December 2008.
- vi) Interest income on term sales amounting to TL8.616 were reclassified to "financial income" from "revenue" and interest expense on term purchases amounting to TL were reclassified to "financial expense" from "cost of sales" on the consolidated comprehensive TL 12.848 income statement of 1 January-31 December 2009.
- vii) Idle time expenses amounting to TL19.420 were reclassified to "cost of sales" from "other expense" on the consolidated comprehensive income statement for the year ended 31 December 2009.
- viii) Commission income of Ak-Pa, the Group's subsidiary, by TL632 has been disclosed as net commission income by offsetting TL36.418 from revenue and cost of sales in the consolidated comprehensive income statement for the year ended 31 December 2010 on the basis that Ak-pa is acting as an agent for export transactions.
- ix) Start up costs amounting to TL3.262 were classified to "cost of goods sold" from " other operating expenses" on the consolidated comprehensive income statement for the year ended 31 December 2009.
- x) Doubtful provision amounting to TL24.028 were classified to "other operating expenses" from "general administrative expenses" on the consolidated comprehensive income statement for the year ended 31 December 2009.
- xi) Provision for impairment on inventory amounting to TL6.926 and TL2.698 were classified from " other operating expenses" and " general administrative expenses" to " cost of goods sold" on the consolidated comprehensive income statement for the year ended 31 December 2009.
- xii) Employee termination benefit provision amounting to TL428 were classified from " other operating income " to " general administrative expenses "on the consolidated comprehensive income statement for the year ended 31 December 2009.
- xiii) Due date chares on term sales amounting to TL1.905 were classified from "other operating income" to "financial income" on the consolidated comprehensive income statement for the year ended 31 December 2009.

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2.6 Convenience translation into English of consolidated financial statements originally issued in Turkish

As of 31 December 2010, the financial reporting standards described in Note 2.1 (defined as "CMB" Financial Reporting Standards) to the consolidated financial statements differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the periods between 1 January and 31 December 2005. Accordingly, these consolidated financial statements are not intended to present the financial position and the results of operations in accordance with IFRS.

NOT 3 – SEGMENTAL INFORMATION

Segmental information for the years ended 31 December 2010 and 2009 are as follows:

	2010			Total
	Fibers	Energy	Other	
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 (*)				(42.451)
Amortization and depreciation	(46.849)	(3.800)	(3.993)	(54.642)
Other expenses, net (Note 20)				(67)
Financial expenses, net (Note 21-22)				(5.122)
Profit before taxation				75.770
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
Capital expenditure	34.705	126.652	6.784	168.141
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

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	2009			Total
	Fibers	Energy	Other	
Total segment revenue	828.613	34.002	82.696	945.311
Inter-segment revenue	-	(5.194)	(34.980)	(40.174)
External revenues	828.613	28.808	47.716	905.137
Adjusted EBITDA	157.471	7.787	(2.841)	162.417
Unallocated corporate expenses (*)				(26.126)
Amortization and depreciation	(45.134)	(2.066)	(3.522)	(50.721)
Other expenses, net (Note 20)				(26.317)
Financial expenses, net (Note 21-22)				(5.684)
Profit before taxation				53.568
Total segment assets	893.760	143.916	125.756	1.163.432
Inter segment adjustments and classifications	(89.907)	(742)	(6.491)	(97.140)
Unallocated corporate assets				183.388
Total assets	803.853	143.174	119.265	1.249.680
Unallocated corporate assets	99.135	56.397	9.579	165.111
Total segment liabilities	157.024	19.345	102.823	279.192
Inter segment adjustments and classifications	(6.491)	-	(90.649)	(97.140)
Unallocated corporate liabilities				333.245
Total liabilities	150.533	19.345	12.174	515.297

(*) As of 31 December 2010, unallocated corporate expenses consists of general administrative expense amounting to TL39.165, research and development expenses amounting to TL3.287 (2009: general administrative expense amounting to TL16.774 and research and development expenses amounting to TL9.353).

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	2008			
	Fibers	Energy	Other	Total
Total segment assets	978.051	-	114.909	1.092.960
Inter segment adjustments and classifications	(98.237)	-	(6.550)	(104.787)
Unallocated corporate assets				115.979
Total assets	879.814	-	108.359	1.104.152
Capital expenditure	88.834	-	3.120	91.954
Total segment liabilities	114.901	-	109.603	224.504
Inter segment adjustments and classifications	(6.550)	-	(98.237)	(104.787)
Unallocated corporate liabilities				290.486
Total liabilities	108.351	-	11.366	410.203

Segment Assets

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

	2010	2009	2008
Reportable segment assets	1.157.452	1.066.292	988.173
Cash and cash equivalents	64.499	102.212	43.680
Other receivables	36.930	10.920	18.196
Other assets	77.948	48.343	32.430
Financial investments	8.008	8.000	8.000
Tangible and intangible assets	8.076	7.924	7.684
Goodwill	5.989	5.989	5.989
Total assets	1.358.902	1.249.680	1.104.152

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

	2010	2009	2008
Reportable segment liabilities	223.347	182.052	119.717
Financial liabilities	310.565	279.241	239.572
Derivative financial instruments	5.000	3.786	6.745
Other payables	3.808	4.737	3.293
Provisions	1.396	1.203	2.866
Taxes on income	3.839	1.222	8.103
Other liabilities	19.334	26.297	13.677
Provisions for employee termination benefits	2.385	2.096	1.688
Deferred income tax liabilities	13.463	14.663	14.542
Total liabilities	583.137	515.297	410.203

NOTE 4-CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents is at 31 December 2010 and 2009 as follows:

	2010	2009
Cash	169	104
Banks		
TL demand deposits	4.776	7.861
foreign currency demand deposit	7.393	2.666
TL time deposits	17.095	39.460
foreign currency time deposit	34.616	51.679
Other	450	442
	64.499	102.212

As of 31 December 2010, weighted average effective interest rates on TL time deposits are 8,25% (2009: 8,7%) , USD denominated time deposits are 2,91% (2009: 2,70%), and Euro denominated time deposits are 1,7% (2009: none) respectively.

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at 31 December 2010 and 2009 is as follows:

	2010	2009
Cash and cash equivalents	64.499	102.212
Less:restricted cash	(450)	(442)
Cash and cash equivalents	64.049	101.770

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NOTE 5-FINANCIAL INVESTMENTS

	2010	2009
Unquoted financial assets:		
Fitco	7.863	7.863
Aksa Egypt (*)	87	79
Akgirişim	58	58
Total	8.008	8.000

(*) Aksa has an indirect ownership of 99% in Aksa Egypt due to the shares owned by Fitco of 99%, by Ak-Pa of 0,5%, by Aktops of 0,5% in Aksa Egypt.

Unquoted financial assets are the subsidiaries that are not included in the scope of consolidation on the grounds of materiality due to the insignificance of their impact on the consolidated net assets, financial position and results of Aksa. They are accounted for under long-term financial assets at their acquisition cost restated at 31 December 2004 as they do not have a quoted market price in active markets.

The movements in the carrying values of financial investments for the years ended 31 December 2010 and 2009 as follows:

	2010	2009
Balances at 1 January	8.000	8.000
Participation to capital increase	8	-
Balances at 31 December	8.008	8.000

NOTE 6-FINANCIAL LIABILITIES

	2010	2009
Short term bank borrowings	113.384	106.672
Short term factoring liabilities	10.035	-
Current portion of long term bank borrowings	47.839	35.169
Short term financial liabilities	171.258	141.841
Long term bank borrowings	139.307	137.400
Total long term bank borrowings	139.307	137.400
Total financial liabilities	310.565	279.241

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Bank Loans	2010		2009	
	Yearly weighted average interest rate %	TL	Yearly weighted average interest rate %	TL
Short term bank borrowings:				
USD borrowings	2,12	109.865	1,88	102.440
TL borrowings	7,25	3.519	8,00	4.232
		113.384		106.672
Financial liabilities related with factoring		10.035		-
		10.035		-
Current portion of long term bank borrowings:				
USD borrowings	3,48	47.839	3,97	35.169
		47.839		35.169
Total short term bank borrowings			171.258	141.841
Long term bank borrowings:				
USD borrowings	3,48	139.307	3,97	137.400
Total long term bank borrowings			139.307	137.400
		2010		2009
	Fair Value	Book Value	Fair Value	Book Value
USD borrowings (*)	310.627	297.011	292.580	275.009
Financial liabilities related with factoring	10.035	10.035	-	-
TL borrowings	3.519	3.519	4.232	4.232
	324.181	310.565	296.812	279.241

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

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The redemption schedule of borrowings is as follows:

	2010	2009
The payment with in 1-2 year	46.491	34.350
The payment with in 2-3 year	46.436	34.350
The payment with in 3-4 year	46.380	34.350
The payment with in 4 year and over	-	34.350
	139.307	137.400

As of 31 December 2010 the Group has unused credit limit amounting to TL1.001.137 (TL638.221).

The redemption schedule of borrowings as of 31 December 2010 according to their contractual repricing dates of the Group is as follows:

	2010	2009
Less than 3 months	24.958	66.593
Between 3-12 months	146.300	75.248
Between 1-5 years	139.307	137.400
	310.565	279.241

NOTE 7-TRADE RECEIVABLES AND PAYABLES

Short term Trade Receivables:	2010	2009
Trade receivables	337.985	359.428
Less: Provision for doubtful receivables	(28.789)	(26.276)
Less: Unearned finance income on term based sales	(2.053)	(1.641)
Total short term trade receivables, net	307.143	331.511

Trade receivables as of 31 December 2010 and 2009 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 2010 and 2009 are as follows:

	2010	2009
1 January	26.276	2.248
Collections and cancellation of provisions	(464)	-
Charged for the period	2.977	24.028
31 December	28.789	26.276

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Long term Trade Receivables:

	2010	2009
Notes receivables and cheques	9.729	11.935
Less: Unearned finance income on term based sales	(176)	(203)
Total long term trade receivables, net	9.553	11.732

Trade Payables:

	2010	2009
Suppliers	176.631	156.303
Notes payables	-	250
Less: Unincurred finance costs on purchases	(1.337)	(295)
Total short-term trade payables, net	175.294	156.258

Trade payables as of 31 December 2010 and 31 December 2009 have an average maturity of 3 months and they are discounted with an average annual interest rate of 5%.

NOTE 8-OTHER RECEIVABLES AND PAYABLES

Short-term other receivables	2010	2009
Due from related parties (Note 25)	36.763	10.049
Deposits and guarantees given	155	203
Other	-	652
	36.918	10.904

Long term other receivables	2010	2009
Deposits and guarantees given	12	16

Short term other payables	2010	2009
Taxes and funds payable	3.655	4.686
Payables to personnel	27	22
Other	126	29
	3.808	4.737

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NOTE 9-INVENTORIES

	2010	2009
Raw materials	91.339	72.446
Semi-finished goods	7.890	11.153
Finished goods	50.787	26.115
Merchandise stocks	1.644	1.763
Other stocks and spare parts	11.788	9.519
Less: Provision for impairment in inventories	(3.952)	(6.926)
	159.496	114.070

For the years ended 31 December 2010 and 2009 , the inventory impairment provision is mainly related with the finished goods.

The Group cancelled amount of TL6.926 (2008: TL2.698) a previous inventory write-down in 2009 due to sale of inventory. The amount cancelled has been included in cost of sales in the consolidated statement of comprehensive income.

NOTE 10-PROPERTY, PLANT AND EQUIPMENT

	1 January 2010	Additions	Disposals	Transfers	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

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	1 January 2009	Additions	Disposals	Transfers	31 December 2009
Cost					
Land	59.187	-	-	-	59.187
Land improvements	34.900	6	-	569	35.475
Buildings	100.329	25	(1.090)	10.331	109.595
Machinery and equipment	612.261	13.054	(16)	105.404	730.703
Motor vehicles	882	429	(54)	-	1.257
Furniture and fixtures	19.986	826	(160)	90	20.742
Construction in progress	57.024	144.046	-	(117.135)	83.935
	884.569	158.386	(1.320)	(741)	1.040.894
Accumulated depreciation					
Land improvements	24.427	1.493	-	-	25.920
Buildings	29.172	2.142	(139)	-	31.175
Machinery and equipment	371.636	47.691	(16)	-	419.311
Motor vehicles	804	56	(57)	-	803
Furniture and fixtures	14.661	852	(150)	-	15.363
	440.700	52.234	(362)	-	492.572
Net book value	443.869				548.322

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

As of 31 December 2010 borrowing costs amounting to TL6.555 related with coal plant investment has been capitalised on property, plant and equipment, as of 31 December 2009 amount of TL2.707 borrowing costs related with both coal plant investment and carbon fiber investment has been capitalized on property plant and equipment.

As of 31 December 2010, TL51.809 (2009: TL46.541) of the amortisation expense is charged to "cost of goods sold", TL 254 (2009: TL 2.417) is charged to "research and development expenses", TL894 (2009: TL744) expense is included in "general administrative expenses", TL75 (2009: TL45) is included in "selling and marketing costs" and TL3.803 (2009: TL2.487) is classified as "construction in progress".

As of 31 December 2010 there is no mortgage on tangible assets (2009: None).

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NOTE 11-INTANGIBLE ASSETS

	1 January 2010	Additions	Transfers	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 amortisation:				
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

As of 31 December 2010, TL108 (2009: TL216) of the amortisation expense is charged to "cost of goods sold", TL1.486 (2009: TL742) is charged to "research and development expenses" and TL16 (2009: TL16) expense is included in "general administrative expenses".

	1 January 2009	Additions	Disposals	31 December Transfers	2009
Cost					
Rights	1.469	-	-	179	1.648
Development Cost	-	6.555	-	562	7.117
Other intangible assets	1.376	170	(70)	-	1.476
	2.845	6.725	(70)	741	10.241
Accumulated amortisation:					
Rights	1.448	15	-	-	1.463
Development Cost	-	830	-	-	830
Other intangible assets	1.198	129	(63)	-	1.264
	2.646	974	(63)	-	3.557
Net book value	199				6.684

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NOTE 12-GOODWILL

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

In Note 2.4 details of assessment for the impairment of goodwill is defined. There is no change in the book value of the goodwill, which is TL5.989 for the period ended as of 31 December 2010 (31 December 2009: TL5.989).

NOTE 13-PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	2010	2009
Provision for unused vacation rights (Note14)	917	906
Provision for lawsuits	842	741
Provision for other payables and expenses	478	466
	2.237	2.113

Contingent assets and liabilities are as follows:

a) The details of collaterals, pledges and mortgages ("CPM") of the Group at 31 December 2010 and 31 December 2009 are as follows:

	2010	2009
Collaterals given	298.604	255.395

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

	2010	2009
Mortgages received	36.310	15.602
Guarantee notes and cheques received	25.169	22.514
Guarantee letters received	7.249	13.706
Other commitments received (*)	117.262	93.343
	185.990	145.165

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

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

A. CPM given on behalf of the Company's legal personality	298.604	255.395
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM		
i) Total amount of CPM given on behalf of the majority shareholder	-	-
ii) Total amount of CPM given 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.	-	-
	298.604	255.395

NOTE 14-EMPLOYEE BENEFITS

Short Term Employee Benefits	2010	2009
Provision for unused vacation rights	917	906
Long Term Employee Benefits		
Provision for employment termination benefits	13.168	11.520

Provision for employment termination benefits

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

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away. Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary limited to a maximum of TL2.517 (2009: TL2.365) for each year of service at 31 December 2010.

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

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

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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:

	2010	2009
Discount rate (%)	4,66	5,92
Probability of retirement (%)	98,92	98,86

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TL2.623 effective from 1 January 2011 (1 January 2010: TL2.427) 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:

	2010	2009
Balances at 1 January	11.520	9.354
Service cost	1.748	2.872
Interest cost	682	586
Paid compensation	(1.568)	(1.951)
Actuarial losses	786	659
Balances at 31 December	13.168	11.520

NOTE 15-OTHER ASSETS AND LIABILITIES

Other current assets:	2010	2009
VAT receivables (*)	41.244	31.928
VAT to be transferred	26.588	14.125
Purchase advances given	8.863	3.948
Personnel advances	1.719	1.294
Prepaid expenses	1.293	883
Prepaid taxes and funds	-	16
Job advances	216	97
	79.923	52.291

(*) VAT receivables balance comprises of tax receivable due from export transactions of the Group.

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Other non current assets:

	2010	2009
Advances given for the purchase of property, plant and equipment	6.797	51.353
Other	98	15
	6.895	51.368

Other current liabilities:

	2010	2009	2008
Advances received	4.764	9.952	8.808
Deferred income (*)	978	522	278
Other	123	924	154
	5.865	11.398	9.240

Other non-current liabilities:

	2010	2009	2008
Deferred income (*)	13.469	14.899	4.437
	13.469	14.899	4.437

(*) Government grants are received as a reimbursement of the investments conducted in the context of Research and Development projects (Note 2.5.b). 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 Undersecretariat 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 by the Group.

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NOTE 16-DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2010		31 December 2009		31 December 2008	
	Asset	Liability	Asset	Liability	Asset	Liability
Held for hedging	-	5.000	-	3.786	-	4.685
Held for trading	-	-	-	-	-	2.060
	-	5.000	-	3.786	-	6.745

Derivative instruments held for hedging:

	31 December 2010		31 December 2009		31 December 2008	
	Contract amount	Fair value Liability	Contract amount	Fair value liability	Contract amount	Fair value liability
Interest rate swap	118.686	5.000	121.933	3.786	123.988	4.685
	118.686	5.000	121.933	3.786	123.988	4.685

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. The realization of promised or probable future transactions are recorded in the income statement, if not realised, accumulated gains or losses are recognised as income or loss in the consolidated financial statements.

At 31 December 2010, the fixed interest rates vary from 2.5% to 4.2% (2009: 2.5% to 4.2%), and 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 2010 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 6).

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Derivative instruments held for trading:

The Group had foreign exchange forward contracts as of 31 December 2008 which were purchased from American knock out reverse repurchase markets. 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 and changes in fair value of these derivative transactions are accounted for in the consolidated statement of comprehensive income.

NOTE 17-EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the CMB and set a limit on its registered share capital representing type of registered shares with a nominal value of TL1 ("one Turkish Lira"). Historical, authorized and issued capital of Aksa as of 31 December 2010 and 31 December 2009 is presented below.

	2010	2009
Limit on registered share capital (historical)	425.000	425.000
Issued share capital	185.000	185.000

The Company's shareholders and their respective shareholding structure at 31 December 2010 and 31 December 2009 are as follows:

	Share %	2010	Share %	2009
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	39,58	73.223	39,58	73.223
Emniyet Ticaret ve Sanayi A.Ş.	18,72	34.632	18,72	34.632
Other	41,70	77.145	41,70	77.145
	100,00	185.000	100,00	185.000
Adjustment to share capital		195.175		195.175
Total paid-in share capital		380.175		380.175

Legal Reserves-Retained Earnings

Retained earnings as per the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below:

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.

Dividend requirements regulated by CMB applicable to listed companies are as follows:

In accordance with the decision of CMB 1/6 dated 9 January 2009, the total amount of net income after the deduction of accumulated losses at statutory records and reserves that can be subject to dividend distribution shall be disclosed in the notes to the financial statements which will be prepared and publicly announced in accordance with Communiqué XI No:29.

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In accordance with the CMB's decision dated 27 January 2010, minimum profit distribution will not be applied for listed companies with shares traded on the stock market.

Inflation adjustment to share capital and carrying value of extraordinary reserves can be used for free capital increase, cash dividend distribution or loss deduction. However, the use of inflation adjustment to the capital for dividend distribution will be subject to corporation tax.

In the General Assembly Meeting dated 26 April 2010, it has been decided to pay dividend amounting to TL16.250 from the net profit of 2009. The distribution of dividend was made on 31 May 2010.

In accordance with the CMB decision dated 9 January 2009, the total amount of net income after the deduction of accumulated losses at statutory records and reserves that can be subject to dividend distribution shall be disclosed in the notes to the financial statements which will be prepared and publicly announced in accordance with Communiqué XI No:29. There are no accumulated loss on statutory accounts of Aksa Akrilik Kimya Sanayii A.Ş., as of 31 December 2010 amount of net profit for the period is TL78.730 and amount of extraordinary reserve is TL301.242.

NOTE 18-SALES AND COST OF SALES

	2010	2009
Domestic sales	828.683	556.085
Export sales	492.259	369.432
Commission income from foreign trade	665	632
Other Sales	108	2.170
Return on sales (-)	(3.965)	(4.506)
Other discounts (-)	(13.438)	(18.676)
Net sales income	1.304.312	905.137
Cost of sales (-)	(1.142.683)	(753.337)
Gross profit	161.629	151.800

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NOTE 19-EXPENSES BY NATURE

	2010	2009
Raw materials and goods	1.008.498	658.899
Personnel expenses	56.615	53.486
Depreciation and amortisation	54.642	50.721
General production expenses	46.954	13.255
Commission expense	11.426	7.773
Export expenses	9.498	6.615
Consultancy expenses	8.490	5.483
Information technologies expense	4.049	3.248
Travel expenses	3.404	2.043
miscellaneous tax expenses	2.356	692
Repair,maintenance and cleaning expenses	1.946	1.063
Rent expenses	1.791	904
Environmental expenses	1.364	624
Social expenses	1.345	1.673
Other	10.975	13.089
	1.223.353	819.568

NOTE 20-OTHER OPERATING INCOME/EXPENSE

As of 31 December 2010 net other expense balance is amounting to TL67 (31 December 2009: TL26.317). Other expense balance comprise of TL 1.869 (31 December 2009: TL 156) income from released provisions, amount of TL1.344 (31 December 2009: TL504) R&D incentive income, amount of TL2.977 (31 December 2009: TL24.028) doubtful receivables provision expense.

NOTE 21-FINANCIAL INCOME

	2010	2009
Foreign exchange gains	90.304	113.063
Interest income from term based sales	17.712	8.961
Interest income	6.433	3.632
Due date charges on term sales	6.356	12.092
	120.805	137.748

NOT 22-FINANCIAL EXPENSES

	2010	2009
Foreign exchange expense	107.167	123.719
Due date charges on term purchases	13.143	16.216
Financial expenses	5.617	3.497
	125.927	143.432

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NOTE 23-TAX ASSETS AND LIABILITIES

	2010	2009
Income tax expense for the period	(14.813)	(11.283)
Deferred tax income, net	957	58
Total tax expense net	(13.856)	(11.225)

Deferred Income Tax Assets and Liabilities

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 31 December 2010, 2009 and 2008 are as follows:

	Temporary Taxable Differences			Deferred Income Tax Asset/Liability		
	2010	2009	2008	2010	2009	2008
Property, plant and equipment and intangible assets	(96.353)	(97.646)	(92.964)	(19.271)	(19.529)	(18.593)
Trade payables	(1.337)	(816)	(1.431)	(267)	(163)	(286)
Other	(308)	(270)	26	(62)	(54)	5
Deferred income tax liabilities				(19.600)	(19.746)	(18.874)
Inventories	3.663	6.767	1.417	733	1.353	283
Employee benefits	13.168	11.520	9.354	2.634	2.304	1.871
Derivative financial instruments	5.000	3.786	6.745	1.000	757	1.349
Trade receivables	6.682	2.056	3.000	1.336	411	600
Other current liabilities	1.788	908	935	358	182	187
Other	379	379	210	76	76	42
Deferred income tax assets				6.137	5.083	4.332
Deferred income tax liabilities, net				(13.463)	(14.663)	(14.542)

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Movement for the deferred income tax liabilities for year ended 31 December 2010 and 2009 are as follows:

	2010	2009
1 January	14.663	14.542
Deferred tax income for the period, net	(957)	(58)
Amount associated with equity	(243)	179
Balances at 31 December	13.463	14.663
	2010	2009
Taxes on income	14.813	11.283
Amount deducted from Value Added Tax receivable	(10.974)	(10.061)
Taxes on Income	3.839	1.222

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

	2010	2009
Profit before tax at consolidated financial statements	75.770	53.568
Expected tax expense of the Group (20%)	15.154	10.714
Disallowable expenses	5.134	4.851
Other income exempt from tax	(8.109)	(3.076)
Dividend Income	(2.524)	(2.192)
Other	(990)	2.970
Tax Effect (20%)	(1.298)	511
Current period tax expense of the Group	13.856	11.225

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.

	2010	2009
Net income attributable to the equity holders of the parent (TL) (*)	56.718.366	39.984.014
Weighted average number of shares	185.000.000	185.000.000
Earnings per 1 share (TL) (*)	0,31	0,22

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

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NOTE 25-RELATED PARTY DISCLOSURES

Trade receivables from related parties as of 31 December 2010 and 2009 are as follows:

	2010	2009
Ak-Al Tekstil Sanayii A.Ş.	11.196	4.388
Aksa Egypt	4.540	2.205
Akkim Kimya San. ve Tic. A.Ş.	793	-
Other	52	83
Less: Rediscount (-)	(232)	(95)
	16.349	6.581

Non-trade receivables from related parties is as follow (presented in "Other Receivables" in the consolidated balance sheet):

	2010	2009
Akport Tekirdağ Liman İşletmeleri A.Ş. (*)	20.098	6.023
Akkök Sanayi Yatırım ve Geliştirme A.Ş. (*)	13.146	-
Akmetem Poliüretan Sanayi ve Ticaret A.Ş. (*)	3.519	3.505
Other	-	521
	36.763	10.049

(*) Includes receivables from for export loans secured by Ak-Pa, a subsidiary of the Group, and provided to related parties.

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

	2010	2009
Akenerji Doğal Gaz İthalat İhracat ve Toptan Tic. A.Ş.	24.637	-
Akkim Kimya San. ve Tic. A.Ş.	8.014	6.072
Akenerji Elektrik Üretim A.Ş.	2.859	5.627
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	812	315
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	529	910
Dinkal Sigorta Acenteliği A.Ş.	73	37
Other	50	184
Less: Payable rediscount (-)	(545)	(240)
	36.429	12.905

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

	2010	2009
Akenerji Elektrik Üretim A.Ş.	-	2.836
Payable rediscount (-)	-	(281)
	-	2.555

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As of 31.12.2010 and 31.12.2009 total sales amount due to related parties are as follows:

	2010	2009
Aksa Egypt	44.600	37.265
Akkim Kimya San. ve Tic. A.Ş.	36.093	24.541
Ak-Al Tekstil Sanayii A.Ş.	32.247	24.823
Akenerji Elektrik Üretim A.Ş.	276	1.302
Other	394	1.451
	113.610	89.382

Product and service purchases from related parties for the years ended 31December 2010 and 2009 are as follows:

	2010	2009
Akkim Kimya San. ve Tic. A.Ş.	60.039	57.985
Akenerji Doğal Gaz İthalat İhracat ve Toptan Tic. A.Ş	24.637	-
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	6.248	4.449
Aktek Bilgi İşlem Tekn. San.ve Tic.A.Ş.	4.723	4.162
Dinkal Sigorta Acenteliği A.Ş.	1.552	1.784
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	1.080	932
Ak-Al Tekstil Sanayii A.Ş.	1.041	1.020
Akenerji Elektrik Üretim A.Ş. (*)	901	52.880
Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş.	488	552
	100.709	123.764

(*) In 2009 fixed assets in the amount of TL11.339 was purchased from Akenerji. In 2009, the other purchases consist of energy purchases.

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

The Company defined its key management personnel as members of action committee and board of directors.

	2010	2009
Salary and other short term employee benefits.	4.022	4.549
Provision for employee termination benefit	42	35
Benefit after working period	-	-
Other long term benefits	-	-
Share base payments	-	-
	4.064	4.584

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NOT 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.

Interest Risk

The Group is not exposed to interest risk arising from the ownership of assets' and liabilities' interest rate changes. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

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 monitoring procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 7).

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Trade Receivable Aging Analysis

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

2010	Trade Receivables
1-30 days overdue (*)	5.049
1-3 ay months overdue	681
3-12 months overdue	570
More than 12 months overdue	1.557
Total	7.857
Secured with guarantees	4.630
2009	Trade Receivables
1-30 days overdue (*)	7.822
1-3 ay months overdue	1.872
3-12 months overdue	854
More than 12 months overdue	419
Total	10.967
Secured with guarantees	5.568

(*) 1-30 days overdue trade receivables as at 31 December 2010 was collected as of the date of publication of these financial statements.

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

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

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2009	Trade Receivables		Other receivables (*)		Demand deposits at bank	
	Related Parties	Other	Related Parties	Other	Related Parties	Other
Maximum credit risk exposure as of reporting date	6.581	343.243	10.049	871	-	101.666
Secured portion of maximum credit risk by guarantees	2.246	139.270	3.650	-	-	-
Net book value of financial assets either are not due or not impaired	6.525	332.276	10.041	871	-	101.666
Financial assets with renegotiated conditions	-	23.678	-	-	-	-
Net book value of the overdue but not impaired financial assets	57	10.967	8	-	-	-
-Secured portion with guarantees	-	5.568	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-
-Overdue (net book value)	-	26.276	-	-	-	-
-Impairment (-)	-	(26.276)	-	-	-	-
-Secured portion with guarantees	-	-	-	-	-	-

(*) Renegotiated receivables in the amount of TL6.192 has been collected in the subsequent period and Group have a total of TL16.225 as guarantees related with these receivables.

Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities with sales or purchase commitments. The policy of the Group is to analyse every foreign currency type on a position basis.

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Foreign currency position table denominated in Turkish Lira as of 31 December 2010 and 31 December 2009 are as follows:

	2010		2009	
Assets	409.545		434.217	
Liabilities	(446.155)		(411.145)	
Net balance sheet position	(36.610)		23.072	

	2010			Total
	USD position	EURO position	Other foreign Currency position	
Assets:				
Cash and cash equivalents	40.408	1.597	4	42.009
Trade receivables	299.136	31.730	-	330.866
Advances given	738	336	7	1.081
Other assets	33.632	1.934	23	35.589
Total assets	373.914	35.597	34	409.545
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	(67.512)	30.868	34	(36.610)

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	2009			Total
	USD position	EURO position	Other foreign Currency position	
Assets:				
Cash and cash equivalents	53.284	1.046	15	54.345
Trade receivables	292.940	32.641	9	325.590
Advances given	32.281	15.831	98	48.210
Other assets	6.023	49	-	6.072
Total assets	384.528	49.567	122	434.217
Liabilities:				
Financial liabilities	275.009	-	-	275.009
Trade payables	128.562	7.574	-	136.136
Total Liabilities	403.571	7.574	-	411.145
Net foreign currency position	(19.043)	41.993	122	23.072

The following table demonstrates the sensitivity to a possible change in the net position, on the Group's balance sheet as of 31 December 2010 and 2009:

2010	Appreciation of Foreign currency	Depreciation of Foreign currency
In case 10% appreciation of USD against TL:		
USD net asset/(liability)	(6.751)	6.751
Amount hedged for USD risk	-	-
USD net effect-income/(expense)	(6.751)	6.751
In case 10% appreciation of EUR against TL:		
EUR net asset/(liability)	3.087	(3.087)
Amount hedged for EUR risk	-	-
EUR net effect-income/(expense)	3.087	(3.087)

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2009	Appreciation of Foreign currency	Depreciation of Foreign currency
In case 10% appreciation of USD against TL:		
USD net asset/liability	(1.904)	1.904
Amount hedged for USD risk (-)	-	-
USD net effect-income/(expense)	(1.904)	1.904
In case 10% appreciation of EUR against TL:		
EUR net asset/liability	4.199	(4.199)
Amount hedged for EUR risk (-)	-	-
EUR net effect-income/(expense)	4.199	(4.199)

Import export information:

	2010	2009
Export:		
USD	350.675	285.558
EUR	157.118	108.047
Other	41	-
	507.834	393.605
Import		
USD	632.741	377.300
EUR	45.454	24.749
Other	920	5.938
	679.115	407.987

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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. The liquidity is minimized by balancing the cash inflows and outflows and also securing funds from reliable financial institutions.

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

2010:

Maturities per agreement	Carrying value	Contractual cash flows (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years(III)
Non derivative financial liabilities					
Financial liabilities	310.565	324.688	44.947	130.451	149.290
Trade payables	175.294	176.505	116.233	60.273	-
Other non current liabilities	36.429	36.975	9.255	27.720	-
Total	522.288	538.168	170.435	218.444	149.290
Derivative financial instruments (net)					
Expected maturities (or maturities per agreement)	Carrying value	Contractual cash flows (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years(III)
Derivative cash outflow	5.000	5.190	375	2.331	2.484

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2009:

Maturities per agreement	Carrying value	Contractual cash flows (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years(III)
Non derivative financial liabilities					
Financial liabilities	279.241	287.919	101.738	42.885	143.296
Trade payables	156.258	156.553	146.074	10.479	-
Trade Payables due to related parties	15.460	15.982	6.072	7.073	2.837
Total	450.959	460.454	253.884	60.437	146.133
Derivative financial instruments (net)					
Derivative cash outflow	3.786	3.810	455	2.189	1.165

Capital risk management

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

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

The Company controls its capital using the net debt/total capital ratio. This ratio is calculated by dividing net debt by the total capital amount. Net debt is calculated as total liability amount (comprises of financial liabilities, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents Total capital is calculated as equity plus the net debt amount as presented in the balance sheet.

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The ratio of net debt/equity at 31 December 2010 and 2009 is as follows:

	2010	2009
Total liabilities	522.288	450.959
Less: cash and cash equivalents (Note 4)	(64.499)	(102.212)
Net debt	457.789	348.747
Total shareholders equity	775.765	734.383
Total equity	1.233.554	1.083.130
Debt/equity ratio	37%	32%

Fair value estimation

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

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

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

Financial assets

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

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NOTE 27-FINANCIAL INSTRUMENTS

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 long term bank borrowings also approximates their carrying values as the interest rates are of floating nature. The estimated fair value of the long term bank borrowings is disclosed in related footnotes and determined by discounting the cash outflows per the agreement with the market interest rates (Note 6).

Fair Value Estimation:

Effective from 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 hierarchy:

Level 1: Quoted prices 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 or indirectly;

Level 3: Inputs for the asset or liability that is not based on observable market data.

2010

	Level 1	Level 2	Level 3
Hedging derivative financial liabilities	-	5.000	-
Total liabilities	-	5.000	-

2009

	Level 1	Level 2	Level 3
Hedging derivative financial liabilities	-	3.786	-
Total liabilities	-	3.786	-

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

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