SASA

POLYESTER SANAYİ A.Ş.

2013

ANNUAL REPORT

SASA

2013

Annual Report

EY
Building a better working world

Güney Bağımsız Denetim ve
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AUDITOR'S REPORT ON ANNUAL REPORT

To the Board of Directors of Sasa Polyester Sanayi A.Ş.

1. As part of our audit, we have assessed whether the financial information and the assessment and explanations of the Board of Directors presented in the annual report of Sasa Polyester Sanayi A.Ş. prepared as of December 31, 2013 are consistent with the audited financial statements as of the same date.

2. Management is responsible for the preparation of the annual report in accordance with "the Communique related to the Determination of the Minimum Content of the Companies' Annual Report".

3. Our responsibility as independent auditors is to express an opinion on whether the financial information provided in the annual report is consistent with the audited financial statements on which we have expressed our opinion dated February 27, 2014.

Our assessment is made in accordance with the principles and procedures for the preparation and issuing of annual reports in accordance with Turkish Commercial Code No. 6102 ("TCC"). Those principles and procedures require that audit is planned and performed to obtain reasonable assurance whether the financial information provided in the annual report are free from material misstatement regarding the consistency of such information with the audited financial statements and the information obtained during the audit.

We believe that the assessment we have made is sufficient and appropriate to provide a basis for our opinion.

4. In our opinion, the financial information and the assessment and explanations of the Board of Director's in the accompanying annual report of Sasa Polyester Sanayi A.Ş. are consistent with the audited financial statements as at December 31, 2013.

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

Metin Canoğulları, SMMM
Partner

February 27, 2014
Istanbul, Türkiye

CONTENTS

GENERAL INFORMATIONS

Reporting Period : 01.01.2013 – 31.12.2013

Company's Title : Sasa Polyester Sanayi A.Ş.
Trade Register Number : 5722

Adress : Yolgeçen Mah. Turhan Cemal Beriker Bulvarı No:559 P.K. 01355 Seyhan/Adana/Türkiye
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E-mail: info@sasa.com.tr
Web: www.sasa.com.tr

Members of Board

Mehmet Göçmen	Chairman of the Executive Board (non-executive member)
Serra Sabancı	Vice Chairman of the Executive Board (non-executive member)
Mehmet Nurettin Pekarun	Member of Board (non-executive member)
Mahmut Volkan Kara	Member of Board (non-executive member)
Hüsnü Ertuğrul Ergöz	Member of Board (independent member)
Mehmet Kahya	Member of Board (independent member)

Corporate Management Commitee

Mehmet Kâhya	President
Hüsnü Ertuğrul Ergöz	Member

Audit Commitee

Hüsnü Ertuğrul Ergöz	President
Mehmet Kâhya	Member

Risk Commitee

Mehmet Kâhya	President
Hüsnü Ertuğrul Ergöz	Member


SASA

OVERVIEW OF THE COMPANY

Sasa, operating in the industry of polyester fibres, filaments and polymers constitutes a major share in Turkey's production capacity in this field with its polymerization capacity of 350,000 kilotonnes / year. Our Company provides tailored solutions for all sectors in the polyester market with especially the Research and Development activities for specialty polymers and chemicals business and by monitoring market trends closely.

Our Company's main production lines, and Sectors that use these products are as follows.

Fibre

Sasa Fibre Segment serves 3 different sectors with its products.

Textiles

Polyester staple fibre and tops products are spun into 100% polyester and/or blended (cotton, viscose, acrylic, wool, nylon) yarns and then converted to fabric by weaving or knitting.

Technical Textiles

With a range of various fibre binding methods (mechanical, spunlace and chemical), these fibres are used as the raw material for hygienic (wet wipes, diapers) and automotive (ceilings and floor coverings) end-uses, artificial leather underlays, filters, cleaning cloths, accessories, geotextile coverings (stabilizers for asphalt) ,etc.

Comfort and Filling Fibres

Fibres, after they are carded and converted into fibre balls, are used as filling material for the manufacturing of pillows, toy fillings, duvets, jackets, furniture and shoulder pads.

Filament

Sasa Filament Segment produces POY and textured yarns for the textile (knitted and woven fabrics), carpet and automotive enduses.

Sasa is the leading producer of polyester fibres in Turkey, Europe and the Middle East.

Specialty Polymers and Chemicals

Sasa Specialty Polymers and Chemicals Segment operates with the vision of dedicating development to eco-friendly products and supplying them to customers. The segment serves the following sectors:

Textile Industry:

Standard and high viscosity polyethyleneterephthalate and polybutylene terephthalate polymer products are first converted into filaments and fibres, and then to woven or knitted fabrics and non-woven products.

Manufacturing industries:

High viscosity polyethylene terephthalate and polybutylene terephthalate polymer products are used in industrial applications in which high durability is essential.

Film and Packaging Industry:

Specialty polyethylene terephthalate polymer products are used in the manufacturing of film and packaging materials that are food contact or not. Antimony free film grade polyester polymers – an important property for food contact materials- are also included in the product portfolio. PBAT production for the biodegradable packaging industry started in 2012.

Engineering Polymers:

Polybutylene terephthalate and thermoplastic elastomers are used in the production of automotive parts, electricalelectronic components, durable goods and other plastic parts with the plastic injection method.

Plasticizers:

Sasa Plus 88, a phthalate-free product, is used as a plasticizer in PVC production. As chemicals that include phthalate are known hazardous to human health ,and are classified as hazardous materials, the significance of Sasa Plus 88 is increasing gradually in the industry

Sasa sells its Specialty Polymers and Chemicals mainly to Europe but also delivers to Turkey, the Middle East, North America and Asia.

MEMBERS OF BOARD

Mehmet GÖÇMEN

Chairman of the Board

Tenure : 25.04.2012 – 25.04.2015

Mehmet Göçmen was born in 1957. Mr. Göçmen earned a degree in Industrial Engineering and Operations Research from Syracuse University (USA) following his education at Galatasaray High School and the Middle East Technical University. Mr. Göçmen started his career in 1983 at Çelik Halat, going on to serve as General Manager of Lafarge Ekmel Concrete and then, from 1996-2002, as Vice President of Lafarge Turkey in charge of Business Development, Strategy and Marketing. Mr. Göçmen was appointed as Executive Vice President of Sabanci Holding's Human Resources after serving as General Manager of Akçansa from 2003 to 2008. On 20 July 2009 he was made President of the Cement SBU at Haci Omer Sabanci Holding AS, until 2010 holding these two offices simultaneously. Mehmet Göçmen left his position as Executive Vice President of Sabancı Human Resources in 2010 while remaing President of the Cement Strategic Business Unit.

Mehmet Nurettin PEKARUN

Member of the Board

Tenure : 25.04.2012 – 25.04.2015

Mehmet Nurettin Pekarun has degree in Industrial Engineering from Bosporus University and MBA in Finance and Strategy. In 1993 Mr. Pekarun started his career at General Electric (GE) in the USA, was the Finance Manager of GE Healthcare Responsible for Europe, Turkey, Greece and Eastern Europe from 1996 – 1999, General Manager for Turkey at GE Lighting, and then the Business Development Unit's General Manager at EMEA GE Healthcare before taking becoming Medical Accessories General Manager at EMEA GE Healthcare. He was appointed CEO of Kordsa Global in 2006 and President of the Tyre, Support Materials and Automotive Group at Sabancı Holding on 20 September 2010. Following a restructuring, Mehmet Pekarun is now President of the Industrials Group.

Serra SABANCI

Deputy Chairwoman of the Board

Tenure : 25.04.2012 – 25.04.2015

Serra Sabancı was born in Adana in 1975. She completed her university studies at Portsmouth University and at the Economics Department of Istanbul's Bilgi University, where she was the valedictorian of her class. Serra started her career at Temsa, following which she attended training courses at London's Institute of Directors studying Mergers, Acquisitions and Board Membership. Serra Sabancı, a trustee on the board of the Sabancı Foundation, currently sits on the board of Sabancı Holding and several of its subsidiaries.

Mahmut Volkan KARA

Member of the Board

Tenure : 25.04.2012 – 25.04.2015

Born in Istanbul in 1973, Mahmut Volkan Kara graduated from Robert College and Istanbul Technical University Mechanical Engineering department. Kara completed his post graduate studies, obtaining an MBA degree from the North Carolina University Kenan-Flagler Business School in USA. He worked at Dell Computers in Austin, Texas, A.T. Kearney in Chicago Illinois and SAB Miller in Milwaukee Wisconsin respectively in the USA. Kara currently Works as Corporate Strategy and Planning Director in Sabancı Holding Strategy and Business Development Group Presidency.

Mehmet KAHYA

Independent Member

Tenure : 25.04.2012 – 25.04.2015

Mehmet Kahya received his BS degrees, Cum Laude, in both Chemical Engineering and Economics from Yale University in 1973 and his MBA, with honors, majoring in Finance, Marketing and Operations Research from Kellogg Graduate Scool of Management in 1975.

He started his career as Management Services Manager at Sasa of the Sabancı Group (1975-80) and later was Founder and Managing Director of MKM International (Holland, 1980-84) and of Sibernetik Sistemler (1984-86). Mehmet rejoined Sabancı Group in 1986 as Automotive Group Vice President and was President of Temsa (1986-90) and Vice President of Toyotasa (1990-94) while serving as Member of the Management and Planning Council of Sabancı Holding and as Member of the Boards of Temsa, Toyotasa, Susa and Sapeksa.

Mehmet was Managing Director and Vice-Chairman of the Board of Carnaud Metalbox-Turkey (1994-98), President of Uzel Makina and Member of the Executive Committee of Uzel Holding (1998-01), General Manager of DYO and Group Vice President (2001-02), Member of the Executive Committee of Sarten Ambalaj (2002-03), Vice Chairman of the Board of Gierlings Velpor (Portugal, 2002-05), President of Assan Aluminyum (2004-06) and currently is the Founder and Managing Partner of Kronus, working with private equity funds for turn-around investments.

Dr. Hüsnü Ertuğrul ERGÖZ

Independent Member

Tenure : 25.04.2012 – 25.04.2015

Hüsnü Ertuğrul Ergöz received his Chemistry bachelors degree at Robert College in 1963, masters degree at METU in 1964 and PhD at Florida State University in 1970. Ergöz served in academic life between years 1972 and 1976 in METU.

Ergöz started his professional life in Kordsa as Technical Etude and Project Specialist, afterwards he received various duties in Sabancı Holding and group companies such as Brisa. Retired from Sabancı Holding position of General Secretary in 2003. After retirement he served as executive board member is at Pressan Ltd till 2009. Ergöz is making private studies on 'Institutionalization in Family Enterprises'

MEMBERS OF THE BOARD

Committees of Boards Directors

- **Audit Committee**

  President : Hüsnü Ertuğrul Ergöz
  Member : Mehmet Kâhya

- **Corporate Management Commitee**

  President : Mehmet Kâhya
  Member : Hüsnü Ertuğrul Ergöz

- **Risk Committee**

  President : Mehmet Kâhya
  Member : Hüsnü Ertuğrul Ergöz

Since there is no committee for nomination and compensation committee in the present configuration of the Executive Board, works of the mentioned committees are executed by the Corporate Management Committee.

Top Management

Name	-	Title
Toker Özcan	-	General Manager
Diyap Metin Akyüz	-	Financial Director
İbrahim Celal Çelebi	-	Operations Director
Ali Alper Karataş	-	Internal Audit Manager
Alper Söğüt	-	Maintenance and Energy Manager
Aykut Aksu	-	Logistic Manager
Bülent Özgenç	-	Information Systems Manager
Ertuğrul Toker	-	DMT Operations Manager
Ferat Göç	-	Cost Accounting Manager
Güven Kaya	-	Continuous Improvement and Technology Manager
Işılay Yüksel Eratay	-	Human Resources and Industrial Relations Manager
İrfan Başkır	-	Specialty Polymers and Chemicals Sales Manager
Mehmet Pehlivan	-	General Accounting Manager
Murat Fikret Erdoğan	-	Fibers Polymer Operations Manager
Mustafa Durukan	-	Purchasing Manager
Mustafa Kemal Öz	-	Fiber Operations Manager

MILESTONES

1966 – Establishment of the Legal Entity and Launch of the Assembly Work

1968 – Production using ICI's Batch Technology (6 kilotonnes / year Polyester Fiber)

1974 – Batch Filament Production

1976 – First DuPont CP-1 (14 kilotonnes / year fiber)

1977 – DMT Production (60 kilotonnes/year)

1991 – DMT Capacity Increase (120 kilotonnes/year)

1998 – DMT Capacity Increase (280 kilotonnes/year)

2000 – Title change – The Beginning of SASA DuPontSA

2004 – Title change – The beginning of Advansa SASA Polyester Sanayi A. Ş.

2006 – The Sale of PET Resin Facilities to LA SEDA (Artenius)

2011 – PTA Based CP 7 Fiber Facility

2011 – Title change – The Beginning of SASA

2011 – Batch Polymer 4 Facility

MESSAGE FROM THE CHAIRMAN

Dear Business Partners,

The year of 2013, although performing approximately 4% economic growth, on the global scale, it has been a difficult year in our country as confronted with unstable and serious problems. The Turkey's economy has been adversely affected, especially in the second half of the year, the U.S. Federal Reserve's had decided to tighten their monetary policy and via ongoing the social / political instabilities in our region.

The main raw material prices of which are the Sasa's petroleum derivatives had been some increases in the first quarter of 2013, however, globally the rapid increase in the supply side and especially due to shrinking demand that been occurring in Europe showed a downward trends in the rest periods. Despite of the competitive conditions that had been created due to the fallings in the raw material prices, the Sasa had been maintained the product prices especially against the Far East polyester manufacturers and according to the competitive and in the fast changing conditions of the sector of which it is also participating has managed to maintain its leading position in the fiber sector with a 44% market share in Turkey.

The Sasa's total turnover in 2013 had been increased about a 10% as compared to the year of 2012 and been realized as TL 1.1 billions and has managed to capture an increase in the fiber group 22%, in the SPC group 25% in the exports. While, in 2012, the EBITDA figures were 13 Millions, which is increased to TL 53 millions, in the year of 2013.

By the investments that has been made in 2013 year, the resources was directed to the projects of largely focused on profitability. The Sasa by evaluating the customer and market needs, in detail, has kept a high level of competition through integrating to the R&D activities via the possessed knowledge and the superior technology for all of it's stakeholders and customers, in order to create added value. Within this scope the Sasa, especially in the SPC sector, has been signed some major developments and been performed the introduction of new products in the Istanbul Eurasia Plastic Fair, as well as many new sales contracts has been added into it's 2014 years portfolio.

Our quality and energy efficiency have been realized as very close to our goals and also has a positive effect to our conversion costs. In 2013, the modernization work have been continued as more systematic and intensively in the production process of the Sasa, and in this context, the productivity has been increased significantly. Through the improvement works which is supported by the six sigma projects the opportunities have been created in the costs of the conversion at the quality, energy, sustainability and also including maintenance issues.

The Sasa is showing maximum attention on the efficiency of the Human Resources and increasing the employees' performance and their development support and there following an organizational strategy and thus intends to remain successful in the long term.

The Sasa, had identified the safety of their employees and aspects of a healthy work environment as an important factor on the company's success and in this context, had showed maximum diligence on the Occupational Health, Safety and the Environment Operations.

The Sasa, today, have become the market maker in the polyester industry and I offer my gratitude on behalf of our Board of Directors to our founders, to all of our stakeholders, to our employees and to our suppliers and our customers helping us in becoming to this level with their labor.

Mehmet Göçmen
The Chairman of the Board

EMPLOYEE INFORMATION

Our number of employees, as of 31st December 2013, had decreased to 1.087 which shows an reduction of 113 persons when compared with 2012. In 2013, 46 new persons were employed and 159 persons' employment contracts were ceased. The distribution of our personnel, based on the numbers at the main site and the other exterior sites are as follows :

Main Site	1.074 People
İskenderun Tank Area and Loading	10 People
İstanbul Office	3 People
TOTAL	1.087 People

The Collective Labor Agreement Process

The 17th Period of Collective Labor Agreement in the chemistry sector was signed between the Business Association of Petroleum and with our company in involving the workplace operations and it's effectiveness period has been concluded as of 31.12.2012 and thus it has been ended and the 18th period's the Collective Labor Agreement will cover the new era of which has a 24 months in the future and this Collective Labor Agreement have resulted in an agreement on 20.06.2013 and was signed to be effective from 01.01.2013 and on and thence have entered into force.

Also, the Collective Labor Agreement negotiations which was being held at the business levels have resulted in an agreement on 23.08.2013 for the 36 months term between the Textile Workers Union and the establishments that are operating in the weaving sectors and the collective Labor Agreement has been signed to be effective from the date of 01.04.2013 and finally been entered into force.

The Sasa, on 13.06.2013 date, have become a member to the Turkey's Textile Industry Employers Union of which is actually depending on the Confederation of the Employer Associations of Turkey and also has been included in the Collective Labor Agreement of the 23rd. Period (01.04.2013-31.03.2016) which has been signed on 08.22.2013 date as of a member of the Employers Trade Union's agreement that been signed with the DISK-dependent the Textile Workers Union.

As has been announced within the Sectors Regulations (The Official Gazette No. 28502 dated 19.12.2012) and by the Social Security Institution (SSI), on the 24.05.2013 date, and to be effective from 01.01.2013 date on and including all of our businesses, into the "Textile, Garment and Leather" sector as belongs to the branch of 2060 NACE code and also it has been decided that the branch is registered to the "Artificial or Synthetic Fiber Manufacturings" line.

VISION & MISSION & VALUES

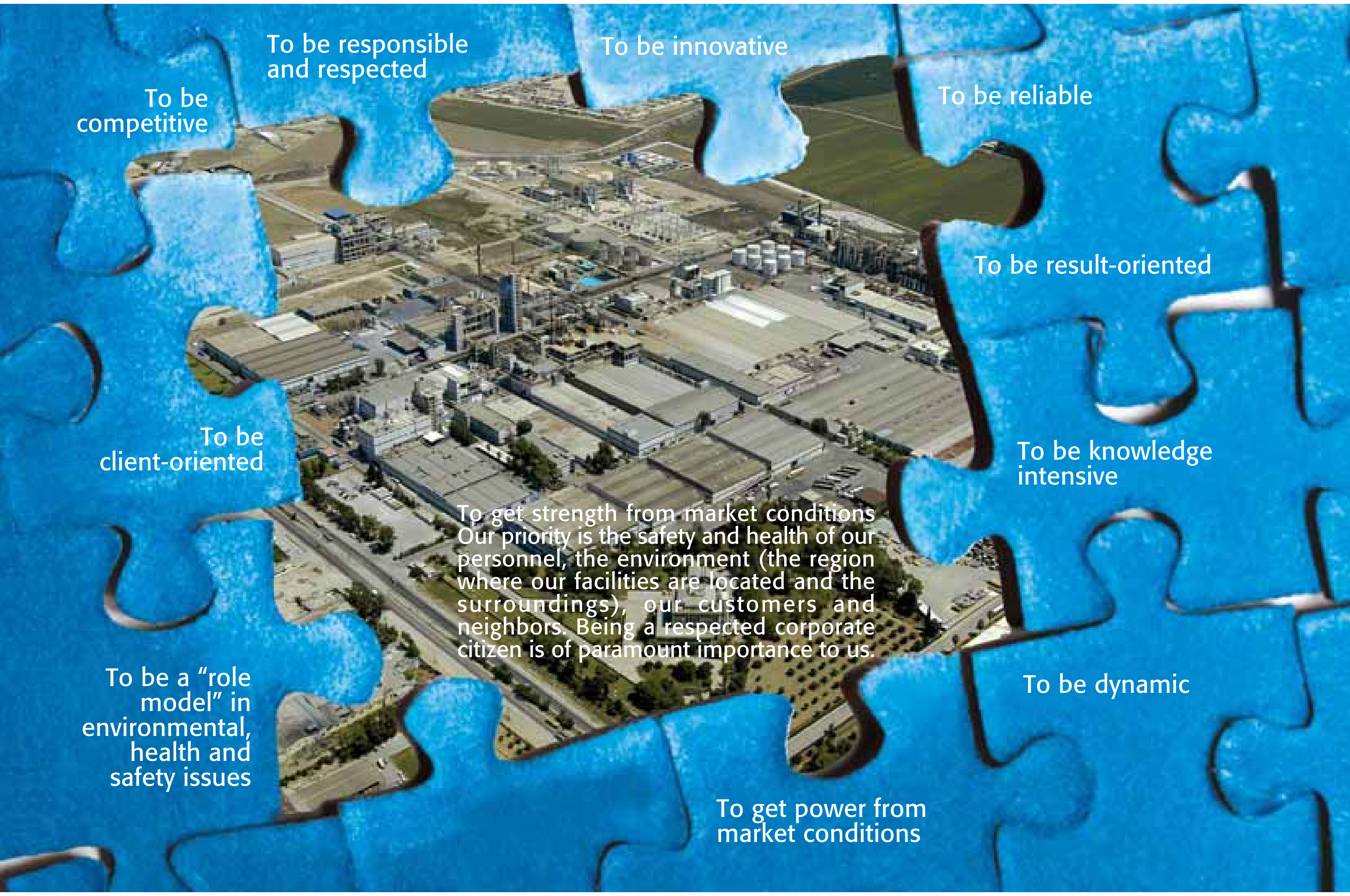
VISION

To position the company in current business and new opportunities so as to create the highest value.

MISSION

To invest in manpower and production for a profitable and sustainable growth.

OUR VALUES



HUMAN RESOURCES POLICIES

In accordance with the vision and strategies of our changing and developing company, as Human Resources, our main goal is to make Sasa to reach effective an organizational structure required for a sustainable competitive advantage, consist of employees with high caliber, loyal to the organization and directed towards aims of the company with proud of working in Sasa, providing continuous working peace.

Sasa, for realizing its strategies and goals; believes that long term togetherness with its open-minded and continuously developing employees, company culture, knowledge accumulation and protecting core values of the Company are the basic elements for reaching success and makes investments in people in this respect.

With a view towards providing sustainable success in its strategy and goals and having an organization that creates a competitive advantage, Sasa strives:

- Organization has been structuring in accordance with continuously review the human resources systems and processes and the requirements,
- Qualified labor force that will carry the company into the future has been employing and in this respect the cultural diversity is being supported,
- To improve the competencies, knowledge and abilities of employees related with their positions, for realizing their potentials, personal and occupational development activities has been organizing,
- To support institutional and personal development; an effective performance management has run where employees and directors can monitor their performances regularly and assume their own development responsibilities in an open communication environment.
- Within the scope of “Organizational Succession Planning”, critical positions are backed up with high potential and competent employees.
- Necessary platforms for information sharing on relevant subjects regarding company issues and employees are created for employees and their representatives to explain themselves clearly within a participative management approach.
- Sabancı Work Ethics, including rules ensuring fair and equitable (no discrimination on gender, religion, language, etc.) work environment, are applied to all employees.
- In a working environment where secure, healthy, Sabancı Bussiness Ethics Values kept alive, participatory and open-minded and employees can showcase their potentials, for envolving approaches and applications that improve institutional commitment, a common company culture has created.

HUMAN RESOURCES POLICIES

Recruitment

In our company, the Sabancı Holding Job Family Model and a grade structure that defines job size and wage structure are implemented for white collar employees. The recruitment process is executed in line with the role descriptions and responsibility areas defined within the frame of the Job Family Model, according to Recruitment and Dismissal Regulation.

We execute our recruitment processes in line with our company's strategies, goals and principles of equal opportunity for equal jobs, with the purpose of securing the best candidates who are qualified for an open position and believe in the values of Sabancı Holding and our company; are open to development and change; are highly self-confident, well educated; and have the competencies to make a difference in their work.

Performance Evaluation Management

All white collar employees evaluate their work and competency goals which are updated with a mid-term evaluation during the year, interviewing face to face with their superiors that they had set together at the beginning of year with all performance criteria clearly defined .[The previous is confusing. Could it read: "All white collar employees meet with their superiors at the beginning of the year to set competency goals. These personnel then evaluate their work and competency goals through a mid-year evaluation."

The evaluation results based on the realization level (efficiency) of work and competency objectives are considered an important criterion in defining personal development / training areas, promotional opportunities, career back-up, raises and adjustment of wages.

Training and Personal Development Programs

As Sasa Human Resources, creating organizational climate to ensure participation in projects and activities increasing individual awareness and performances, supporting creative developing of our employees, is among our priorities.

Orientation Program

(Department visiting program that aims to make new-starter white collar employees learn all departments and meet with all employees)

In-House Training Program

(Job Safety, Health and Environment, Technical, ISO, Sabancı Code of Business Ethics, etc.)

Personal Development Training Programs

(Programs that are organized according to the personal development areas of white collar employees and the jobs they perform)

Occupational Development Trainings

(Outsourced trainings that are organized as certification, seminar, course formats in line with improving the knowledge and abilities of employees and providing occupational development)

Social Activities

SASAAKTİF is a committee which was established by voluntary participation of our employees for planning and implementing various social activities inside and outside the company.

Activities;

- Sports organizations (Sasa Sports Tournament including football, volleyball and badminton branches, table tennis/bowling and paint ball tournaments)
- Happy hour and karaoke parties, spring fests,
- Sasa Kids Drawing Competition
- Natural and cultural trips and similar organizations.

SOCIAL RESPONSIBILITY PROJECTS

1- "Pick the Right Career for You" Program for Sasa Kids

We interiorized the mission of shaping the future of children whose parents work at Sasa as our social responsibility.

In this respect, we designed **"Pick the Right Career for You"** program in order for the Sasa Kids to choose the jobs that fits their skills and interests best and so be happy and productive employees in the future.

All white and blue collared employees' kids that are aged over 8 are within the scope. The program will continue in the next years with new Sasa kids.

In 2013, consultancy process is completed for 50 kids. The next 150 kids will be handled in the first quarter of 2014.

The aim of program in summary is:

- Raise Sasa parents' and kids' awareness
- Supporting Sasa kids for being happy at work by choosing the right job
- Supporting right positioning of potential Sasa and Sabanci employees
- Contributing the happiness and performance of next generation employees at work

2- SASA - Lösev Collaboration

LÖSEV Lösemili Çocuklar Vakfı

We signed a collaboration agreement with Lösev (Foundation for Children with Leukemia) for 1 year. In accordance with this agreement, we are supplying fiber for production of Lösev toys (500 kilos of fiber once in two months – first supply in September 2013). Revenue from sales of these toys are used for the treatment and education of these children.

Besides, we made 300 pillows and coverlet prepared for children with Leukemia, our own production of fiber is used as raw material. We organised an evening meal during Ramadan for these children and their families, also other collaboration acitivies continue to take place.

3 - SASA – Child Cancer Association Collaboration

Adana, as the center of child cancer treatment for nearly 10 million population including South and South East region in Turkey, is striving to help those children with limited resources. We support this effort via Child Cancer Association.

We became the major sponsor in the event organised by Child Cancer Association for supporting the Pediatric Stemcell Transplant Center within the body of Cukurova University Medical Faculty.

Besides, other collaboration acitivies continue.

4 – Support to SABANCI University Saturday School

We have been supporting development of teachers for 3 years, within the scope of "Support the Teachers" program organized by Sabancı University Saturday School.

http://cumartesiokulu.sabanciuniv.edu

5 – We aim 2000 Trees for a Greener Environment

Within the scope of our planting project, which aims every Sasa employee having a tree in our garden, our planting events started at 25th of December 2013. The events will be completed at 5th of June 2014, in World Environment Day. Our employees completed planting 500 of the trees in 2013.

REMUNERATION AND FRINGE BENEFITS

The remuneration system of labor union member employees is managed with collective agreements that are signed between labor unions and the employer with a management approach supporting unionism.

The remuneration system of white collar employees is created by considering the results of job valuation and market data.

Remuneration

Within the framework of the Sabancı Group Job Family Model, in tier system that determines work size and remuneration structres, 16 gross salaries, namely 12 monthly gross salaries and 4 gross salaries as bonus.

In addition, in alignment with the financial performance of the Company, variable payment is done over a ratio determined according to individual performance (efficiency) to employees at certain grades.

Fringe Benefits

Private health insurance, individual retirement practice with contribution of employer and life insurance for white collar employees who work in positions in a specific level and meal for all employees.

Payment amount which was made to the Members of Board and Senior Managers between 01.01.2013 and 31.12.2013 was 1.735.000 TL.

RESEARCH AND DEVELOPMENT ACTIVITIES

Sasa's R&D activities were conducted primarily with innovative approach to developments, focusing on specifically sustainable and eco-friendly products to create value for its stakeholders and customers, with company's core competencies where the strengths of the company prevail.

In the competitive and fast-changing conditions of its business area, evaluating market and customer needs with precision, Sasa has effectively put to use its state of the art technology combined with its extensive knowledge to create new business opportunities and sustaining them.

In fully equipped R&D assets, the company continues to develop products and processes for the fibers and polymers/chemicals businesses through team-work with its customers, thus enhancing Sasa's competitive advantage.

In year 2013, total R&D expenditures have amounted to 2,43 Million TL corresponding to 0,21 % of revenue.

Project activities have been conducted according to main company strategies that can be summarized as below;

- Growing in polyester based polymers business, and offering new specialties and polymer solutions to the market,
- Growing in fibers business and optimizing product portfolio,
- Collaborating with different organizations to develop new business opportunities, and growing raw material –oriented.

In year 2013, in order to respond to the growing global awareness corroborated by new international and domestic directives and market demands; resources have been utilized for R&D projects to develop "human and environmentally friendly" products such as biodegradable polymers, differentiated polymers and staple fibers with alternative catalysts for hygiene end-use and food packaging applications, polyester replacing polycarbonate for liquid containers and packaging.

Tübitak / Teydeb

Sasa has applied for four R&D projects, one in monitoring and three in evaluation process, to TÜBİTAK /TEYDEB 's "Industrial R&D Funding Program" in year 2013; and varied TEYDEB and SANTEZ projects are planned to be on progress in year 2014.

Specialty Polymers and Chemicals

Bio-Degradable Polyester:

In 2012, Sasa completed R&D studies for bio-degradable polyesters to develop new products, aimed to increase its share in different markets and started to produce commercial products after optimizations at determined plants.

Product, which is named as Advanite Natura commercially, presented at Plast Eurasia (at December 5-8, in İstanbul) as bio-degradable based eco-friendly film polyester after pilot trials results at selected end-use customers. Research and development studies were succesfully completed with Tübitak support programs.

Thermo Plastic Elastomers:

Sasa started commercial ThermoPlastic Elastomer production in 2010. Generally, thermoplastic elastomers produced by soft and hard phase polymer combination. Three type thermoplastic elastomers developed in 2012 towards end-use customers requests and with the start-up at determined plants, commercial production began in 2013. The end-use market is new for Sasa and studies will continue to evaluate new opportunities in 2014.

Alternative raw materials for Polybutylene terephthalate production:

Sasa uses two major raw materials in the production of polybutylene terephthalate (PBT) one of the two major raw materials is butanediol, and one is dimethyl terephthalate.

Terephthalic acid creates cost advantage due to its utilization rate in the production of PBT and unit price. In contrast, modifications are required in the production process related TPA. Therefore, TPA based production preparations have been completed and the TPA - based studies conducted for the production of PBT in 2014.

Alkaline soluble polyester:

Polystyrene coating is applied to the surface of fibers, in particular in the production of polyester micro-fiber. Then the coating is removed by organic solvents. These manufacturing methods cause high level of organic waste. Sasa has developed and commercialized a polyester which is soluble in concentrated alkaline water as a solvent, instead of organic solvents in 2013

Polyesters developed for heat shrink film applications:

Heat shrink films are shrinking packing materials which are very common used in many areas. These high cost materials are being used at industries very often. Sasa has developed suitable polymers providing more economic solutions should be heat shrink filmmaking in 2013.

Polymers for the food packaging industry:

In Polymer production, sme chemicals called "catalyst" are used to start the process and to ensure the continuing. Heavy metals in polymers are generally undesired especially for food contact packaging. Sasa which produce the first heavy metal free polymers commercially in the sector, has made trials of 3 new type heavy metal free catalyst system in 2013. One of these trials has suceeded and started to be used in film industry commercially.

Enhanced hydrolytic stability polyester:

Hydrolytic stability is the parameter used to determine endurance of polymer in water, water vapor, etc. environments. Hydrolytic stability of polyesters is not good enough to use compared to other water resistance polymers. Sasa has developed enhanced hydrolytic stability polyester and also customer trials are completed successfully in 2013. Commercial production and sales will be continued in 2014.

Polyesters for use in liquid containers (carboys):

Liquid (generally water) container carboys mainly made of polycarbonate polymers. As it is known from the scientific researches polycarbonate use in such applications shows adverse effects on human health. Therefore, Sasa has started a project in 2012 and developed a new product for use in similar applications in 2013. Product will be commercialized in 2014.

Fibers:

R&D activities for polyester and high performance fibers embody both the use of the broad knowledge of polymer modification chemistry - one the core strengths of Sasa- and the addition of new functions and values, thus enriching fibers product portfolio. Below are some of the projects concluded and commercialized in 2013 due to market demands:

Carpet fiber:

High durability and good resilience properties are the characteristic properties of polyester fiber for carpet production. By nature, polyester fiber has a very good hand feeling and stains could be removed easily. Since the polyester has high tenacity properties, its abrasion properties are very good. By using bright staple fiber, silky touch could be obtained.

High Tenacity black staple fiber:

For the textile and technical textile end uses, high tenacity staple fiber has develeoped and commertialized.

Modulen:

100% polyester that is recycable general purpose carpet could not be produced in the world. 100 % polyester and recycable carpet hes develeped to fulfill this gap in the market. This product will be produced in 2014.

Micro fiber:

0,9 denier high tenacity polyester fiber has develeoped for the texile sector. By using this fiber, high tenacity and soft touch fine yarn could be produced. End use of this fine yarn is silky touch foulard and head scarf.

Going forward, all R&D activities will be focused around the technological capabilities where we can maximize our technological innovation to create added value in new and emerging markets.

The Sasa has launched the Sasa 10X™ new black fiber product of which will be a source of inspiration to the fashion. For the Sasa 10X™, about 2 years of R & D efforts have been made and USD 1.5 million was allocated. In this process most beautiful black tone was determined by the London fashion designers in their work with certain groups of subjects. Firstly, the Sasa 10X™ as submitted to the textile industry included the polyester viscose blended women's outerwear and offers the promising of a longer lifetime and higher performance and the indispensable fashion of the black color in deepening, to the textile industry.

COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS

Safety, Occupational Health & Environmental (She) Activities

SHE Department activities carried out under the consideration of a belief that the health and safety of everybody involved in its operations and the protection of the natural environment are very important and integral to the success of the business. Activities of year 2013 summarized as below.

PSRM (Process Safety & Risk Management) Activities

New members have been assigned to commitees of PSRM (Process Safety & Risk Management) and commitees have commenced to refresh their procedures. Updating of PT (Process Technology) documents has been started up.

Trainings & Awareness Activities

As we believe that SHE training is an essential element of safe and environmentally friendly workplaces and management must teach, motivate and sustain employee SHE knowledge to eliminate injuries and environmental incidents, we continued SHE trainings as 16 hours/man in 2013 by taking into consideration local legal regulations. SHE Induction training obliged for beginners from all levels at the first working week before starting to work continued. Besides SHE training continued to be given every day for outsourced contractors working for investment projects and daily contractor auditing performed in order to prevent accidents especially during the investment period. Hazardous Operations and PPE Usage, Safety Auditing, Incident Investigation and Reporting, Work Control Permit Certification, Ergonomics, Manuel Handling, Hearing Protection, Hot Work Inspector trainings, Fire & Fire Fighting, Hazardous Chemicals & Hazard Communication, Respiratory Protection, Risk Assessment, Water & Waste Management, Working with Display Devices, PSRM (Process Safety and Risk Management) trainings were conducted by in-house resources. Workplace safety and occupational health promotions and leaflets prepared for employee awareness monthly.

Emergency preparedness is vital for chemical industry and 47 fire and rescue drills held by operations and site fire department co-operation.

Incident & Injury Investigations:

Incidents & injuries & cases are the opportunities for improving the weaknesses in our SHE system. Therefore, they are being investigated effectively. We didn't experience any significant fires, process incidents, environmental incidents or Lost Work Case incidents in 2013 and by investigating the root causes, actions were taken and lessons learned from all cases communicated with all employees for preventing the re-occurrence by working with the line managements. As a results of this, Accident Frequency Rate was reduced to 0,25.

By reporting and sharing the off the job injuries of the Sasa employees which results with lost work days, the number of such cases decreased from 41 in year 2005 to 2 in year 2013.

By extensive reporting of near miss incidents, high potential incidents and learning events, all Sasa employees pointed out that it is essential to investigate all unsafe practices and incidents with potential for injury as well as all injuries.

Projects:

For protecting and improving the employee safety, IHS (integrated health services) and OH (occupational health) committee worked together and provided improvements about different topics. Bacteriological analysis of potable water was conducted.

Besides, ADME (Emergency Response Team) members, working in plants, were taken refreshment trainings. Additionally, new 13 ADME members were trained in 2013.

In the scope of the agreement with Artenius, SHE services continued to provide to these companies according to SLAs.

As an environmentally responsible company, by implementing our policy with the help of appropriate management systems which together with safety, occupational health and environmental targets and continuous improvement programs carried out and many projects completed to move towards goal at ZERO WASTE in 2013.

Risk Assessments completed at all plants and Emergency Plans updated.

ATEX (EX) regions re-identified in SASA and Quantitative Risk Assessments have been started up within the scope of Seveso II/III Directives.

Donation Information

Our company has donated 26.742 TL in 2013.

FINANCIAL POSITION

Dividend Distribution Policy

Dividend distribution policy of our Company is to distribute dividends in cash at the rate of 30 % of distributable share to the shareholders. This policy is reviewed in accordance with national and global economic conditions, projects in hand and funds state by Executive Board every year.

Our Company submitted aforementioned dividend distribution policy for shareholders' information at Ordinary General Meeting of 2005 and for public information with the material disclosure made within 2006.

Dividend distribution is executed within the shortest time following General Meeting within the periods prescribed at legislation.

There is no privilege to participate in company profit.

The Capital Market Board's, January 23, 2014 dated the Notification of Dividend, Article 4 of the profit distribution policy had been enacted under the No. II.19.1 and was published in the Official Gazette that what should have been, had been explained. Accordingly, the current profit distribution policy of our company to be revised as follows and should include issues related in the Communiqué as the minimum stated and be submitted to the shareholders for approval at the Ordinary General Assembly that to be held in the 2014 year, has been decided.

Dividend Distribution Policy

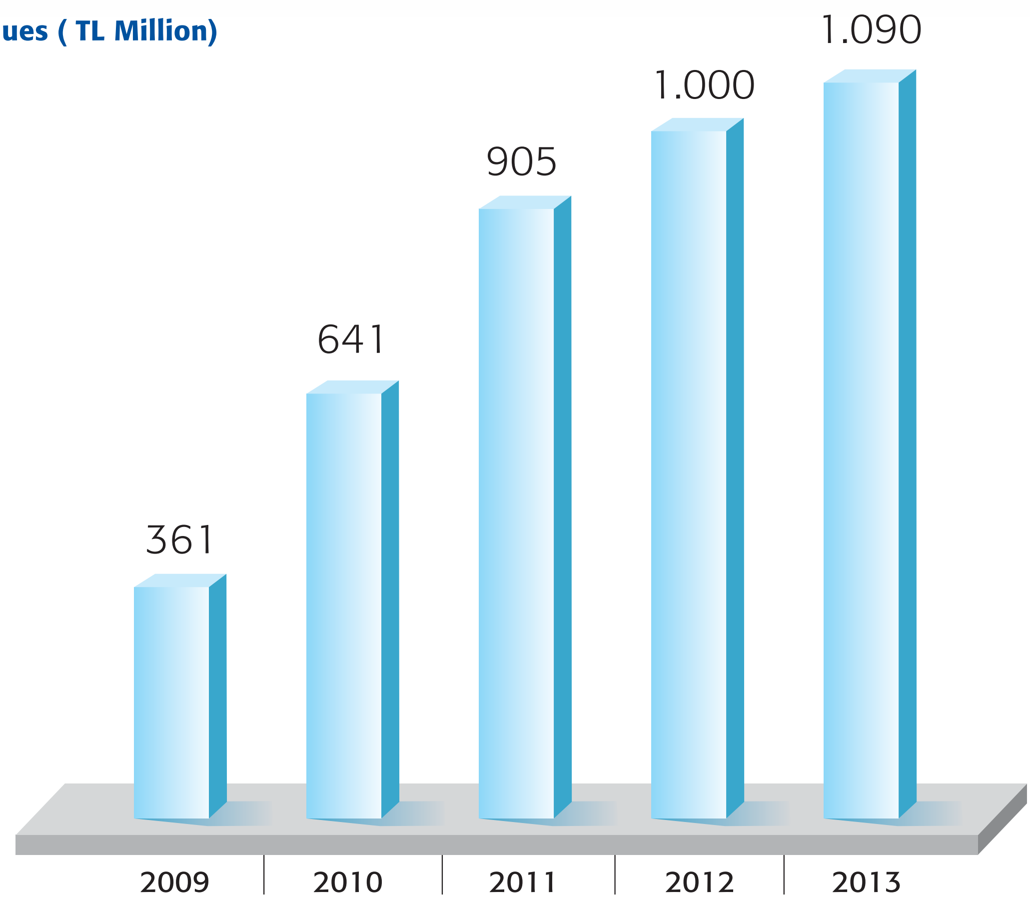
The Sasa Polyester Sanayi A.Ş's Dividend Policy is being managed within the frameworks of the provisions of the Turkish Commercial Codes, the Capital Market's Laws and with other relevant legislations and regarding the distribution of profits in accordance with our firm's articles written in the agreement; it is determined by the balance favored, as and among, the Sasa's medium and long-term strategies, the investment and financial plans of which is in line with the Country's economy and by taking the situation of the sector into the consideration and expectations of the shareholders and the Sasa's needs.

In line with the decision taken at the General Assembly, the determination of some amounts of the dividends to be distributed to the shareholders have been adopted as the principle; the principle has been adopted as to pay off the dividend in cash to the shareholders and the rate to be 50% pieces for per annum.

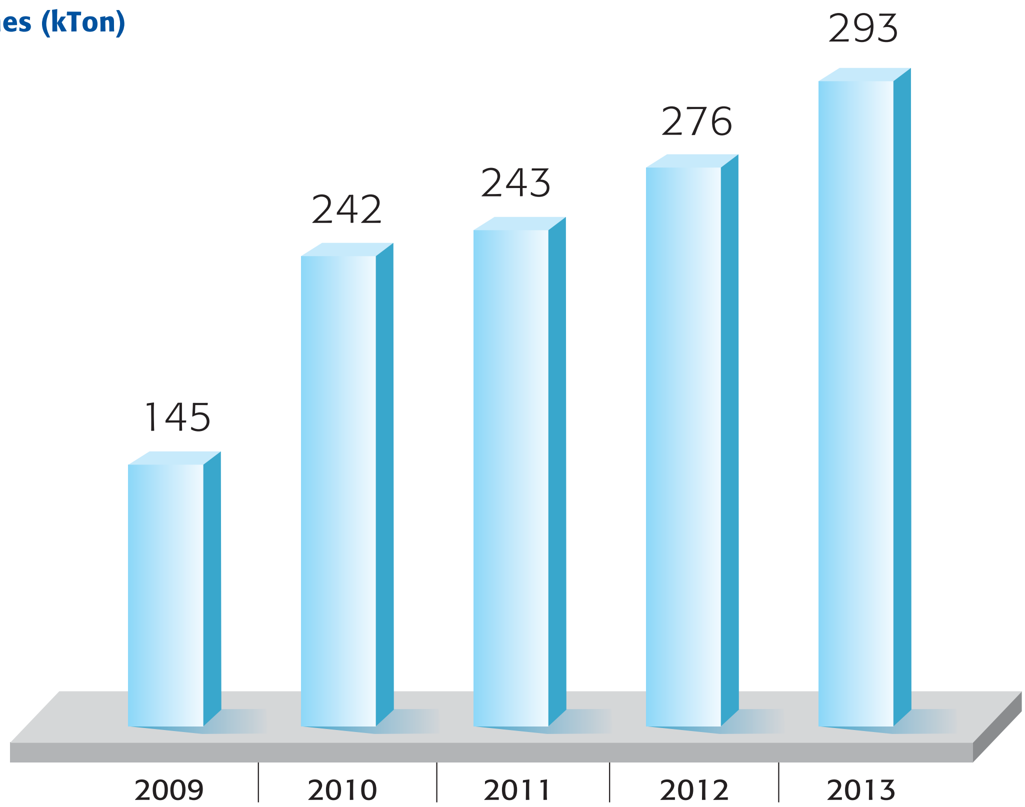
The dividends, regardless of their date of issuance and acquisitions will be distributed equally to all of the existing shares and it is accepted to dispense as soon as possible and within the legal period and following of the approval of the General Assembly and on the appointed date to be determined by the General Assembly will be distributed to the shareholders. In accordance of our agreement's article 31st, if authorization is donated to the Administrative Board by the General Assembly and within this decision the Administrative Board can make it possible to distribute advance dividends to the shareholders.

The General Assembly, can carry a portion of the net profit or all of it to the extraordinary reserve. If the Sasa's Administrative Board, offers to the General Assembly on not distributing profits to the shareholders, the causes of this condition and as regards the form of the undistributed profit's assessment also should be stated to the shareholders at the General Meeting. Likewise, this information by giving place in the annual report and on the web site to be shared with the public. The profit distribution policy to be submitted for the approval of the shareholders in the General Meeting. This policy, due to the having any negativity on the national and the global economic conditions and according to the projects and in the availability of the funds is being kept on the agenda and to be revised annually by the Administrative Boards. The amendments which are done within this policy and in the first general meeting after changes is submitted to the approval of the shareholders and publicized on the website.

Sales Revenues (TL Million)

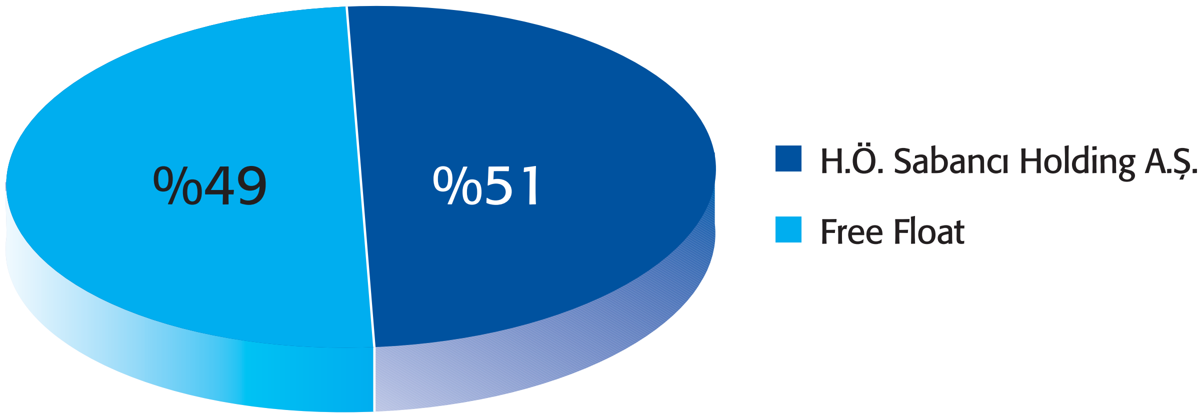


Sales Volumes (kTon)



FINANCIAL POSITION

Partnership Structure as of 31 December 2013



Operating Profit and Net Profit (TL Thousand)

Years	***Operating Profit (Loss)***	***Net Profit (Loss)***
2009	(16.971)	(35.150)
2010	45.023	30.521
2011	51.251	42.110
2012	(11.897)	(30.809)
2013	32.717	6.241

Net Sales (TL Million)

Years	***Amount***
2009	361
2010	641
2011	905
2012	1.000
2013	1.090

Basic Financial Indicators (TL Million)

	2013	***2012***	***2011***	***2010***	***2009***
Net Sales	1.090	1.000	905	641	361
Gross Profit	72	48	119	80	16
Operating Profit/Loss	33	(8)	51	45	(17)
EBITDA	53	13	72	64	2
Net Profit/Loss	6	(31)	42	31	(35)
EBITDA Margin(%)	5	1	8	10	1
Net Profit Margin(%)	1	(3)	5	5	(10)

Capacity Information

The DMT facility which is a petrochemical plant manufactures DMT by using paraxylene and methanol as raw materials. DMT is sent to polymerization facilities in liquid form to be processed with the raw material- Monoethylenegycol (MEG) and there finally converted to liquid polymers. The Company has a DMT capacity of 280.000 tonnes/year and a polymer capacity of 350,000 tonnes/year including PTA-based production.

The fibre, filament and polyester chips plants convert the polymers that they receive into tow, staple fibre, POY, filament and polyester chips. Tow is then converted in the tops facilities to
raw-white and dyed tops.

Some of the POY production is processed into flat and texturized filaments and the remainder is sold as POY itself. The Company's production capacities are: 160.000 tonnes/year fibre, 6,000 tonnes/year tops, 47,000 tonnes/year POY, 28.000 tonnes/year filament and 216.000 tonnes/ year polyester chips, 6.000 tonnes/year SSP chips.

The utilization ratio of the polymerization capacity for 2013 was 81% (2012: 79%).

PRODUCTION and SALES OPERATIONS

Production Operations of Sasa in 2013

In year 2013, a dramatic increase at production efficiency has been achieved at Sasa, due to the continuous multiple and systematic modernization projects implemented in our production facilities. In scope of operational excellence; varied renovation and 6-sigma projects of product quality improvement, maintenance efficiency, energy saving and sustainability - leading a remarkable decrease especially at conversion costs - have been completed in 2013.

Production Volumes (Ton)

The production volumes on our main product groups are given below in comparison:

	2013	*2012*	*Variance (Tonne)*	*Variance (%)*
Dmt	226.052	223.991	2.061	1
Polyester Chips	125.765	117.374	8.391	7
Polyester Fibre	144.774	147.421	-2.647	-2
Polyester Filament	2.530	9.166	-6.636	-72
Poy	18.236	14.618	3.618	25
Tops	1.215	1.727	-512	-30
Tow	426	1.451	-1.025	-71

Product Sales Volumes and Revenues

The sales volumes and revenues on our main product groups are given below in comparison:

• *Sales Volume (Tonnes)*

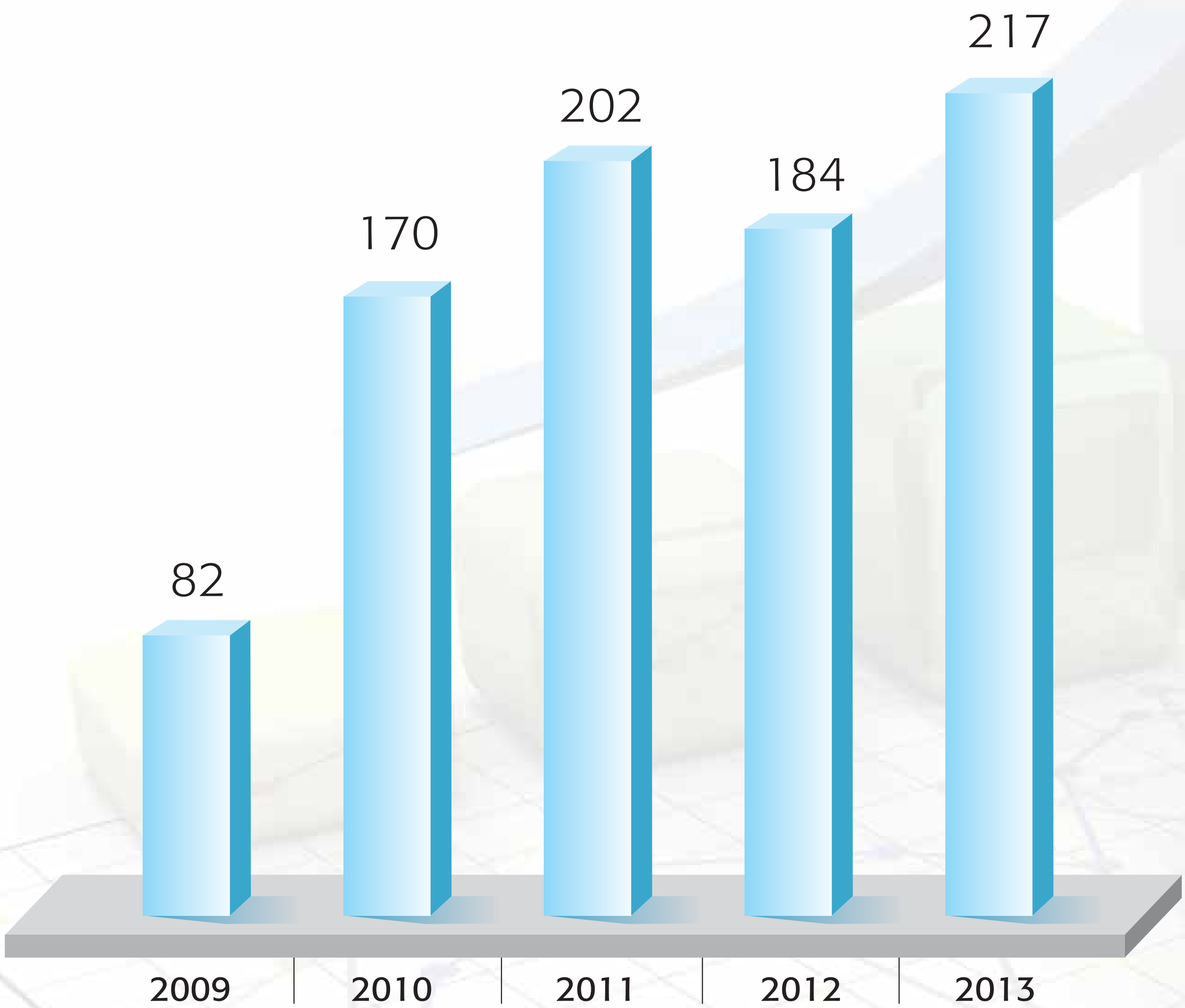
	2013	*2012*	*2011*	*2010*	*2009*
Dmt	7.896	9.880	17.731	18.636	4.037
Polyester Chips	119.789	106.933	92.457	94.358	55.882
Polyester Fibre	145.004	143.272	117.367	114.984	75.563
Polyester Filament	2.613	8.970	8.108	6.501	5.757
Poy	15.892	5.572	6.152	5.436	2.301
Tops	1.325	1.616	1.683	1.958	1.396
Total	**292.519**	**276.230**	**243.498**	**241.873**	**144.936**

• *Sales Revenue (TL Thousand)*

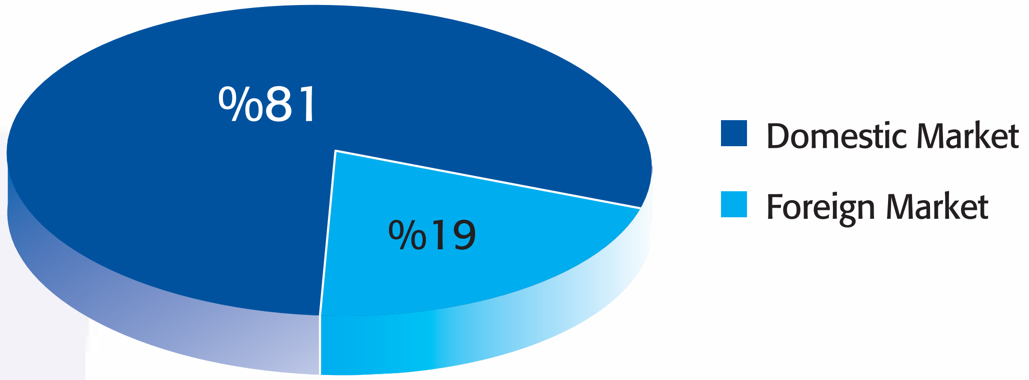
	2013	*2012*	*2011*	*2010*	*2009*
Dmt	19.563	24.572	44.202	30.747	5.633
Polyester Chips	460.442	388.694	331.839	245.532	123.577
Polyester Fibre	525.206	500.846	443.130	311.784	184.701
Polyester Filament	18.865	45.985	43.171	30.769	27.703
Poy	51.917	18.804	21.364	13.767	7.619
Tops	7.961	8.696	9.346	8.192	6.179
Other	6.312	12.381	11.530	317	6.026
Total	**1.090.265**	**999.978**	**904.582**	**641.108**	**361.438**

PRODUCTION and SALES OPERATIONS

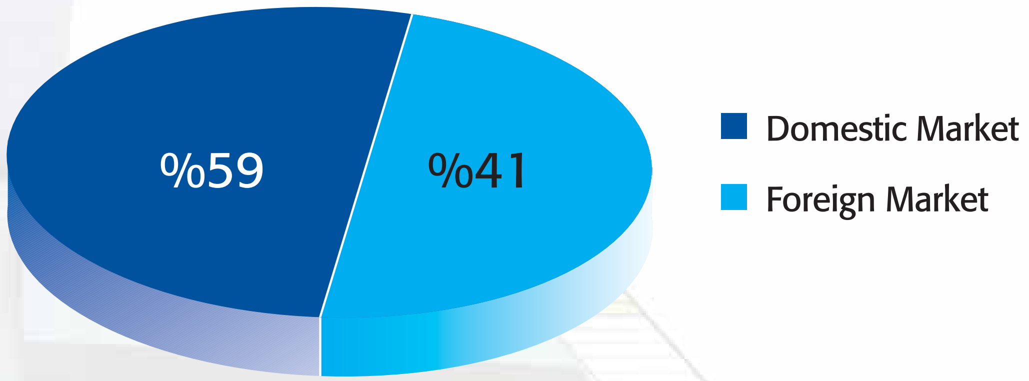
Total Exports (FOB USD Million)



Distribution of Fibre- Tops- Filament-Poy Sales Volumes in 2013

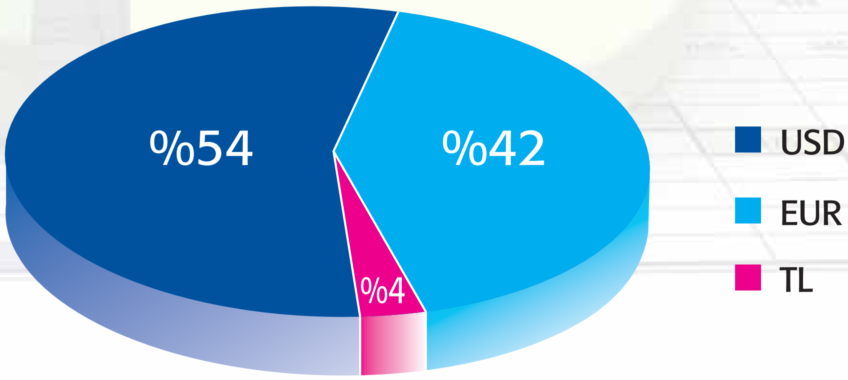


Distribution of SPC* Sales Volumes in 2013



** Special Polymers and Chemicals (SPC)-Polyester Cips, Dmt.*

Distribution of 2013 Sales Income by Currency



PRODUCTION and SALES OPERATIONS

Financial Ratios	2013	2012
Liquidity Ratios		
Current Ratio	1,15	1,06
Liquidity Ratio (acid test ratio)	0,65	0,50
Cash Ratio	0,00	0,01
Operational Ratios		
Receivable Turnover (Days)	73	70
Product and Semi-Finished Product Inventory Turnover (Days)	41	42
Asset Turnover	1,66	1,46
Financial Structure Ratios		
Total Liabilities/Equity	1,54	1,72
Total Liabilities./Total Assets	0,59	0,61
Short-Term Payables/Total Assets	0,58	0,62
Long- Term Payables/Total Assets	0,04	0,03
Equity/Total Assets	0,38	0,36
Interest Coverage Ratio: EBIT/Interest Expenses	2,84	(0,6)
Profitability Ratios		
Total Asset Profitability : Net Period Profit /Total Assets	0,01	(0,05)
Equity Profitability : Net Period Profit /Equity	0,02	(0,13)
Gross Profit Margin : Gross Profit/Net Sales	0,07	0,05
Net Profit Margin : Net Profit / Net Sales	0,01	(0,03)

CORPORATE RISK MANAGEMENT

Corporate Risk Management

Our company, has decided to manage the Risk Management Functions by depending on the Risk Committee's experience and knowledge and manage it within the Sasa Risk Management Function Group's activity. The Sasa has established the Regulations on the Enterprise Risk Management in accordance with the past expriences that had been acquired from believing the owned energy and of the Enterprise Risk Management, and on the basis of principles and guidelines of the ISO 31000 / Risk Management - Standard. In line with this decision, the Function Group by organizing an in-house Risk Workshop have done their work and has identified the 2013 years risks. In the next process, the monitoring of identified risks was aimed have been reported.

Aim;

Its aim is to define, evaluate and report the risks encountered within the structure of Company or anticipated potentially and ensure that Corporate Risk Management systems are constituted, performed effectively with the aim of strategizing properly and implementation of Corporate Risk Management activities are assured.

By this means it is intended to get the following benefits:

- To raise risk awareness throughout the Company, minimize surprises by conducting proactive administration ratherthan a reactive administration in line with determined risk appetite of Company,
- To decrease losses and costs which may be encountered depending upon risks,
- To ensure income stabilization and sustainable growth
- To enhance reputation and reliability of Company within social responsibility activities,
- To assure durability of compliance with legal arrangements,
- To develop Corporate Risk Management culture in order to Company's entity and/or operations continuous progression.

Scope;

The scope is that definitions, content, functioning, relevant organization and responsibilities in the matter of Corporate Risk Management within the structure of Sasa Polyester Industry Inc. are to be defined and determined.

In Corporate Risk Management activities, particularly 'Sabancı Holding Corporate Risk Management Standard' and 'Monitoring and Reporting Guide of Critical Risk Indicators' are accepted as a basis and applied as to cover financial, operational, strategic and environmental risk element belonging to all processes in all functions which are in service throughout Company.

Risk Management Policy

In order to provide all its stakeholders with maximum value as a globalised integrated polyester and chemicals producer, Sasa Polyester Industry Inc. has internalized an understanding which ensures;

- To protect value of their entity, create and implement a Risk Management System which is based on the operational safety and sustainability principles and complies with strategic objectives,
- To be foreseen, managed, monitored potential risks in all process and functions, to be formed necessary activity plans beforehand and be improved continuously,
- To determine the responsibilities related to Risk Management in order to resolve risks or decrease them to an acceptable and applicable level by taking into account all risk levels in activities,
- To convey system objectives to employees, to make them understood clearly and therefore to ensure communication channels to be kept open,
- To ensure the policies and system to be reviewed periodically by the Senior Management and its continuation,
- To obtain all kinds of source need required by determined risk management,
- To comply with the applicable law, by law and regulations, fulfill its responsibilities towards environment, customer, supplier and employees which it interacts with.

GENERAL ASSEMBLY INFORMATION

SASA POLYESTER SANAYİ A.Ş.

Agenda of the Ordinary General Assembly Meeting on Monday, 24th March, 2014, at 11:00 a.m.

1. Opening and formation of the Council
2. Reading and Discussing the Annual Report of the Board of Directors belonging to year of 2013
3. Reading the Summary of Independent Auditing Report of 2013
4. Informing the General Assembly about the donations made in 2013.
5. Confirmation of Dividend Policy
6. Reading, discussing and verifying the Balance Sheet and the Profit/Loss accounts of 2013.
7. The acquittal of the Board members for their activities in 2013
8. Determining the usage of Profit and Loss of 2013
9. Determining of donation limits planning to be realised in 2014.
10. The approval of the election of the Independent External Auditing Committee for Auditing of Financial Reports regarding to Turkish Trade Law No:6102 and Capital Markets Law No:6362
11. Authorizing the Chairrman and the Board members to implement the written points of articles 395 and 396 of the Turkish Trade Law.

DECLARATION OF COMPLIANCE WITH CORPORATE MANAGEMENT PRINCIPLES

1. Declaration of Compliance with Corporate Management Principles

Sasa Polyester Industry Inc. (hereinafter referred to as Company) complies with compulsory principles within the scope of "Annunciation Concerning Determination and Implementation of Corporate Management Principles" of CMB which has been entered into force upon being published at Official Gazette numbered 28158 on 30th December 2011 and applies these principles.

Within the context of Annunciation, preliminary preparations have been initiated for works of conformity to the principles which are not compulsory to implement in terms of Company as of the same date.

SECTION I – SHAREHOLDERS

2. Shareholder Relations Unit

Shareholder relations unit was formed within General Accounting Department of our Company. This unit consists of two people and General Accounting Manager, Mehmet Pehlivan (mehmet.pehlivan@sasa.com.tr) is at the head of the unit. The other personnel at this unit is General Accounting Officer Ali Bülent Yılmazel (bulent. yilmazel@sasa.com.tr). It can be contacted to those concerned through phone number (322) 441 00 53 and fax (322) 441 01 14.

Main duties of the unit are;

- To answer information requests of shareholders,
- To ensure General Meeting to be carried out correctly,
- To issue documents devoted to shareholders for General Meeting,
- To ensure voting results to be recorded and reports regarding these results to be delivered to the shareholders,
- To protect and monitor all kinds of issues concerning public disclosure.

Shareholder relations unit is responsible for conducting relations with shareholders within the frame of Corporate Management Principles. Within these duties, all questions and also e-mails sent by shareholders were replied in 2013.

Pursuant to CMB regulations, 13 material disclosures were made at Public Disclosure Platform by Company in 2012. These disclosures were done in time and sanctions were not imposed by CMB or İstanbul Stock Exchange.

3. Exercising of Shareholders' Right to Information Act

Shareholders' requests coming through phone, e-mail and at face to face meetings were replied by Shareholder Unit in 2013. For that purpose, information which concern shareholders were announced in obligatory notification processes on web page.

At the Articles of Incorporation, private audit appointment was not issued as a right. A request on that matter was not received from shareholders in 2013

4. General Meetings

One Ordinary General Meeting was held on 26th March 2013 and participation of shareholders who represent 54, 21% rates of shares was ensured.

The meeting took place in Adana, on physically; also in electronic media (e-General Assembly) the participation has been achieved.

General Meeting notice was done through all kinds of communication means, including electronic communication, which ensure to contact as many shareholders as possible minimum three weeks before the meeting date. Company does not have privileged share. There is one single vote right for each share and there is not any privilege on any share.

Activity Report including also audited 2013 numbers was submitted to the review of shareholders at least 15 days before General Assembly at Company Head Office. Shareholders did not exercise their right to ask questions during General Assembly and any other recommendation apart from agenda topics was not presented.

Important resolutions in Turkish Commercial Code are submitted to the approval of shareholders at General Assembly. All important resolutions which shall be included in amended laws when legislative harmonization of Corporate Management Principles is provided shall be submitted to the approval of shareholders.

5. Voting Rights and Minority Rights

There is not any privileged voting right at Articles of Incorporation. With the thought that entitling cumulative vote right at present partnership percentages and partnership structure may ruin harmonized management structure of Company, any regulation has not been executed at Articles of Incorporation.

6. Dividend Rights

Dividend distribution policy of our Company is to distribute dividends in cash at the rate of 30 % of distributable share to the shareholders.

This policy is reviewed in accordance with national and global economic conditions, projects in hand and funds state by Executive Board every year.

Our Company submitted aforementioned dividend distribution policy for shareholders' information at Ordinary General Meeting of 2005 and for public information with the material disclosure made within 2006.

Dividend distribution is executed within the shortest time following General Meeting within the periods prescribed at legislation.

7. Transfer of Shares

Any provision which restricts transfer of shares is not involved in Articles of Incorporation.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy

We have an information policy which has been prepared in conformity with CMB Corporate Management Principles and it is published on the web site of our Company (www.sasa.com.tr). Information Policy has been issued pursuant to Corporate Management Principles and approved by the Executive Board. Information and documents designated by legislation, material disclosures and external audited financial statements of 6th and 12th months and non-external audited financial statements of 3rd and 9th months which were issued in accordance with International Financial Reporting Standards (IFRS) are sent to Public Disclosure Platform (PDP) as to be announced to public within the period specified by CMB.These processes are conducted by Shareholder Relations Unit.

The persons who can obtain insider information are Members of Board, Auditors, General Manager, Directors, Managers, Independent Auditing Firm and all other department managers.

9. Company's Web Site and Its Content

The Company's corporate website is available. The address is www.sasa.com.tr. The information contained on the web site is being prepared in English and is given as the information listed in accordance with the CMB's Corporate Governance Principles 2.1.1 on the company's website.

Significant topics which can be followed at the web site are summarized as follows:

- Detailed information regarding corporate identity
- Vision and main strategies
- Information about Members of Board and Senior Management
- Company organization and partnership structure
- Articles of Incorporation
- Trade registry information
- Financial information
- Material Disclosure
- Statements on the date, agenda and agenda topics of General Meeting
- Minutes and List of Participants of General Meeting
- Power of Attorney sample
- Corporate Management implementations and compliance report
- Information policy
- Wages Policy for Members of Board and Senior Managers
- The news in the press about the Company

10. Activity Report

The Annual reports, are prepared within the principles of to the CMB's Corporate Governance Principles and was enacted under the ''Principles of Financial Reporting in the Capital Markets Board '' that was the CMB's Official Gazette No. 28676 which was published on 13 June 2013. It is approved by Executive Board and declared to the public with financial statements. Afterwards, it is published at our web site (www.sasa.com.tr).

SECTION III – STAKEHOLDERS

11. Informing Stakeholders

Information which do not have the characteristics of business secret are transparently shared with the stakeholders by means of declaration to the public pursuant to the information policy.

Company employees are informed on their area of expertise and general issues in which they are interested through meetings, seminars, trainings and information delivered via e-mail. There is a portal for the employees and it is ensured that they can reach all kinds of information and documents by means of this portal.

Company stakeholders have adopted ethical principles and founded an ethical committee in order to protect their rights. Stakeholders can contact to the ethical committee through the email addresses etik@sabanci.com and etik@sasa.com.tr and phone number (322) 441 01 92. If required, Audit Committee and/or Corporate Management Principles Committee are informed.

12. Codetermination of the Stakeholders

Codetermination of the employees is carried out through periodical meetings held in Company and annual objective determination and performance evaluation meetings. In addition, employees give feedback to the administration and their colleagues and the results are discussed at management meetings and action plans are organized for necessary amendments. With these approaches, it is ensured that employees show required participation and contributions for management effectiveness of the Company.

13. Human Resources Policy

Our main objective, as being Human Resources, is to restore Sasa to an efficient organization structure which always ensures labor peace and consists of employees being bound to organization, having high calibre, leading to the aims of the Company and being proud to work at Sasa whom Sasa needs in getting sustainable competitive advantage.

Sasa believes that long-term association with its employees who open to change and are continuously in development, culture of the Company, knowledge and protection of Company's main values are the primary elements of achieving success in accomplishing its strategies and objectives and in this direction invests in human.

In line with having a sustainable success in its strategy and objectives and in order to ensure that it has an organization which creates competitive edge;

- Organization is structured in accordance with necessity by review of human resources systems and processes,
- Skilled labor which shall carry the Company into future is brought in organization and accordingly cultural diversity is supported,
- Personal and professional development activities are organized so as to ensure that employees realize their potentials and continuous improvement of their competence, knowledge and skills concerning their position,
- An active performance management in which they monitör regularly the performance of administrators and employees in an open communication environment and take the responsibilities is implemented in the manner that they support intuitional and personal development objectives,
- It is ensured that organization is backed up by skilled personnel with high potential as a part of the organizational success plan of critical positions,
- Platforms in which regular information sharing is done on issues concerning Company and employees and employees can clearly express their and their representatives ideas with a participative management approach are formed for employees,
- Sabancı Business Ethic Values which consist of rules related to providing equal (gender, religion, language, etc. Discriminations are not done) and fair work environment are applied to all employees,
- A common Company culture is created by realizing implementations and approaches which shall increase employees' institutional commitment in at stake, reliable and healthy work environment in which employees can show their potentials.

A representative has not been appointed as to conduct relations with Company employees. Any complaint was not received on discrimination from the employees within or before 01.01.2013- 31.12.2013.

14. Codes of Conduct and Social Responsibility

Business ethical codes of the Company has been constituted and put into practice. Informing the employees on these codes is carried out by publishing the codes on inner communication portal of the Company, distributing manuals to all employees and realizing information trainings. Furthermore, employees update their knowledge on business ethical codes via an e-learning program and renew their commitment to these codes by filling "Business Ethics Conformity Declaration" every year.

As it is included at the Activity Report of the Company but not declared to the public, our Company maintains human health and environment-conscious Labor Safety, Employee's Health and Environment Policies and applies explicitly the ethics codes of Company.

Moreover, Company donates 4 % of its pretax profit to Hacı Ömer Sabancı Foundation or Sabancı University provided that it is deducted from the tax base and first dividend which shall be distributed to the shareholders in accordance with the Articles of Incorporation is not injured every year.

SECTION IV – EXECUTIVE BOARD

15. Structure and Formation of the Executive Board

Company is administered and represented by an Executive Board which is elected by General Assembly pursuant to Turkish Commercial Code and provisions of Capital Market Legislation and consists of minimum six members. Majority of the Members of Board comprise of the members who are not responsible for enforcement defined at Corporate Management Principles. Two Members of Board are independent members and members of Board are elected in line with Corporate Management Principles by General Assembly. Duty term of Members of Board is maximum three years. The member whose duty term is ended can be re-qualified. In the event that a membership becomes vacant by any reason, Executive Board elects a new member for the vacant position and submits it for approval of General Assembly at its first meeting. This member completes the remaining term of its predecessor.

Executive and non-executive and independent member distinction of Company's Members of Board is as follows:

Mehmet Göçmen
Chairman of the Executive Board (non-executive member)

Serra Sabancı
Vice Chairman of the Executive Board (non-executive member)

Mehmet Nurettin Pekarun
Member of Board (non-executive member)

Mahmut Volkan Kara
Member of Board (non-executive member)

Hüsnü Ertuğrul Ergöz
Member of Board (independent member)

Mehmet Kahya
Member of Board (independent member)

Members of Board have been entitled to the right to take action pursuant to the Articles 395 and 396 of Turkish Commercial Code by resolution of General Assembly.

16. Activity Principals of Executive Board

Executive Board of Company held 32 meetings by means of receiving written consent in parallel to the provisions of Turkish Commercial Code and Articles of Incorporation in 2013. Provisions regarding meetings of Executive Board are included at Articles of Incorporation and accordingly dates and agenda of meetings of Executive Board are determined by chairman or his agent and it is gathered upon invitation of chairman or his agent. Determined agenda and agenda topics are conveyed to the Members of Board beforehand in order that they can execute required operations.

At the meetings held in 2013, any different thought against resolutions which were taken by Members of Board was not expressed.

Actual participation of the members who had not an excuse was ensured at the meetings of Executive Board. As Members of Board did not have any questions on those matters, it was not appended to record. Members of Board were not entitled to the weighted voting right and/or veto right concerning aforesaid resolutions.

Management right and power of attorney of the Executive Board are defined at Articles of Incorporation.

Members of Board did not carry out operations with the Company in 2013 and undertake any enterprise which could compete with the same activity issues.

17. The Number, Structure and Independence of Committees Formed at the Executive Board

We have Corporate Management Committee, Audit Committee and Risk Commitee subjected to the Executive Board.

Corporate Management Committee

President : **Mehmet Kahya**
(Independent Member)

Member : **Hüsnü Ertuğrul Ergöz**
(Independent Member)

Corporate Management Committee President is selected among the independent members in compliance with Corporate Management Principles. The Corporate Management Committee meetings are held at least four times a year at a place determined by the president. The Committee arranges meetings at least once a year to revise Risk Management Systems. At the beginning of each year, meeting schedule of the year is prepared and announced to all the members by the Committee President. The others who are approved by the president can participate in the meetings.

Since there is no committee for nomination, early risk determination and compensation committee in the present configuration of the Executive Board, works of the mentioned committees are executed by the Corporate Management Committee.

Audit Committee

President : **Hüsnü Ertuğrul Ergöz**
(Independent Member)
Member : **Mehmet Kahya**
(Independent Member)

Audit Committee President is selected among the independent members in compliance with Corporate

Management Principles. Audit Committee arranges meetings four times a year. At the meetings, the works done by internal control officers, the presentation of the Executive Board, performance of Independent Audit Firm and financial statements are revised and violation and examination of business ethics and rules of behaviors are made agenda topics.

Risk Committee

President : **Mehmet Kahya** (Independent Member)
Member : **Hüsnü Ertuğrul Ergöz** (Independent Member)

Our Board of Directors of the In the view of the Corporate Governance Principles of the Capital Markets Board of Turkey (CMB) and in accordance with the Turkish Commercial Code No. 6102's via the provisions of official article of 378 and as to be authorized, an Early Identification of the Risk Committee has been established as based on the decision of our Administrative Board on the date of 15.08.2013. The Early Identification of the Risk Committee's Chairman and Member meets at least six times per year, according to the principles of the Corporate Governance and these will be selected among the independent members.

The Early Identification of Risk Committee makes efforts to identify and manage the risks that may be threat to the company's existence, development and more of the risks that could jeopardize the company also seeks the creation of management systems and their early detection and takes the necessary measures. The risk management systems are revised at least once a year and regarding to the risk management practices, the Committee carries out and shall monitor of the implementations of the decisions whether is in accordance with their advices.

No conflict of interest occurred among committees during the year of 2013.

Our company has two Independent Members of Board. Our Independent Members of Board, Mehmet Kahya and Hüsnü Ertuğrul Ersöz, are in both committees established by Executive Board.

18. Risk Management and Internal Control Mechanism

Executive Board of the Company has created various mechanisms to provide risk management and internal control. In the scope of Sabancı Holding "Corporate Risk Management Standards", a risk committee of the company has been created and this committee arranges meetings regularly. At the meetings, the critical risks Company experienced, management of these risks and measurements to be taken are periodically discussed.

In addition, Internal Audit Unit created within the Company is authorized and responsible for control of the Company.

19. Strategic Aims of the Company

Vision: To situate in a way to create the highest value in present and further works.

Mission: To make investments for facilities and workers for profitable and continuous development.

Our values:

- A "representative sample" on the matters of environment, healthand security
- Innovative
- Client oriented
- Competitive
- Responsible and esteemed
- Result- based
- Sophisticated
- Dynamic
- Confidential
- Take strength from market conditions

Our first priority is health and security of our personnel, environment (environment and region of our company), our customers and neighboring companies. One of our main aims is to become an esteemed company.

Strategic aims created by the managers are subjected to approval of the Executive Board of the Company. In addition, the Executive Board revises its level to accomplish its aims, activities and previous performance regularly each month via monthly reports. Furthermore, current year's budget and actual comparison results are submitted to the Executive Board

20. Financial Rights

Forms and conditions of all the rights, benefits and payment for the Members of Board are totally mentioned in balance sheets. In extraordinary General Meeting in 2011, it was decided that 3.000 TL salary would be paid to the Members of Board during their duty period (for 3 years).

During the year of 2013, Company did not provide loan, credit, extent credits and did not provide good conditions for this and did not get them use credit through third party and did not give a guaranty to any directors and board of management members.

SASA POLYESTER SANAYİ A.Ş.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2013 AND INDEPENDENT AUDITOR'S REPORT

Building a better
working world

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To the Board of Directors of Sasa Polyester Sanayi A.Ş.

Introduction

We have audited the accompanying statement of financial position of Sasa Polyester Sanayi A.Ş. ("the Company") as at 31 December 2013 and the related statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error and/or fraud.

Scope of review

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards issued by the Capital Markets Board of Turkey. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 audit opinion

Conclusion

In our opinion, the accompanying financial statements present fairly the financial position of Sasa Polyester Sanayi A.Ş. as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards (Note 2).

Reports on independent auditor's responsibilities arising from other regulatory requirements

In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Company formed the mentioned committee on 15 August 2013 and it is comprised of 2 members. The committee has met three times since forming date until yearend of 2013 for the purposes of early identification of risks that jeopardize the existence of the Company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has presented the relevant reports to the Board of Directors.

Other Issues

The financial statements dated December 31, 2012 were subjected to a full-scope audit by another audit firm. The said audit firm (a) expressed an independent auditors' report dated March 1, 2013 on the financial statements prepared as of December 31, 2012 that no significant matters had been found indicating that the subject financial statements dated December 31, 2012 prepared in accordance with the Financial Reporting Standards promulgated by the Capital Market Board.

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

Metin Canoğulları, SMMM
Engagement Partner

27 February 2014
Istanbul, Turkey

SASA POLYESTER SANAYİ A.Ş.

BALANCE SHEET FOR BETWEEN 1 JANUARY 31 DECEMBER 2013

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Current Period (Audited) 31 December 2013	*Restated* Prior Period (Audited) 31 December 2012
ASSETS			
Current Assets		**436.566**	**445.778**
Cash and Cash Equivalents	3	600	3.785
Trade Receivables	6	233.921	203.305
- Other Trade Receivables		*233.921*	*203.299*
- Trade Receivables from Related Parties		*-*	*6*
Other Receivables	8	1.453	2.553
- Other Receivables		*1.281*	*2.205*
- Other Receivables from Related Parties		*172*	*348*
Inventory	9	187.061	226.023
Prepaid Expenses	10	932	519
Other current asset	18	6.027	9.593
Asets held for sale	14	6.572	-
Non-Current Assets		**215.473**	**237.893**
Financial Investments	4	-	440
Trade Receivables	6	106	106
Other Receivables	8	55	36
Investment Properties	11	1.229	1.419
Tangible Assets	12	150.617	172.644
Intangible Assets	13	2.865	4.138
Prepaid Expenses	10	200	200
Deferred Tax Assets	27	1.162	-
Other Non-Current Assets	18	59.239	58.910
TOTAL ASSETS		**652.039**	**683.671**
LIABILITIES			
Current Liabilities		**377.692**	**421.646**
Financial Liabilities	5	134.261	281.605
Trade Payables	6	233.117	118.739
- Other Trade Payables		*221.728*	*106.482*
- Trade Payables to Related Parties		*11.389*	*12.257*
Employee Benefit Obligations	7	3.144	2.865
Other Payables	8	2.411	13.767
- Other Payables to Third Parties		*2.410*	*13.745*
- Other Payables to Related Parties		*1*	*22*
Current Provisions		4.759	4.670
-Short-Term Provisions	*15*	*2.991*	*2.114*
-Shor-Term Provisions For Employment Benefits	*17*	*1.768*	*2.556*
Non-Current Liaibilities		**24.432**	**18.351**
Financial Liabilities	5	8.232	-
Other Payables	8	-	2.569
Long term provisions		16.200	15.767
Long term provisions for employment benefits	17	16.200	15.767
Deferred Tax Liabilities	27	-	15
EQUITY		**249.915**	**243.674**
Share capital	20	216.300	216.300
Share Capital Inflation Adjustments	20	196.213	196.213
Restricted Reserves	20	5.356	5.356
Actuarial Loss Fund For Employee Termination Benefits	20	(1.114)	(1.114)
Accumulated Losses	20	(173.081)	(143.386)
Net Profit/(Loss) for the Period		6.241	(29.695)
TOTAL LIABILITIES		**652.039**	**683.671**
Contingent assets and liabilities, commitments	16,17		

The accompanying policies and explanatory notes are the integral part of the financial statements.

SASA POLYESTER SANAYİ A.Ş.

INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR BETWEEN 1 JANUARY 31 DECEMBER 2013

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

	Notes	Current Period (Audited) 1 January-31 December 2013	*Restated* Prior Period (Audited) 1 January-31 December 2012
CONTINUING OPERATIONS			
Revenue (net)	21	1.090.265	999.978
Cost of Sales (-)	21	(1.018.477)	(952.176)
GROSS PROFIT		**71.788**	**47.802**
General Administrative Expenses (-)	22	(15.505)	(16.569)
Marketing, Sales and Distribution Expenses (-)	22	(39.556)	(36.211)
Research and Development Expenses (-)	22	(2.528)	(3.450)
Other Operating Income	24	91.404	48.045
Other Operating Expenses (-)	24	(72.886)	(50.400)
OPERATING PROFIT		**32.717**	**(10.783)**
Investment Income	23	112	48
Investment Expenses (-)	23	(18)	(12)
Financial Income	25	3.362	998
Financial Expenses (-)	26	(31.109)	(20.115)
OPERATING (LOSS) / PROFIT BEFORE TAX		**5.064**	**(29.864)**
Tax Benefit/(Expense)		**1.177**	**169**
- Current Tax Expense		-	-
- Deferred Tax Income/(Expense)	25	1.177	169
PROFIT FOR THE PERIOD		**6.241**	**(29.695)**
Other Comprehensive Income / (Expense)			
Actuarial Loss Arising From Employee Benefits		**-**	**(1.114)**
TOTAL COMPREHENSIVE/ INCOME (EXPENSE)		**6.241**	**(30.809)**
(Loss) / Earning Per Share	28	0,29	(1,42)
- thousands of ordinary shares (TL)			

The accompanying policies and explanatory notes are the integral part of the financial statements.

SASA POLYESTER SANAYİ A.Ş.

CHANGES IN SHAREHOLDERS' EQUITY FOR 1 JANUARY – 31 DECEMBER 2013
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated)

	Notes	Paid in Capital	Inflation Adjustment to Shareholders Equity	Restricted Reserves	Actuarial losses arising from employee benefits	Hedging Fund Reserve	Accumulated Losses/ Retained Earnings	Total Equity
Balanceat 1 January 2012	**20**	**216.300**	**196.213**	**5.356**	**-**	**-**	**(143.386)**	**274.483**
Changes in Accounting Policies (2.2)		-	-	-	(1.114)	-	1.114	-
Total comprehensive loss (-)		-	-	-	-	-	(30.809)	(30.809)
Balance at 31 December 2012	**20**	**216.300**	**196.213**	**5.356**	**(1.114)**	**-**	**(173.081)**	**243.674**
Balanceat 1 January 2013	**20**	**216.300**	**196.213**	**5.356**	**(1.114)**	**-**	**(173.081)**	**243.674**
Total comprehensive loss (-)		-	-	-	-	-	6.241	6.241
Balance at 31 December 2013	**20**	**216.300**	**196.213**	**5.356**	**(1.114)**	**-**	**(166.840)**	**249.915**

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

SASA POLYESTER SANAYİ A.Ş.

CASH FLOWS FOR BETWEEN 1 JANUARY – 31 DECEMBER 2013
(Amounts expressed in thousands of Turkish Lira(“TL”) unless otherwise indicated)

	Notes	1 January - 31 December 2013	1 January - 31 December 2012
Profit/(Loss) before taxation		**5.064**	**(29.864)**
Cash Flows from operating activities			
Depreciation and amortization expense	11,12,13,14	20.156	21.316
Interest expense	26	11.519	18.714
Gain on sale of fixed assets	23	(94)	(36)
Change in provision for employee benefits	17	3.334	4.789
Change in provisions	15	877	57
Interest income from bank deposits	25	(41)	(4)
Rediscount interest income (net)	6	(277)	635
Provision for premium	17	150	-
Provision for doubtful receivable	6	-	601
Provision for impairment inventories-net	9	(760)	(1.545)
Operating cash flows provided before changes in working capital:		**39.928**	**14.663**
Changes in operating assets and liabilities:			
Changes in trade receivable	6	(30.452)	(28.189)
Changes in due from related parties	6, 8	182	751
Changes in inventories	9	39.722	(24.505)
Changes in other receivables	8	905	8.873
Changes in prepaid expenses	10	(413)	-
Changes in other current assets	18	3.566	(423)
Changes in other non-current assets	18	(329)	(27.416)
Changes in trade payables	6	115.353	(60.203)
Changes in due to related parties	6,8	(889)	4.980
Changes in debt for employee termination benefits	7	279	-
Changes in other long term liabilities	8	(133)	(398)
Changes in other short term liabilities	8	(5.244)	3.160
Net cash generated by operating activities:		**162.475**	**(108.707)**
Employment termination benefits paid	17	(3.363)	(5.203)
Tax payable paid	8	(8.527)	(7.309)
Net cash used in operating activities		**150.585**	**(121.219)**
Investing activities:			
Purchase of property, plant and equipment and intangible assets	12,13	(3.865)	(11.168)
Proceeds from sale of property, plant	11,12,13,14	1.058	1.128
Net cash used in investing activities		**(2.807)**	**(10.040)**
Financing activities:			
Bank loans received	5	755.517	595.126
Repayment of borrowings	5	(890.503)	(443.447)
Repayment of financial leasings	5	(109)	(903)
Interest Received	25	41	4
Interest Paid	26	(15.909)	(17.309)
Net cash generated by financing acitivities		**(150.963)**	**133.471**
Net increase / (decrease) in cash and cash equivalents	3	(3.185)	2.212
Cash and cash equivalents at the beginning of the period	3	3.785	1.573
Cash and cash equivalents at the end of the period		**600**	**3.785**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Sasa Polyester Sanayi A.Ş. (the "Company") was incorporated on 8 November 1966 in Adana. The Company is mainly engaged in the production and marketing of polyester fibre, yarns and related products and polyester chips. The Company is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding") and accordingly its ultimate parent company is Sabancı Holding. Shares of the Company are quoted on the Borsa Istanbul A.Ş.

The address of the registered office is Yolgeçen Mahallesi Turhan Cemal Beriker Bulvarı No:559 01355 Seyhan/Adana.

As of 31 December 2013, number of employees of the Company is 1.087 (31 December 2012: 1.200).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

Basis of Preparation of Financial Statements and Significant Accounting Policies

The financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by the Capital Markets Board ("CMB") (hereinafter will be referred to as "the CMB Reporting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

According to decision which was made by CMB on March 17, 2005, from the date of January 1, 2005 there is no need for inflation accounting application for the listed companies performing in Turkey. The Company has prepared the financial statements according to this decision.

Functional and representative currency of the Company is TL.

The financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the POA. The accompanying financial statements are prepared in accordance with the TAS/TFRS we have performed several adjustments such as Termination indemnity adjustment in accordance with IAS 19 and deferred tax adjustments, which are not included in the statutory books.

The financial statements are prepared according to the historical cost basis.

Financial statements are approved for declaration by Board of Directors on February 27, 2014 and signed by General Manager Toker Özcan and Finance Manager Metin Akyüz on behalf of the Board of Directors. The financial statements of the Company are subject to the approval of shareholders in the General Assembly and the shareholders possess the right to ask for amendment of these financial statements at the General Assembly after issuance.

2.2 Comparatives and restatement of prior periods' financial statements

For the purpose of following the financial conditions and performance trends the financial statements are presented with comparison to the prior year. When needed, the prior year financial statements can be reclassified for consistency with the current year's one and material differences can be revealed.

Employee benefits, actuarial income/losses related to employee termination benefits are recognized under equity. This practice is effective for the periods starting as of January 1, 2013 and has been implemented retrospectively.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 Comparatives and restatement of prior periods' financial statements

In its statement of income dated 31 December 2012, the Company recognized the actuarial loss amounting to TL 1.114 (with deferred tax impact netted off), into the "general administrative expenses" and "deferred tax income/expense" account, classified in actuarial loss gain fund for employee termination benefits by netting through 2012 net loss for the period.

Pursuant to the decree taken in the CMB's meeting dated June 7, 2013 and numbered 20/670, for capital market board institutions within the scope of the Communiqué on Principles Regarding Financial Reporting in the Capital Market, financial statement templates and a user guide have been published, effective as of the interim periods ended after March 31, 2013. Various classifications were made in the Company's statement of financial position pursuant to these formats which have taken effect. The classifications made in the statement of financial position of the Company as of 31 December 2012 are as follows:

- Spare parts amounting to TL 12.210 presented in other non-current assets were classified in inventories,
- Prepaid expenses amounting to TL 519 presented in other current assets were classified as a separate account in the statement of financial position,
- Prepaid expenses amounting to TL 200 presented in other non-current assets were classified as a separate account in the statement of financial position,
- Tax payable and other deductions amounting TL 2.865 presented under the account group of other liabilities were classified under liabilities for employee benefit obligations,
- The name of the account group for provisions related to employee benefits was amended as "current provisions.
- Debt provisions amounting TL 2.114 and provisions for employee benefits amounting TL 2.556 were presented in current provisions.

The classifications made in the statement of comprehensive income of the Company as of 31 December 2013 are as follows:

- Profit from currency differences amounting to TL 20.594 and from delay interest from sales on account amounting to TL 1.148 regarding trade receivables and payables under the finance income account were classified under other operating income,
- Income from the sale of fixed assets amounting to TL 48 shown in the account group of other operating income was classified under income from investment activities, loss from the sale of fixed assets amounting to TL 12 shown in the account group of other operating loss was classified under loss from investment activities.
- Losses due to currency differences amounting to TL 25.597 shown in the account of finance expense were classified under other operating expenses.

2.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.4 Changes in Accounting Policies

Changes in accounting policies are applied retrospectively and the financial tables for prior years are restated.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 Changes in Accounting Estimates and Errors

The effect of a change in an accounting estimate is recognized prospectively in the year of the change, if the change affects that year only; or the year of the change and future years, if the change affects both.

There has not been any significant change in the accounting estimates of the Company in the current year. Changes in accounting policies are applied retrospectively and the financial statements for prior years are restated.

2.6 New and Revised International Financial Reporting Standards

The accounting policies adopted in preparation of the interim financial statements as at 31 December 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows:

TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amended)

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (e.g., collateral agreements).

New disclosures would provide users of financial statements with information that is useful in;

i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and,

ii) analyzing and comparing financial statements prepared in accordance with TFRSs and other generally accepted accounting standards.

New disclosures have to be provided for all the financial instruments in the balance sheet that have been offset according to TAS 32. Such disclosures are applicable to financial instruments in the balance sheet that have not been offset according to TAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and did not have any impact on the financial statements of the Company.

TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments to TAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and did not have an impact on the financial position or performance of the Company.

TAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain/(loss) under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Company used to recognize the actuarial gain and loss in profit and loss statement before this amendment. The Company disclosed the retrospective effect of the changes in Note 2.2.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

TAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to TFRS 11 and TFRS 12, the POA also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. The amendment did not have any impact on the financial position or performance of the Company.

TFRS 10 Consolidated Financial Statements

TFRS 10 replaces the parts of previously existing TAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard did not have any impact on the financial position or performance of the Company.

TFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have any impact on the financial position or performance of the Company.

TFRS 12 Disclosure of Interests in Other Entities

TFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The standard affects presentation only and did not have an impact on the disclosures given by the Company.

TFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under TFRS but does not change when an entity is required to use fair value. It is a single source of guidance under TFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after TFRS 13 is adopted. This standard did not have a material impact on the fair value measurements of the Company.

TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation is not applicable for the Company and did not have any impact on the financial position or performance of the Company.

Transition Guidance (Amendments to TFRS 10, TFRS 11 and TFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which TFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between TFRS 10 and TAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons TFRS 11 and TFRS 12 has also been amended to provide transition relief. These amendments did not have an impact on the financial statements of the Company.

Improvements to TFRS

Annual Improvements to TFRSs – 2009 – 2011 cycle, which contains amendments to its standards, is effective for annual periods beginning on or after 1 January 2013. This project did not have an impact on the financial position or performance of the Company.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

TAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

TAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

TAS 34 Interim Financial Reporting:

Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

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

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

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

TFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment)

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The amendment has affected to disclosure principles. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

In June 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement that provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014.The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

Resolutions promulgated by the Public Oversight Authority

2013-1 Financial Statement Examples and User Guide

The Public Oversight Authority promulgated "financial statement examples and user guide" on May 20, 2013 in order to ensure the uniformity of financial statements and facilitate their audit. The financial statement examples within this framework were published to serve as an example to financial statements to be prepared by companies obliged to apply Turkish Accounting Standards, excluding financial institutions established to engage in banking, insurance, individual retirement or capital market. The Company has made the classification adjustments stated in Note 2.2 in order to comply with the requirements of this regulation.

2013-2 Recognition of Mergers of Entities under Joint Control

In accordance with the resolution it has been adjudicated that i) mergers of entities under joint control should be recognized using the pooling of interest method, ii) and thus, goodwill should not be included in the financial statements and iii) while using the pooling of interest method, the financial statements should be prepared as if the merger has been materialized as of the beginning of the reporting period in which the joint control occurs and should be presented comparatively as of the beginning of the reporting period in which the joint control occurs These resolutions shall not have an impact on the financial statements of the Company.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2013-3 Recognition of Dividend Right Certificates

Clarification has been provided on the conditions and circumstances where the dividend right certificates shall be recognized as a financial liability or financial instruments based on equity. These resolutions shall not have an impact on the financial statements of the Company.

2013-4 Recognition of Cross Shareholding Investments

A situation in which an entity has treasury shares in an entity with an investment in associate; the recognition of cross shareholding has been assessed based on the type of the investment and different recognition principles.

With the subject resolution, the subject has been assessed under three main topics below and the recognition principles for each one of them has been specified.

i) In the event that the subsidiary holds the financial instruments based on equity of the parent,

ii) In the event that affiliates and joint ventures hold the financial instruments based on equity of the investing entity,

iii) In the event that the entity’s financial instruments based on equity are held by the entity in which it has investments recognized within the scope of TAS 38 and TFRS 9.

These resolutions shall not have an impact on the financial statements of the Company.

2.7 Significant Accounting Estimations and Decisions

Preparation of financial statements necessitates the usage of estimates and assumptions that can affect the amounts of reported assets and liabilities as at statement of financial position date, the explanation for the contingent assets and liabilities and the income and expenses reported during the accounting period. Although these estimates and assumptions are based on Company management’s best estimates related with the current conditions and transactions, actual results may differ than these estimates.

Net Realizable Value of Inventory

Inventories are stated at the lower of cost and net realizable value. The Company Management has determined that the cost of inventories is higher than the realizable value as of the reporting date. The impairment calculation requires management to estimate the future cash flows expected to arise from the sale of inventories and the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Based on the estimation made by the Management as of December 31, 2013 the cost of inventories was reduced by TL 1.273 (31 December 2012: TL 2.033) and it was recorded to cost of sales.

Determination of Recoverable Amount of Tangible Assets

As discussed in Note 10, the Company took into consideration the internal and external sources of information as described in TAS 36 “Impairment of Assets” as impairment indicators and performed a study based on discounted future cash flow models for the determination of the recoverable amount of the Company’s tangible assets as at 31 December 2012. The future projections included in the subject study is heavily dependent on the demand of customers in the market. Moreover, the Company management foresees that weight of production and sale of the products with higher gross profit margin will increase in future periods. This study which is based on discounted future cash flows reflects the Company management’s future estimations and assumptions.

Deferred tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TFRS purposes and financial statements prepared in accordance with the tax legislation.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could increase taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Company's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Company has not recognized some of its deferred tax assets because it is not probable that taxable profit will be available sufficient to recognize deferred tax assets in this entity. If future results of operations exceed the Company's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

Retirement Pay Liability

Retirement benefit obligations' present value is determined through using certain assumptions under actuarial basis. These assumptions are also used in determining severance compensation's net expense and include the discount ratio. Any change in such assumptions affects the value of the registered retirement benefit obligation. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses. All actuarial gains and losses are recognized under the fund of actuarial loss/earnings fund for employee termination benefits under equity.

At the end of each year, the Company determines the appropriate discount ratio. This ratio is used to calculate for the fulfilment of obligations for severance compensation's present value of estimated future cash outflows (Note 17).

2.8 Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the financial statements are summarized below:

Revenue:

Revenue is recognized on accrual basis at the fair value of the amount obtained or to be obtained based on the assumptions that delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Company is probable. Net sales are calculated after the sales returns and sales discounts are deducted.

Sale of goods:

Revenue from sale of goods is recognized when all the following conditions are met:

- Transformation the significant risks and benefits of ownership to the buyer by the Company.
- The absence of Company's continuing managerial involvement associated with ownership and effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity and,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.8 Summary of Significant Accounting Policies (continued)

Other Revenues are recognized in accordance with following;

Dividend and interest revenue:
Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Planning according to segments:
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers of the Company. The chief operating decision makers, who are responsible for allocation resources and assessing performance of the operating segments, have been identified as the senior management that makes strategic decisions.

The senior management of the Company makes strategic decisions as a whole over the operations of the Company as the Company operates in a single industry and operations outside Turkey do not present an important portion in overall operations. Based on those reasons, there is a single reportable segment in accordance with the provisions in TFRS 8 and segment reporting is not applicable.

Rental income:
Rental income from investment properties is recognized on a straight-line basis over the term of the relevant lease.

Inventories
Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Related Parties
Parties are considered related to the Company if;

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.8 Summary of Significant Accounting Policies (continued)

(b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(i) The entity and the company are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Tangible Assets

Tangible assets are carried at cost less accumulated depreciation and impairment loss if exists. Depreciation is provided over adjusted costs on a straight-line basis over the economic useful lives. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land and land improvements	15 - 25
Buildings	18 - 25
Machinery, plant and equipment	15 - 25
Motor vehicles	5
Furniture and fixtures	5 – 10

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of net selling price or value in use. Net selling price is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit plus the residual value.

Gains or losses on disposals of property, plant and equipment are included in the related income and expense accounts, as appropriate.

Leasing

Leasing – the Company as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.8 Summary of Significant Accounting Policies (continued)

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of minimum lease payments. The corresponding liability to the lesser is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit to loss, unless they are directly attributable to qualifying assets in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term. Contingent leases recognized as an expense as incurred.

Tangible Assets Held For Sale

According to the company management, tangible assets which are held for sale, which the sale accounting has been completed within 1 year from the statement of financial position date and which there is no active intention of holding the asset are valued with minimum of the book value and the fair value. The recovery of the book value doesn`t depend on the usage of the relevant tangible asset but the sale of the tangible asset. For the tangible assets classified under current assets held for sale, the depreciation provision is stopped as of the date of the classification date.

Intangible Assets

Intangible assets comprise of acquired intellectual property and computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated useful lives for a period not exceeding 5 years from the date of acquisition. Where an indication of impairment exists, the carrying amounts of any intangible assets including goodwill are assessed and written down immediately to their recoverable amount.

Research and Development Costs

Research costs are expensed as incurred, costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent periods.

Financial Instruments

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.8 Summary of Significant Accounting Policies (continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designations on a regular basis. All financial assets are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associates with the investment. After initial recognition, financial assets that are classified as available-for-sale are measured at fair value if fair value can be reliably measured.

Other investments in which the Company has an interest below 20%, or over which the Company does not exercise a significant influence, or which are immaterial, are classified as available-for-sale. Available-for-sale investments that do not have quoted market prices in active markets and whose fair values cannot be measured reliably are carried at cost less any provision for diminution in value. Available-for-sale investments that have quoted market prices in active markets and whose fair values can be measured reliably are carried at fair value. In accordance with the revised TAS 39 "Financial Instruments", unrealized gains and losses arising from the changes in the fair value of securities classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. When available-for-sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement.

Receivables

Trade receivables, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are measured at amortized cost using the effective interest method less any impairment.

Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings. International Accounting Standard No 23 "Borrowing Costs" was revised on 29 March 2007 by the TASB. The revised TAS 23 is effective from 1 January 2009, yet voluntary early transition to the application right is reserved. The Company opted for early adoption and changed its accounting policy, choosing the policy envisaged in TAS 23 related to borrowing costs at 1 January 2007. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred (Note 5).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.8 Summary of Significant Accounting Policies (continued)

Impairment of financial assets

Financial assets are reviewed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying value.

The fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables are estimated to be their fair values due to the elimination of the credit finance income.

Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.8 Summary of Significant Accounting Policies (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in income statement. The net gain or loss recognized in income statement includes interest amount which has paid for mentioned financial liabilities.

Monetary liabilities

Fair value of bank loans and other monetary liabilities approximates to their carrying amount since they are short term liabilities. Fair value of items denominated in foreign currencies and translated at the rates prevailing at the balance sheet date approximates to their carrying amount.

Effects of changes in foreign currency

The Company's financial statements are presented in the currency of primary economic environment (its functional currency) in which it operates. The Company's financial condition and operating results, the Company's functional currency and presentation currency for financial statements are expressed in TL.

During the preparation of financial statements, transactions on foreign currency (currencies other than TL) are recorded on the base of currencies on transaction date. Monetary assets and liabilities denominated in foreign currencies on balance sheet translated into Turkish Lira using exchange rates prevailing on the statement of financial position date. None-monetary items carried at fair value that is being monitored are denominated in foreign currency, are retranslated into TL at the rates prevailing on the date fair value determined. None-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences, except as specified below, are recognized in profit or loss in the period in which:

- Foreign exchange gain/losses related to assets under construction for future productive use, and included as an adjustment to interest costs and added on cost of those assets,

- Hedging transaction foreign currency risks (hedging accounting policies are described below),

- Foreign exchange differences forming part of the foreign operation net investment, accounted under reserves, associated with profit or loss on sale of the net investment, arising from international activity debt and receivables without intention or possibility of any payment.

The Company's assets and liabilities of foreign operations are expressed in TRY using exchange rates prevailing on the statement of financial position date in the financial statements. Income and expense items, unless exchange rates fluctuates significantly at the dates of the transactions in the period (in case of major fluctuations, exchange rates at the transaction date is used) , are translated using average exchange rates during the period. Exchange differences are recognized in other comprehensive income and accumulated equity in a separate component.

Earnings per Share

Earnings per share disclosed in the accompanying statement of income are determined by dividing net income by the weighted average number of shares in existence during the 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.8 Summary of Significant Accounting Policies (continued)

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 a retroactive effect for the period in which they were issued and each previous year.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and 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.

A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company have not been recognized in the accompanying financial statements and treated as contingent liabilities and contingent assets.

Government Grants

Government incentives are not reflected in the financial statements; without the business fulfilment of the necessary conditions for obtaining that incentive which will and a reasonable assurance that they shall be obtained.

Government grants, intended to meet the costs of these incentives are reflected as an expense in profit or loss in a systematic manner throughout the periods. The government grants as a financing tool, rather than being accounted as a net off item profit or loss, should be associated with the statement of financial position (balance sheet) as unearned income, should be reflected in a systematic manner in profit or loss during the economic life of the related assets.

Government incentives given in order to meet expenses or losses previously realized and to provide emergency financial support without any cost in the future are recognized in profit or loss when it becomes liveable.

Loans obtained from the state lower than market interest rate, is considered to be government grants. Benefit from lower interest rates is calculated as the difference between the initial carrying amount and the gains of the loan during the period.

The Company benefits from research and development ("R&D") grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey ("TÜBİTAK") and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. The portion of government grants associated to previously capitalize intangible assets is deducted from the cost of the intangible asset, whereas the other government grants are recognized as income in the period which they are incurred.

Investment Property

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.8 Summary of Significant Accounting Policies (continued)

The cost of a self-constructed investment property is determined as its cost at the date when the construction or development is complete. On that date the subject asset qualifies as an investment property and thus transferred to investment properties class. The useful life estimation for the buildings within investment properties is between 18-25 years.

Provision for Employment Termination Benefits

Severance Payments:
Under the Turkish law and union agreements, lump sum payments are made to employees in retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (revised) "Employee Benefits" ("TAS 19").

The liability for employment termination benefits recognized in the financial statements was calculated according to the current net value of the liability amounts expected to occur in the future due to retirement of employees and was reflected on the financial statements. All calculated actuarial gains and losses are reflected on the fund of gains/losses due to employee termination benefits under equity.

Liabilities arising from unused leave rights defined as "short-term provisions regarding employee benefits" are accrued in the period in which the right is gained and recognized after being discounted if their impact is material.

Taxation and Deferred Taxes
Tax expense consists of total current tax and deferred tax benefit / (expense).

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred Taxes
Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted using the statement of financial position method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.8 Summary of Significant Accounting Policies (continued)

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the statement of financial position date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Taxation and Deferred Taxes (Continued)

Current and deferred tax for the year

The current tax or the deferred tax for the current year is accounted as expense or income under the income table.

Share Capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity by deducting from retained earnings in the year in which they are declared.

Restricted Reserves

Restricted reserves are allocated from profit of previous year due to obligation arising from law or the Company's articles or objects excluding profit distribution (etc. tax advantage for gain on sale of subsidiaries). These reserves are carried at their statutory amounts.

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

NOTE 3- CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Cash on hand	3	3
Bank - demand deposits	597	3.782
	600	**3.785**

The company has not any blockage account as of December 31. 2013 and 2012

NOTE 4 - FINANCIAL ASSETS

Available for sale financial assets

	31 December 2013		31 December 2012	
	TL Amount	%	TL Amount	%
Bimsa Uluslararası İş, Bilgi ve Yön.Sist.A.Ş. ("Bimsa") (*)	-	-	1.484	10,00
	-	-	**1.484**	-
Diminishment in value of Bimsa	-	-	(1.044)	-
	-	-	**440**	-

The affiliate amounts for Bimsa are calculated from the acquisition costs and the affiliate rates are calculated from the nominal amounts.

(*) The Company has sold all shares of Bimsa to Sabancı Holding on 11 January 2013.

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

NOTE 5- BORROWINGS

Short term borrowings

	31 December 2013	31 December 2012
Short-term bank borrowings	132.203	281.496
Current portion of long term bank loans	2.058	-
	134.261	**281.496**
Short-term finance lease payables	-	109
Short-term borrowings	**134.261**	**281.605**

Long-term borrowings

	31 December 2013	31 December 2012
Long term bank borrowing	8.232	-
	8.232	**-**
Long-term finance lease payables	-	-
Long-term borrowings	**8.232**	**-**

Foreign currency denominated bank borrowings and corresponding interest expense accruals as at 31 December 2013 and 31December 2012 are as follows:

Principal	**31 December 2013**			**31 December 2012**		
Original Currency	**Weighted Average Effective Interest Rate**	**Original Amount**	**TL**	**Weighted Average Effective Interest Rate**	**Original Amount**	**TL**
TL	7,59	-	91.707	10,47	-	149.221
USD	1,38	25.000.000	53.358	1,51	63.000.000	112.304
EUR	-	-	-	1,55	6.500.000	15.286
			145.065			**276.811**

Accured interest	**Interest Rate**	**Original Amount**	**TL**	**Interest Rate**	**Original Amount**	**TL**
TL	-	-	295	-		4.682
USD	-	-		-	1.472	3
EUR	-	-		-	110	-
			145.360			**281.496**

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

NOTE 5- BORROWINGS (continued)

Financial leasing payables

The Company's leasing payables due to financial leasing agreements signed with Group Company Ak Finansal Kiralama A.Ş. (Note 29) are as follows:

	31 December 2013	31 December 2012
Up to 1 year	-	109
1-5 years	-	-
	-	**109**

The Company's all financial leasing payables typify Euro with maturity period does not exceed one years.

As of balance sheet date, net book value of financial leasing payables is TL 0 (31 December 2012: TL 86).

Financial leasing interest rate is fixed to 7,14% for the entire financial leasing period at contract date. (31 December 2012: 7,14%).

NOTE 6 – TRADE RECEIVABLES AND TRADE PAYABLES

Trade Receivables

	31 December 2013	31 December 2012
Trade receivables	184.865	146.756
Cheques received (*)	52.089	59.576
Due from related parties (Note 29)	-	6
Provision for doubtful receivables	(3.033)	(3.033)
	233.921	**203.305**

(*) Cheques received constitute the cheques obtained from customers and kept in portfolio as a result of trade activities and consist of TL 33.347 with maturities of more than three months (31 December 2012: TL 39.637).

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

NOTE 6 - TRADE RECEIVABLES AND TRADE PAYABLES (continued)

Non-current trade receivables

	31 December 2013	31 December 2012
Trade receivables	106	106
	106	**106**

As of 31 December 2013 trade receivables are discounted by 0,44% for TL, 0,12% for USD, 0,12% for EUR. (As of 31 December 2012 0,80% for TL, 0,17% for USD, 0,14% for EUR).

As of 31 December 2013 and 31 December 2012, past due but not provisioned trade receivables as follows:

Overdue Period	31 December 2013	31 December 2012
0 - 1 month	23.645	10.729
1 - 3 months	1.605	510
Over 3 months	1	173
Total	**25.251**	**11.412**

As of 31 December 2013 and 31 December 2012, due to existence of receivable insurance, bank guarantee, mortgage and other guarantees (i.e. cheques), the Company has not recorded any provision relation to trade receivables that were past due but not impaired.

The movements of the provision for doubtful receivables during the period are as follows:

Over Period	31 December 2013	31 December 2012
Over 6 months	3.033	3.033
Total	**3.033**	**3.033**

The movements of the provision for doubtful receivables during the period are as follows:

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Balance at 1 January	**(3.033)**	**(2.432)**
Provision reeased (Note: 25)	-	(601)
Balance at 31 December	**(3.033)**	**(3.033)**

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

NOTE 6 - TRADE RECEIVABLES AND TRADE PAYABLES (continued)

Trade Payables

	31 December 2013	31 December 2012
Trade payables	221.728	106.482
Due to related parties (Note: 29)	11.389	12.257
	233.117	**118.739**

As of 31 December 2013 trade payables are discounted by using 0,44% for TL, 0,12% for USD, 0,12% for EUR.(As of 31 December 2012 0,80% for TL, 0,17% for USD, 0,14% for EUR).

As of 31 December, 2013 average turnover for trade receivables and trade payables are 53 days and 81 days, respectively (31 December 2012: 59 days and 65 days respectively).

NOTE 7 – EMPLOYEE BENEFIT OBLIGATIONS

Liabilities for Employee Benefits

	31 December 2013	31 December 2012
Social security and taxes payable	2.266	2.180
Due to personnel	878	685
	3.144	**2.865**

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	31 December 2013	31 December 2012
Other receivables	510	1.024
Job advance	397	100
Receivable from government agencies	199	199
Receivable from returned goods	175	882
	1.281	**2.205**
Due from related parties (Note 29)	172	348
	1.453	**2.553**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES (continued)

Other Non-Current Receivables

	31 December 2013	31 December 2012
Deposits and guarantees	55	36
	55	**36**

Other Payables

	31 December 2013	31 December 2012
Installment tax payable (*)	1.218	7.309
Taxes payable	374	330
Cancellation of PCT	-	1.611
Advances received from customers	486	2.691
Cancellation of VAT	192	654
Due to related party (Note 29)	1	22
Other	140	1.150
	2.411	**13.767**

Other Non-Current Liabilities

	31 December 2013	31 December 2012
Installments of tax debts connected (*)	-	2.436
Other non-current liabilities	-	133
	-	**2.569**

(*) In order to eliminate tax risks, Company discontinued lawsuits opened for the abolition of tax bills as a result of the tax inspection conducted by the Ministry of Finance, in order to benefit from the provisions of Law no 6111 "Restructuring of Certain Receivables and Amendment of Social Insurance and General Health Insurance Law and Other Certain Laws and Decrees" on April 7, 2011 and has applied the tax office.

(*) The total amount payable as a result of the inspection made by the tax office, TL 32.417 for the tax imposed in 2007; TL 12.715 for TL 44.823 of penalty, as a result of the tax investigation in 2010 TL 12.497 and for TL 18.746 penalty imposed TL 9.212, calculated as a total of TL 21.927. Company will pay 18 equal instalments beginning from June 2011 within 36 months and has already paid TL 20.709 of TL 21.927 as of the reporting date. TL 792 of TL 21.927 related to the Value Added Tax will be subject to discount. The remaining TL 21.135 was accounted for as expense in the financial statements of 2011.

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

NOTE 9 – INVENTORIES

	31 December 2013	31 December 2012
Raw materials and supplies	63.701	73.330
Intermediate goods	58.568	94.531
Finished goods	43.968	36.858
Spare parts	11.288	12.210
Semi-finished goods	2.735	2.916
By-products (*)	4.956	4.976
Other	3.118	3.235
Less: Impairment in value of inventories (*)	**(1.273)**	**(2.033)**
	187.061	**226.023**

(*) By-products are not subject to impairment since they are taken to inventories with selling prices.

Movement of Provision for Impairment of Inventories

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Balance at 1 January	**(2.033)**	**(3.578)**
Charge for the period	-	-
Provision used	760	1.545
Balance at 31 December	**(1.273)**	**(2.033)**

(*) Impairment has been allocated to finished goods, intermediate goods and other inventories.

The Company has decreased TL 2.033 for its provision for impairment of inventories TL 760 and therefore realized allowance for impairment in current year for TL 1.273. As of 31 December 2013, total inventory accounted with net realizable value is TL 103.809 (31 December 2012: TL 133.422).

For the period ended at 31 December 2013, the aggregate amount of inventories expensed and included in cost of goods sold is TL 826.614 (31 December 2012: TL 761.825).

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

NOTE 10 – PREPAID EXPENSES

Prepaid Expenses (Short-term)

	31 December 2013	31 December 2012
Other prepaid expenses	932	519
	932	**519**

Prepaid Expenses (Long-term)

	31 December 2013	31 December 2012
Long term prepaid expenses	200	200
	200	**200**

NOTE 11 – INVESTMENT PROPERTIES

The movement schedules of investment properties and related accumulated depreciation for the years ended 31 December 2013 and 2012 are as follows;

	1 January 2013	Additions	Other transfers	Disposal	31 December 2013
Cost					
Land	5	-	-	-	5
Buildings	3.780	-	-	-	3.780
	3.785	**-**	**-**	**-**	**3.785**
Accumulated Depreciation					
Building	2.366	190	-	-	2.556
Net Book Value	**1.419**				**1.229**

As of December 31, 2013 the Company has leased properties with the net book value of TL 1.229 (31 December 2012: TL 1.419) to the third parties through lease agreements.

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

NOTE 11 – INVESTMENT PROPERTIES (continued)

The Company has generated rent income of TL 394 (31 December 2012: TL 362) throughout the period resulting from these lease agreements (Note 24). The fair value of factory building was carried out according to the discounted cash flow and has been calculated TL 3.505

	1 January 2012	Additions	Other transfers	Disposal	31 December 2012
Cost					
Land	5	-	-	-	5
Buildings	3.780	-	-	-	3.780
	3.785	**-**	**-**	**-**	**3.785**
Accumulated Depreciation					
Building	2.176	190	-	-	2.366
Net Book Value	**1.609**				**1.419**

The total depreciation for the period ended 31 December 2013 and 2012 is presented in Note 12.

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

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

The movement schedules of property, plant and equipment and related accumulated depreciation for 31 December 2013 and 2012 are as follows;

	1 January 2013	Additions	Transfers	Other Transfers	Disposals	31 December 2013
Cost						
Land	15.551	-	-	(14)	-	15.537
Land Improvements	8.224	-	-	(1.045)	-	7.179
Building	66.047	-	320	(6.538)	-	59.829
Machinery and equipment(*)	400.233	1.467	2.183	(13.871)	(3.175)	386.837
Motor vehicles	1.905	99	-	(224)	-	1.780
Furniture and fixtures	5.693	316	-	(332)	(36)	5.641
Construction in progress	7.300	1.491	(2.503)	-	-	6.288
	504.953	**3.373**	**-**	**(22.024)**	**(3.211)**	**483.092**
Accumulated depreciation						
Land improvement	5.779	406	-	(819)	-	5.366
Buildings	38.321	2.943	-	(4.154)	-	37.110
Machinery and equipment	282.105	14.589	-	(10.235)	(2.356)	284.103
Motor vehicles	1.874	11	-	(224)	-	1.661
Furniture and fixtures	4.230	337	-	(317)	(14)	4.236
	332. 309	**18.286**	**-**	**(15.750)**	**(2.370)**	**332.475**
Net book value	**172.644**				**(841)**	**150.617**

(*) The company has performed TL 256.874 impairment on machinery and equipment as of 2004 and 2006.

There are not any tangible assets which are received by using financial leasing as of 31 December 2013. In addition to that, there is not any pledge or lien on the property, plant and equipment as of 31 December 2013 and 31 December 2012.

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

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (continued)

The Company management took into consideration the internal and external sources of information as described in TAS 36 "Impairment of Assets" as impairment indicators and performed an impairment study. The Company made a study to measure the recoverable amount of its tangible assets as at 31 December 2013 using discounted cash flows model with a discount rate of 11,77%. The subject study prepared by the Company management is dependent on the appreciation of new products in the chemicals segment that the Company is capable of producing and has the capacity of producing with its existing machinery and equipment. Additionally, the Company management foresees the increase of the share of specialty products with higher gross profit margins in the textile segment in the future period. The study prepared by discounted cash flow method reflects the forecast and assumptions of Company management. Based on the results of this study no impairment loss on the Company's tangible assets is noted.

	1 January 2012	Additions	Transfers	Other Transfers	Disposals	31 December 2012
Cost						
Land	13.236	2.151	164	-	-	15.551
Land Improvements	8.225	-	(1)	-	-	8.224
Building	65.672	-	375	-	-	66.047
Machinery and equipment (*)	391.307	1.635	7.345	-	(54)	400.233
Motor vehicles	1.960	2	3	-	(60)	1.905
Furniture and fixtures	6.488	409	24	-	(1.228)	5.693
Construction in progress	10.567	6.409	(8.602)	-	(1.074)	7.300
	497.455	**10.606**	**(692)**	**-**	**(2.416)**	**504.953**
Accumulated depreciation						
Land improvement	5.296	472	11	-	-	5.779
Buildings	34.827	3.276	218	-	-	38.321
Machinery and equipment	266.016	15.594	535	-	(40)	281.105
Motor vehicles	1.927	4	3	-	(60)	1.874
Furniture and fixtures	5.089	361	4	-	(1.224)	4.230
	313.155	**19.707**	**771**	**-**	**(1.324)**	**332.309**
Net book value	**184.300**					**172.644**

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

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (continued)

(*) In 2004 and 2006, 256.874 TL impairment has been performed for machinery and equipment by Company, Total depreciation and amortization charges for the period between 31 December 2013 and 31 December 2012 and the related income statement accounts are as follows:

Cost of production (Note 21)	16.429	17.995
Research expense (Note22)	839	2.025
General administrative expenses (Note 22)	564	739
Selling, marketing and distrubition expenses (Note 22)	2.324	557
	20.156	**21.316**

NOTE 13 - INTANGIBLE ASSETS

The movement schedules of intangible assets and related accumulated depreciation for the year ended 31 December 2013 and 2012 are as follows:

	1 January 2013	Additions	Transfer from construction in progress	Other Transfers	Disposals	31 December 2013
Cost						
Rights	5.376	492	2	-	(622)	5.248
Development costs	7.600	-	-	-	-	7.600
	12.976	**492**	**2**	**-**	**(622)**	**12.848**
Accumulated depreciation						
Rights	4.642	168			(535)	4.275
Development costs	4.196	1.513			-	5.709
	8.838	**-**	**-**	**-**	**(535)**	**9.884**
Net book value	**4.138**	**1.681**				**2.865**

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

NOTE 13 - INTANGIBLE ASSETS (continued)

	1 January 2012	Additions	Transfer from construction in progress	Other Transfers	Disposals	31 December 2012
Cost						
Rights	4.812	562	-	-	-	5.374
Development costs	6.137	-	1.464	-	-	7.601
	10.949	**562**	**1.464**	**-**	**-**	**12.975**
Accumulated depreciation						
Rights	4.474	166	-	-	-	4.640
Development costs	2.944	1.253	-	-	-	4.197
	7.418	**1.419**				**8.837**
Net book value	**3.531**					**4.138**

The total amortization for the year ended 31 December 2013 and 2012 is presented in Note 12.

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

NOTE 14 – ASSET HELD FOR SALE

	1 January 2013	Additions	Transfer from construction in progress	Other Transfers	Disposals	31 December 2013
Cost						
Land	-	-	14	-	-	14
Land Improvements	-	-	1.045	-	-	1.045
Building	-	-	6.643	(105)	-	6.538
Machinery and equipment (*)	-	-	18.892	(4.026)	-	14.866
Vehicles	-	-	237	(13)	-	224
Furniture and fixtures	-	-	393	(61)	-	332
Construction in progress	-	-	-	-	-	-
	-	**-**	**27.224**	**(4.205)**	**-**	**23.019**
Accumulated depreciation						
Land improvement	-	-	819	-	-	819
Buildings	-	-	4.197	(43)	-	4.154
Machinery and equipment	-	-	14.406	(3.474)	-	10.932
Vehicles	-	-	237	(13)	-	224
Furniture and fixtures	-	-	375	(57)	-	318
	-	**-**	**20.034**	**(3.587)**	**-**	**16.447**
Net book value	**-**					**6.572**

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

NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2013	31 December 2012
Provision for restructuring and demand of other receivables (*)	1.364	1.076
Provision for export expenses (**)	1.556	1.038
Other	71	-
	2.991	**2.114**

(*) Provision for restructuring and demand of other receivables are consisting of reinstatements lawsuits which were filed by ex-workers against to the Company due to changes of business organizations and possible expenses of other receivables lawsuits. Such lawsuits are pending as of balance sheet date.

(**) Provision for export expenses contains of insurance provision for receivables from foreign sales.

The movement schedules of provision for restructuring expenses for the periods ended 31 December 2013 and 2012 are as follows:

Provision for export expenses

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Balances of 1 January	**1.038**	**931**
Charge for the period	20.710	11.966
Allowance released	(20.192)	(11.859)
Balance at 31 December	**1.556**	**1.038**

Provision for restructuring expenses and other receivables

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Balances of 1 January	**1.076**	**384**
Charge for the period	552	869
Allowance released	(264)	(177)
Balance at 31 December	**1.364**	**1.076**

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

NOTE 16 – COMMITMENTS

Commitments and contingencies, which are not included in the liabilities at 31 December 2013 and 31 December 2012, are as follows:

Commitments based on export incentive certificates

	31 December 2013	31 December 2012
The total amount of export commitment of documentsstored in the document	1.082.491	804.004
The amounts mentioned include commitments based on export incentive certificates which are presently fullfilled but the closing transactions are not concluded yet	615.618	222.254
Total amount of open export incentives	466.833	581.750
Open export incentives	202.951	197.234

Collaterals, pledges and mortgages 'CPM' given by the Company

	31 December 2013				31 December 2012		
	TL Equivalent	TL	USD	Euro	TL Equivalent	TL	Euro
A.CPMs given in the name of its own legal personalıty	206,124	50.931	69.962.236	2.000.000	55.488	50.785	2.000.000
B.CPMs given on behalf of the fully consolidated companies	-	-	-	-	-	-	-
C.CPMs given on behalf of third parties for ordinary course of the business	-	-	-	-	-	-	-
D.Total amount of other CPMs given							
-Total amount of CPMs given on behalf of the majority shareholder	-	-	-	-	-	-	-
- Total amount of CPMs given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-	-
- Total amount of CPMs given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-
Total CPM Amount	**206.124**	**50.931**	**69.962.236**	**2.000.000**	**55.488**	**50.785**	**2.000.000**

As of 31 December 2013 the percentage of the other CPM`s given by the Company to the total equity is 0% (31 December 2012: 0%).

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

NOTE 16 – COMMITMENTS (continued)

Collaterals, pledges and mortgages 'CPM' given by the Company

Mortgages and guarantees taken at 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013	31 December 2012
Letters of guarantees taken	15.382	17.292
Checks and notes of guarantees taken	2.274	1.939
Mortgages taken	234	234
Total	**17.890**	**19.465**

NOTE 17 - EMPLOYEE BENEFITS

Short term employee benefits

	31 December 2013	31 December 2012
Unused vacation allowance	1.618	1.693
Premiums for senior management	150	700
Provision for employee expenses	-	163
Total	**1.768**	**2.556**

Long term employee benefits

	31 December 2013	31 December 2012
Provision for employment termination benefits	16.200	15.767
	16.200	**15.767**

Unused Vacation Allowance

Company provides annual pay vacation to each employee who has completed one year of service. Movements of unused vacation allowances as follows:

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Balances of 1 January	**1.693**	**2.067**
Charge for the period	140	79
Allowance released	(215)	(453)
Balance at 31 December	**1.618**	**1.693**

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

NOTE 17 - EMPLOYEE BENEFITS (continued)

Movements in the provision for employee expense are as follows:

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Balances of 1 January	**164**	**223**
Charge for the period	7.361	1.385
Allowance released	(7.525)	(1.445)
Balance at 31 December	**-**	**163**

Movements of premiums for senior management are as follows:

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Balances of 1 January	**700**	**1.100**
Charge for the period	150	700
Allowance released	(700)	(1.100)
Balance at 31 December	**150**	**700**

Provision for employment termination benefits

There are no agreements for pension commitments other than the legal requirement as explained below.

Under Turkish Labor 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 excluding 25/2 article of labor law, is called up for military service or dies. As of 8 September 1999 related labor law was changed and retirement requirements made gradual. The amount payable consist of one gross wage for each year of service limited to maximum termination indemnity for non-union employees and 47 days gross wage for each year of service limited to maximum termination indemnity for union employees. Same payment is done for days remaining from 1 year.

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

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

NOTE 17 - EMPLOYEE BENEFITS (continued)

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

The Communiqué requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly following actuarial assumptions were used in the calculation of the total liability.

	31 December 2013	31 December 2012
Discount rate (%)	4.66	4.66
Retention rate to estimate the probability of retirement (%)	98	98

Discount rate is derived upon the difference of long-term interest's rates in TL and the expected inflation rate.

The principal assumption is that 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. The maximum amount of TL 3,49 (1 January 2013: TL 3,13), which is expected to be effective from 1 July 2014, has been taken into consideration in calculating the provision for employment termination benefits of the Company.

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

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Balances of 1 January	**15.767**	**14.233**
Charge for the period	3.796	5.334
Allowance released	(3.363)	(5.203)
Actuarial loss / (gain)	-	1.393
Balance at 31 December	**16.200**	**15.767**

NOTE 18 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 December 2013	31 December 2012
VAT receivables due to export	4.657	860
Deferred SCT	1.341	1.883
Value added tax (VAT)	29	6.850
	6.027	**9.593**

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

NOTE 18 - OTHER ASSETS AND LIABILITIES (continued)

Other Non-Current Assets

	31 December 2013	31 December 2012
Deferred VAT	59.239	58.910
	59.239	**58.910**

NOTE 19 – DERIVATIVE INSTRUMENTS

None.

NOTE 20 - SHAREHOLDERS' EQUITY

Sasa Polyester Sanayi A.Ş fully paid and issued capital each 1 Kr nominal value of 21.630.000.000 shares (31 December 2012: 21.630.000.000). The shareholders and shareholding structure of the Company at 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013		31 December 2012	
	TL	Share %	TL	Share %
H.Ö. Sabancı Holding A.Ş.	110.313	51	110.313	51
Public offered	105.987	49	105.987	49
	216.300	**100**	**216.300**	**100**
Inflation adjustment to share capital (*)	196.213		196.213	
	412.513		**412.513**	

(*) Adjustment to share capital represents the restatement effect of cash contributions to share capital at year-end equivalent purchasing power after netting of prior year losses.

Shareholders' equity items of company as at 31 December 2013 and 31 December 2012 prepared in accordance with the Communiqué No: XI-29 are as follows:

	31 December 2013	31 December 2012
Share Capital	216.300	216.300
Inflation adjustment to share capital	196.213	196.213
Restricted reserves	5.356	5.356
Accumulated loss	(173.081)	(143.386)
Actuerial gain / loss	(1.114)	(1.114)
Net (loss) / profit for the period	6.241	(29.695)
Shareholder's equity	**249.915**	**243.674**

NOTE 20 - SHAREHOLDERS' EQUITY

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 share 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 share capital.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from first-time application of inflation adjustments on financial statements, and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss offsetting.

In accordance with the Communiqué No: XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences as part of TAS/TFRS shall be disclosed as follows:

- if the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital";

- if the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

There is no other usage other than the addition of capital adjustment differences to the capital.

Profit Distribution:

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

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

NOTE 21 - SALES AND COST OF SALES

Sales Revenue

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Domestic Sales	676.548	649.452
Foreign sales	413.075	342.637
Other sales	6.522	12.499
Sales return	(2.628)	(2.910)
Sales discounts	(3.142)	(1.644)
Other discounts	(110)	(56)
Sales Revenues (net)	**1.090.265**	**999.978**

Cost of Sales

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Direct first raw material and supplies expenses	792.714	782.461
Energy expenses	99.032	94.218
Labour expenses	47.821	50.135
Amortization	14.203	14.288
Other variable expenses	13.430	15.251
Spare parts and maintenance expenses	4.545	6.539
Insurance expense	837	969
Other fixed expenses	170	198
Usage of semi-finished goods	(515)	524
Production cost for the year	**972.237**	**964.583**
Usage of WIP and finished goods	44.373	(35.066)
Cost adjustment to unrealised sales	(14.540)	884
Cost of waste goods sold	7.043	15.145
Other idle time expenses	9.599	5.046
Idle time type amortisation	2.226	3.707
Provision for impairment inventories – net	(760)	(1.545)
Stock count differences	(1.701)	(578)
Cost of good sold during the year	**1.018.477**	**952.176**

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

NOTE 22 - OPERATING EXPENSES

General Administrative Expenses

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Personnel expenses	8.959	9.813
Seniority notice indemnity	1.227	1.714
Consultancy expenses	1.159	1.485
Amortization (Note 12)	839	739
Insurance expenses	692	485
Supplies, repair and maintenance expenses	409	392
Energy expenses	267	257
Auxiliary service expenses	275	213
Other expenses	1.678	1.471
	15.505	**16.569**

Selling, Marketing and Distribution Expense

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Export expenses	29.966	26.028
Personnel expenses	4.523	5.064
Insurance expenses	1.306	1.764
Taxes and duties	817	1.023
Energy expenses	728	685
Amortization (Note 12)	564	557
Rent expenses	149	41
Other	1.503	1.049
	39.556	**36.211**

Research and Development Expenses

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Amortization (Note 12)	2.324	2.025
Maintance expenses	6	-
First raw material and supplies expenses	5	-
Labour and personnel expenses	1	183
Project expenses	-	1.074
Other expenses	192	168
	2.528	**3.450**

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

NOTE 23 – INCOME FROM INVESTING OPERATIONS

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Gain on sales of tangible assets	112	48
Loss on sales of fixed assets	(18)	(12)
	94	**36**

NOTE 24 – OTHER OPERATING INCOME / EXPENSE

Other operating income

	1 Ocak- 31 Aralık 2013	1 Ocak- 31 Aralık 2012
Fx gain from trade receivable/payables	58.808	20.594
Miscellaneous sales income	22.215	23.788
Scrap sales income	3.347	-
Financial income from credit sales	2.174	1.148
Insurence compensation income	1.295	147
Provision of closed requests for restructuring and other receivables	915	1.403
Rent income	394	362
Other income	2.256	603
	91.404	**48.045**

Other operating expense

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Foreign exchange loss from trade receivables/payables	49.223	25.597
Miscellaneous sales expense	19.819	20.300
Taxes and duties paid	1.529	996
Provision for restructuring expenses	552	1.076
Premiums for senior management (Note 17)	150	700
Provision for unused vacation (Note 17)	140	79
Provision for doubtful receivable (Note 6)	-	601
Other	1.473	1.051
	72.886	**50.400**

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

NOTE 25 - FINANCIAL INCOME

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Foreign exchange income	3.321	998
Interest income	41	-
	3.362	**998**

NOTE 26 - FINANCIAL EXPENSES

	1 January 2013 - 31 December 2013	1 January 2012 - 31 December 2012
Foreign exchange losses	19.950	1.401
Interest expense	11.519	18.714
	31.109	**20.115**

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

NOTE 27 - TAX ASSETS AND LIABILITIES

Deferred income taxes

The Company recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under CMB Accounting Standards and their statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for International Financial Reporting Standards and tax purposes.

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 December 2013 and 31 December 2012 using the enacted tax rates are as follows:

	Cumulative temporary difference		Deferred income tax assets/liabilities	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Accumulated financial loss	(70.670)	(83.529)	14.134	16.706
Net difference between the tax base and carrying value of tangible and intangible assets	20.853	27.329	(4.171)	(5.466)
Retirement pay provision	(16.200)	(15.767)	3.240	3.153
Net difference between the tax base and carrying value of inventories	(3.917)	(3.939)	783	788
Correction of the sale that are not realize	(1.681)	(1.364)	336	273
Provision for accumulated unpaid vacation provision the carrying value of assets held for investment	(1.618)	(1.693)	324	339
Held for sale asset's net difference	1.414	-	(283)	-
between the book value and tax value provision for restructuring	(1.364)	(1.076)	273	215
Asset for investment's net difference between the book value and tax value	(226)	(101)	45	20
Provision for doubtful receivable	(1.036)	(1.036)	207	207
Provision of export expense	(1.557)	(1.038)	311	208
Adjustment for not accrued financial expenses	230	123	(46)	(25)
Adjustment for not accrued financial income	(496)	(666)	99	133
Other	(221)	(700)	44	140
Deferred income tax assets	(97.346)		19.796	22.182
Deferred income tax liabilities	(20.857)		(4.500)	(5.491)
Provision for deferred tax asset recognised from carry forward (*)			(14.134)	(16.706)
Deferred income tax asset/liabilities , net			**1.162**	**(15)**

(*) The portable financial losses' reduction from taxable income of the part that cannot exceed the prescribed time period evaluated through the accountings precautionary principle according to the Entity's possibility of creating high degree of financial harm to through using high amount of financial losses and creating deferred tax income. No deferred tax asset has been recognized from carry forward tax losses due to the unpredictability of future profit streams. However, deferred tax has recognized for the items that are subject to tax base such as severance benefits and inventories without being subject to a certain time comparison.

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

NOTE 27 - TAX ASSETS AND LIABILITIES (continued)

Deferred income tax asset

	31 December 2013	31 December 2012
Deferred income tax asset to be recovered after more than a year	3.564	3.492
Deferred income tax asset to be recovered within one year	2.098	1.984
	5.662	**5.476**

Deferred tax liabilities

	31 December 2013	31 December 2012
Deferred income tax asset to be recovered after more than a year	4.454	5.466
Deferred income tax asset to be recovered within one year	46	25
	4.500	**5.491**

Movements in deferred taxes can be analysed as follows:

	1 January 2013- 31 December 2013	1 January 2012 31 December 2012
Balance of 1 January	**(15)**	**(184)**
Deffered tax income of the term	1.177	169
Balance of 31 December 2013	**1.162**	**(15)**

Total charge for the period can be reconciled to the accounting profit as follows:

	31 December 2013	31 December 2012
(Loss)/ Profit before tax from operations	**5.064**	**(30.978)**
Expected taxation (%20)	(1.013)	6.196
Tax effects of		
-Revenue that is exempt from taxation	393	311
-Expenses that are not deductible in determining taxable profit	(279)	(81)
-Tax loss that are not recognised as deferred tax assets	-	(6.252)
-Effect of prior period income tax offset from prior period loses	1.801	-
-Other adjustment	275	(5)
Income tax recognized in profit/(loss)	**1.177**	**169**

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

NOTE 27 - TAX ASSETS AND LIABILITIES (continued)

Deferred tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefits through future taxable profits is probable. The Company did not recognize deferred tax assets of TL 70.670 (31 December 2012: TL 83.529) in respect of losses, which are summarized as follows:

2014	39.412
2017	31.258
	70.670

Corporate Income Tax Law has been changed with the law numbered 5520 which was published at 13 June 2006. Most of the rules of the new Corporate Income Tax Law are applicable from 1 January 2006 According to this; corporate tax rate applicable for the year 2013 is 20% (2012: 20%).

Corporate tax rate is applied to the taxable profit which is calculated by adding non-taxable expenses and deducting some exemptions taken place in tax laws (exemptions for participation revenues, exemptions for investment incentives) and discounts (R&D discount) from accounting profit of the Company. No additional taxes are paid unless profit is distributed (except 19, 8% withholding tax paid over used investment incentives according to the GVK temporary article).

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment allowance in its meeting held on 15 October 2009, and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment allowance for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated 8 January 2010, and thereby the time limitation regarding investment allowance was removed, however it has also been stated that balance regarding the calculation of the tax bases could not exceed 25% percent of the relevant income and the remaining balance after the investment allowance should be subject to 20% of corporate tax. The Company has unutilized carried forward investment allowance amounting to TL 76.225, in which TL 13.006 coming from balance subject to 19,8% withholding tax and the remaining TL 63.219 subject to no tax, as total TL 79.232 (31 December 2012: TL 74.430).

Corporate Tax Law No, 5520 article 10, explains research and development allowance. Research and development allowance rate has revised as 100% from the previous %40 by the revision that made on Law No: 5746 article 5. The Law came into force with effective from 1 April 2008.

In accordance with mentioned revision, 100% of research and development expenditures facilities related to technology and information research as of 2008 balance sheet date are deducted from income before tax. Expected research and development allowance of the Company as of 31 December 2013 is TL 671.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 17th (including the tax statements of March 2007 that Income Tax Law numbered 5615 is effective from 4 April 2007 and the law about the change in some laws) of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

A 75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of 5 years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realized.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. The aggregate amount of the Company's carry forward tax losses at 31 December 2013 is TL 70.670 (31 December 2012: TL 83.529)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to tax office which they relate. However, tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Total taxes payable for 31 December 2013 and 2012 have been reconciled to the current year tax charge as follows:

	1 January-31 December 2013	**1 January-31 December 2012**
Current period tax charge	-	-
Deferred tax income / (expense)	1.177	169
Total tax benefit	**1.177**	**169**

NOTE 28 - EARNINGS PER SHARE

	1 January-31 December 2013	**1 January-31 December 2012**
Net (loss)/gain attributable to shareholders	6.241	(30.809)
Number of ordinary shares	21.630.000.000	21.630.000.000
Earnings per share in full TL thousands of ordinary shares	0,29	(1,42)

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

NOTE 29 - RELATED PARTY DISCLOSURES

Operations with related parties are classified according to the groups mentioned below and include disclosures in this note for all related parties.

(1) Jointly controlled entities
(2) Companies of which the group shareholders are a shareholder
(3) Ultimate shareholder

a) Due from related parties:

	31 December 2013	31 December 2012
Group Companies	**172**	**354**
-Aksigorta A.Ş ("Alsigorta") (2)	155	333
-Enerjisa Enerji Üretim A.Ş ("Enerjisa") (2)	16	15
-Başkent Elektrik Dağıtım A.Ş.	1	-
-Yünsa Yünlü Sanayi ve Ticaret A.Ş (Yünsa") (2)	-	6
Total	**172**	**354**

All of the receivable from related party consists of other receivables. (31 December 2012: TL 6 trade receivables, TL 348 other receivables). Related party receivables are without guarantees. No interest is calculated for receivables.

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

NOTE 29 - RELATED PARTY DISCLOSURES (continued)

b) Due to related parties:

	31 December 2013	31 December 2012
1) Shareholders	**1**	**22**
-Sabancı Holding (3)	1	22
2)Group Companies	**11.389**	**11.932**
-Enerjisa (2)	8.322	11.318
-Enerjisa Doğalgaz Toptan Satış A.Ş.("Enerjisa Doğalgaz")(2)	2.750	-
-Aksigorta (2)	238	494
-Bimsa (2)	27	99
-Toroslar Elektrik Perakende Satış A.Ş	19	-
-Çimsa (2)	15	-
-Sabancı Üniversitesi (2)	10	21
-Sabtek	8	-
-Olmuksa (*) (2)	-	322
-Ak Finansal Kiralama A.Ş.(2)	-	3
Total	**11.390**	**11.954**

As of the report date, 11.389 TL of payables to related parties is trade payables, 1 TL of payables is other payables. (31 December 2012: 12.257 TL trade payables, 22 TL other payables). As of 31 December 2013 there is not any trade payable to related party. Average maturity of the trade payable is, respectively, 16 days (31 December 2012: 55 days and 20 days).

(*) All of the shares of Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş which is in the portfolio of Sabancı Holding were sold to International Paper Container Holdings

c) Bank deposits:

	31 December 2013	31 December 2012
Akbank (2)	265	1.513
Total	**265**	**1.513**

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

NOTE 29 - RELATED PARTY DISCLOSURES (continued)

d) Lease Payables

Ak Finansal Kiralama A.Ş (2)	31 December 2013	31 December 2012
Short term lease payables	-	109
Total	**-**	**109**

e) Sales to related parties:

	1 January – 31 December 2013		
1)Shareholders	**Good**	**Service**	**Fixed Asset**
-Sabancı Holding (3)	-	-	402
2)Group Companies	**4.464**	**173**	**-**
-Kordsa (2)	4.448	1	-
-Yünsa (2)	12	-	-
-Çimsa (2)	4	-	-
-Enerjisa (2)	-	159	-
-Temsa (2)	-	11	-
-Aksigorta (2)	-	2	-
Total	**4.464**	**173**	**402**

	1 January – 31 December 2012	
	Good	**Service**
Group Companies	**66**	**161**
-Yünsa (2)	36	-
-Kordsa (2)	30	3
-Enerjisa (2)	-	151
-Temsa (2)	-	7
Total	**66**	**161**

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

NOTE 29 - RELATED PARTY DISCLOSURES (continued)

f) Purchases from related parties:

	1 January – 31 December 2013			
	Good	**Service**	**Fixed Asset**	**Rent**
1)Shareholders	**-**	**100**	**-**	**93**
-Sabancı Holding (3)	-	100	-	93
2)Group Companies	**28**	**117.947**	**385**	**-**
-Enerjisa (2) *	-	80.246	-	-
-Enerjisa Doğalgaz (2)	-	30.118	-	-
-Aksigorta (2)	-	6.214	-	-
-Bimsa (2)	-	578	384	-
-Avivasa (2)	-	317	-	-
-Toroslar Elektrik Dağıtım A.Ş	-	251	-	-
-Temsa (2)	-	95	-	-
-Sabancı Üniversitesi (2)	-	61	-	-
-Çimsa (2)	-	40	-	-
-Sabtek (2)	-	14	-	-
-Akyatırım Menkul Değerler A.Ş (2)	-	13	-	-
-Olmuksa (2)	27	-	-	-
-Yünsa (2)	1	-	-	-
-Teknosa	-	-	1	-
Total	**28**	**118.047**	**385**	**93**

(*) The Company purchases electricity and steam from Enerjisa which is group company.

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

NOTE 29 - RELATED PARTY DISCLOSURES (continued)

	1 January – 31 December 2012			
	Good	**Service**	**Fixed Asset**	**Rent**
1)Shareholders	**-**	**80**	**-**	**158**
-Sabancı Holding (3)	-	80	-	158
2) İştirakler	**-**	**663**	**472**	**-**
-Bimsa (1)	-	663	472	
2)Group Companies	**1.418**	**86.970**	**-**	**-**
- Olmuksa (2)	1.418	-	-	-
-Enerjisa	-	77.551	-	
-Aksigorta (2)	-	8.995	-	
-Avivasa (2)	-	339	-	
-Sabancı Üniversitesi (2)	-	49	-	-
-Ak Finansal Kiralama (2)	-	24	-	
-Akyatırım Menkul Değerler A.Ş (2)	-	12	-	
Total	**1.418**	**87.713**	**472**	**158**

g) Financial income:

	1 January - 31 December 2013	**1 January – 31 December 2012**
Akbank	1	-
Total	**1**	**-**

h) Financial expense:

	1 January - 31 December 2013	**1 January – 31 December 2012**
Akbank	286	255
Total	**286**	**255**

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

NOTE 29 - RELATED PARTY DISCLOSURES (continued)

ı) As of 31 December 2013 and 2012 remuneration of directors and key management personnel amounts are as follows:

	1 January - 31 December 2013	1 January – 31 December 2012
Short term employee benefits	1.721	2.998
Employment termination benefits	14	446
Total	**1.735**	**3.444**

NOTE 30 - FINANCIAL RISK MANAGEMENT

Financial Risk Management

Financial risk factors

The Company’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company’s risk management is implemented by the Company’s Treasury Department according to approved policies by Board of Directors. Treasury Department detects and evaluates financial risks and relieve of a risk through close relations with other departments of the Company.

Market risk

Foreign exchange risk

The Company is subject to foreign exchange risk due to foreign currency denominated liabilities and assets’ translation to Turkish Lira. Foreign exchange risk is traced and minimized through the analysis of foreign currency position.

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency Position Table

Assets and liabilities denominated in foreign currencies at 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013			
	TL	**USD**	**EURO**	**GBP**
Trade receivables (including other receivables)	222.520	74.267.903	21.720.552	64.918
Monetary financial assets	-	-	-	-
(including cash and banks)	511	100.600	95.425	4.664
Other	511	122.744	75.723	7.511
Current Asset	**223.542**	**74.491.247**	**21.891.700**	**77.093**
Total Asset	**223.542**	**74.491.247**	**21.891.700**	**77.093**
Trade payables (including other payables)	212.109	6.220.937	67.707.237	3.010
Financial liabilities	53.358	25.000.000	-	-
Other	1.557	46.235	493.669	2.486
Short term liabilities	**267.024**	**31.267.172**	**68.200.906**	**5.496**
Financial liabilities	-	-	-	-
Long term liabilities	-	-	-	-
Total liabilities	**267.024**	**31.267.172**	**68.200.906**	**5.496**
Net foreign currency position	**(43.482)**	**43.224.075**	**(46.309.206)**	**71.597**
Export	413.075	15.674.310	156.050.802	376.438
Import	475.403	29.132.720	164.111.646	8.640

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

	31 December 2012			
	TL	**USD**	**EURO**	**GBP**
Trade receivables(including other receivables)	193.214	88.603.732	14.997.395	-
Monetary financial assets (including cash and banks)	2.622	1.146.051	241.646	3.782
Other	1.126	138.365	362.481	9.324
Current Asset	**196.962**	**89.888.148**	**15.601.522**	**13.106**
Total Asset	**196.962**	**89.888.148**	**15.601.522**	**13.106**
Trade payables (including other payables)	(96.054)	(30.459.613)	(17.752.928)	(2.591)
Financial liabilities	(127.704)	(63.000.000)	(6.548.723)	-
Other	(1.823)	(333.141)	(521.287)	(836)
Short term liabilities	**(225.581)**	**(93.792.754)**	**(24.822.938)**	**(3.427)**
Financial liabilities	-	-	-	-
Long term liabilities	-	-	-	-
Total liabilities	**(225.581)**	**(93.792.754)**	**(24.822.938)**	**(3.437)**
Net foreign currency position	**(28.619)**	**(3.904.606)**	**(9.221.416)**	**9.679**
Export	347.637	26.283.505	128.994.980	-
Import	527.953	122.264.690	134.137.757	-

Foreign Currency Sensitivity Analysis

	Profit / (Loss)	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**
As of 31 December 2013		
10% change in US Dollar/TL Parity:		
US Dollar net asset	9.225	(9.225)
US Dollar net hedged amount	-	-
US Dollar net effect	**9.225**	**(9.225)**
10% change in Euro/TL Parity:		
Euro net asset	(13.599)	13.599
Euro net hedged amount	-	-
Euro net effect	**(13.599)**	**13.599**
10% change in GBP/TL Parity:		
GBP net asset	25	(25)
GBP net hedged amount	-	-
GBP net effect	**25**	**(25)**
Total	**(4.349)**	**4.349**

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

	Profit / (Loss)	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**
As of 31 December 2012		
10% change in US Dollar/TL Parity:		
US Dollar net asset	(696)	696
US Dollar net hedged amount	-	-
US Dollar net effect	**(696)**	**696**
10% change in Euro/TL Parity**:**		
Euro net asset	(2.169)	2.169
Euro net hedged amount	-	-
Euro net effect	**(2.169)**	**2.169**
10% change in GBP/TL Parity**:**		
GBP net asset	3	(3)
GBP net hedged amount	-	-
GBP net effect	**3**	**(3)**
Total	**(2.862)**	**2.862**

At 31 December 2013, had the TL weakened / strengthened by 10% against the US Dollar ceteris paribus, net loss for the period would have been higher / lower by TL 9.225 (31 December 2012: TL 696), mainly as a result of foreign exchange losses / gains arising from the translation of US Dollar assets and liabilities.

At 31 December 2013, had the TL weakened / strengthened by 10% against the Euro ceteris paribus, net loss for the period would have been higher / lower by TL 2.169 (31 December 2012: TL 2.169), mainly as a result of foreign exchange losses / gains arising from the translation of Euro assets and liabilities.

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The company manages its not used cash on hand by time deposits. Income, other than not used cash on hand, and cash flows from operations are considerably free from market interest rate changes. The interest risk of the company arises from fixed rate short term borrowings.

To keep this exposure at a minimum level, the Company tries to borrow at the most suitable rates.

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Position Table

	31 December 2013	31 December 2012
Fixed interest rate financial instruments		
Principle	145.065	276.920
Interest	295	4.685
Total fixed financial liabilities	**145.360**	**281.605**
Variable interest rate financial instruments		
Financial liabilities	-	-

At 31 December 2013, if interest rates on TL denominated borrowings had been 10% higher / lower ceteris paribus, net gain for the period would have been TL 92 (31 December 2012: TL 149) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At 31 December 2013, if interest rates on US Dollar denominated borrowings had been 10% higher/lower ceteris paribus, net loss for the period would have been TL 53 higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings (31 December 2012 : TL 112).

At 31 December 2013, the Company has not EUR denominated borrowings (if interest rates on EUR denominated borrowings had been 10% higher/lower ceteris paribus, net loss for the period would have been 15 TL higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings as of 31 December 2012).

Credit risk

Credit risk consists of cash and cash equivalents, deposits at banks, customers subject to credit risk due to uncollected receivables.

Receivables

The Company implements Credit Control procedure approved by the Board of Directors in order to manage credit risk due to receivables from customers. According to the procedure, the Company determine a risk limit for every single customer (except related parties) by taking into consideration receivable insurance, bank guarantee, mortgage and other guarantees and sales are conducted without exceeding customer risk limits. In circumstances where these guarantees do not exist or it is required to exceed the guarantees, sales are conducted through determined internal limits which are specified in the procedure.

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Exposure according to Financial Instruments Types

	Trade Receivables Related Party	Other	Other Receivables Related Party	Other	Bank Deposit
31 December 2013					
-Maximum credit risk exposure as of balance sheet date	-	234.027	172	1.336	600
-Guaranteed maximum risk by Commitment or etc (*)	-	199.836	-	-	-
-Net book value of non-overdue or unimpaired financial asset	-	205.743	172	1.336	600
Net book value of financial assets That would be overdue or Impaired unless restricted	-	-	-	-	-
Net book value of overdue assets that are not impaired	-	25.251	-	-	-
-The part that is guaranteed by commitment or etc.	-	20.585	-	-	-
-Net book value of impaired assets	-	3.033	-	-	-
- Overdue (gross book value)	-	3.033	-	-	-
- Impairment	-	(3.033)	-		

(*) Guarantees include receivable insurance, bank collateral, mortgages, and customer checks.

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Exposure according to Financial Instruments Types (continued)

	Trade Receivables Related Party	Other	Other Receivables Related Party	Other	Bank Deposit
31 December 2012					
-Maximum credit risk exposure as of balance sheet date	6	203.405	348	11.834	3.782
-Guaranteed maximum risk by Commitment or etc (*)	-	163.741	-	-	-
-Net book value of non-overdue or unimpaired financial asset	6	188.960	348	11.834	3.782
Net book value of financial assets That would be overdue or Impaired unless restricted					
Net book value of overdue assets that are not impaired	-	11.412	-	-	-
-The part that is guaranteed by commitment or etc.	-	9.802	-	-	-
-Net book value of impaired assets	-	3.033	-	-	-
- Overdue (gross book value)	-	3.033	-	-	-
- Impairment	-	(3.033)	-	-	-

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

As of 31 December 2013 and 31 December 2012 net book value of overdue assets that not impaired is as follows:

Trade receivables	31 December 2013	31 December 2012
Overdue 1-30 days	23.645	11.536
Overdue 1-3 months	1.605	1.192
Overdue 3-12 months	1	1.439
Total	**25.251**	**14.167**
Portion under the guarantee of collaterals, etc (*)	20.585	9.802

(*) Guarantees include receivable insurance, bank collateral, mortgages, and customer checks.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Company aims to maintain flexibility in funding by keeping committed credit lines available.

As of 31 December 2013;

Contractual maturities

Financial Liabilities Other than Derivatives

	Book Value	Total Cash Outflow Due to Contracts	3 months	3-12 months	1-5 years
Bank borrowings	145.064	146.028	53.726	83.660	8.642
Trade payables	15.685	15.685	15.685	-	-
Other payables	1.351	1.351	1.351	-	-

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

Expected maturities

	Book Value	Total Cash Outflow Due to Contracts	3 months	3-12 months	1-5 years
Trade payables	217.432	217.662	194.922	22.740	-
Other payables	1.060	1.060	1.060	-	-

As of December 31, 2012

Contractual maturities

	Financial Liabilities Other than Derivatives				
	Book Value	Total Cash Outflow Due to Contracts	3 months	3-12 months	1-5 years
Bank borrowings	276.811	285.526	133.335	152.191	-
Financial leasing liabilities	109	112	48	64	-
Trade payables	18.389	18.389	18.389	-	-
Other payables	10.276	10.276	2.569	5.138	2.569

Expected maturities

	Book Value	Total Cash Outflow Due to Contracts	3 months	3-12 months	1-5 years
Trade payables	100.350	100.473	68.045	32.428	-
Other payables	8.903	8.903	8.903	-	-

Funding risk

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequately committed funding lines from high quality lenders.

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

Capital risk management

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the net debt/ (shareholders' equity + net debt) ratio. Net debt is calculated as total borrowings (including borrowings, trade and other payables as shown in the balance sheet) less cash and cash equivalents and deferred tax liability.

As of 31 December 2013 and 31 December 2012 net debt/ (shareholders' equity + net debt) ratio is as follows:

	31 December 2013	31 December 2012
Total borrowings	**402.124**	**439.997**
Cash and cash equivalents	(600)	(3.785)
Deferred tax liabilities	1.162	(15)
Net debt	402.686	436.197
Shareholder's equity	249.915	243.674
Shareholder's equity+net debt	652.601	679.871
Net debt/(Shareholders' equity+net debt) ratio	62%	64%

NOTE 31 - SUBSEQUENT EVENT

None.

NOTES

NOTES

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