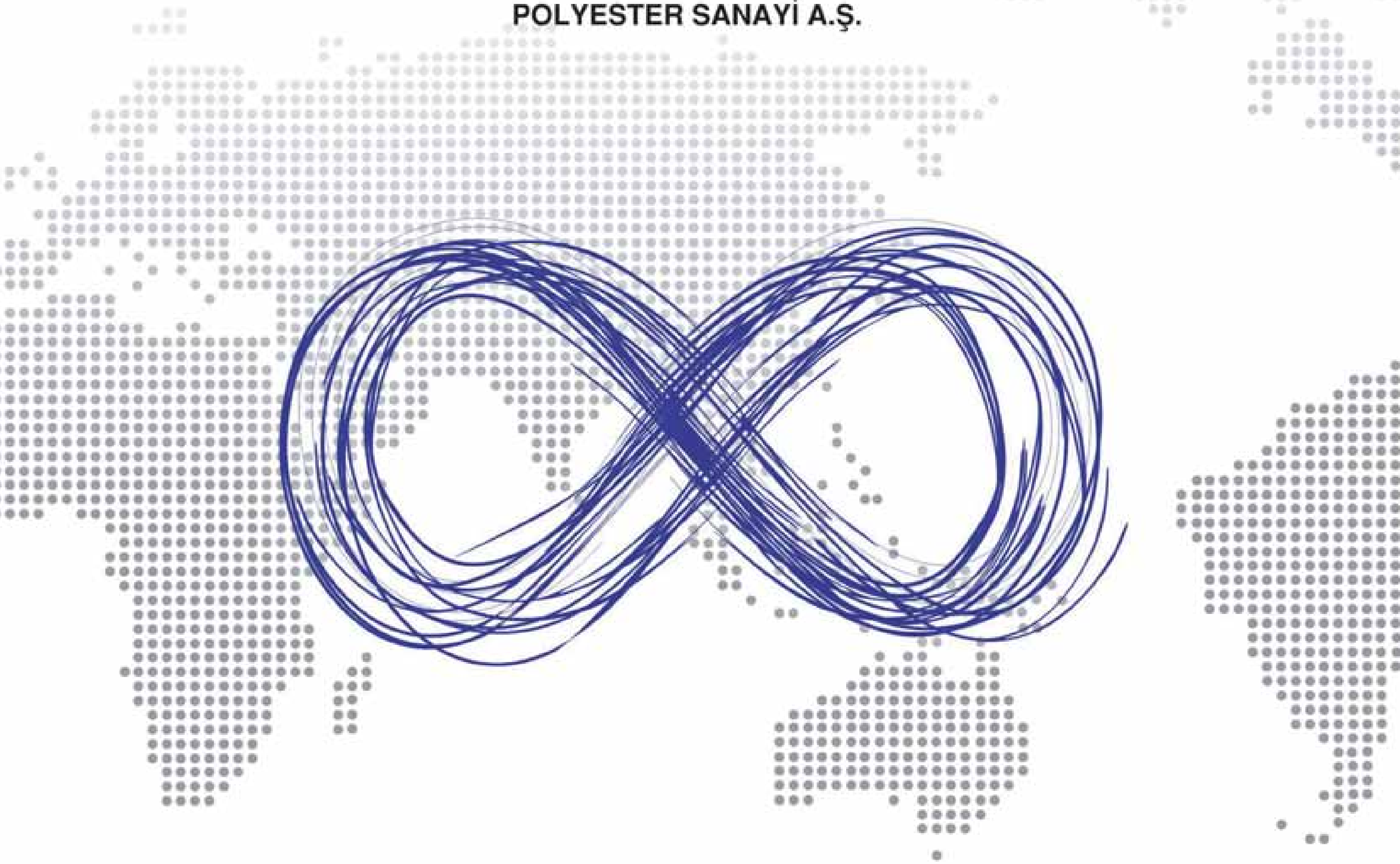
POLYESTER SANAYİ A.Ş.

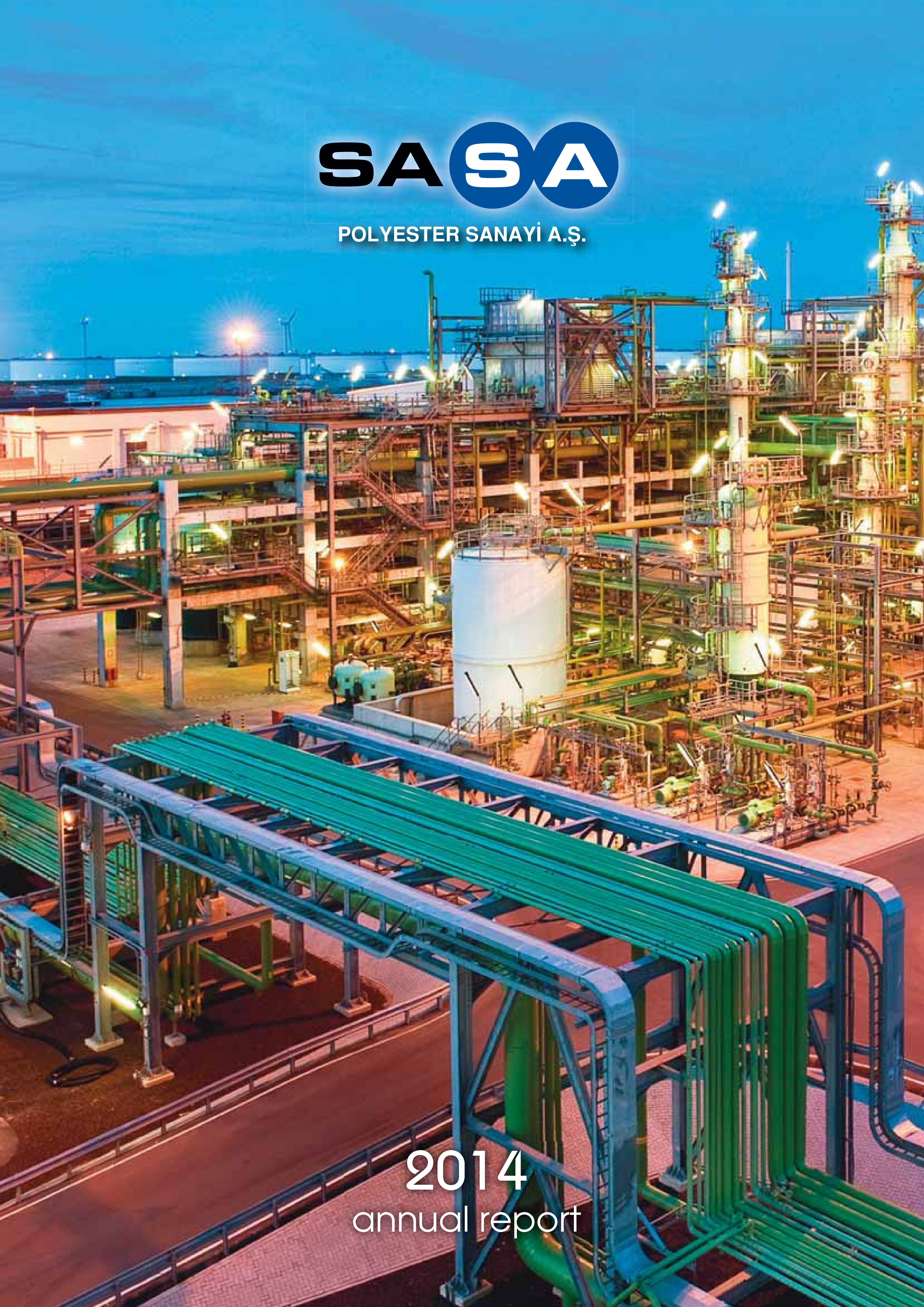


2014

ANNUAL REPORT

SASA

POLYESTER SANAYİ A.Ş.



2014
annual report

CONTENTS

GENERAL INFORMATIONS

Reporting Period : 01.01.2014 – 31.12.2014

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

Main Site
Yolgeçen Mah. Turhan Cemal Beriker Bulvarı No:559 P.K. 01355
Seyhan/Adana/Türkiye
Tel : (322) 441 00 53 – PBX
Fax : (322) 441 01 14

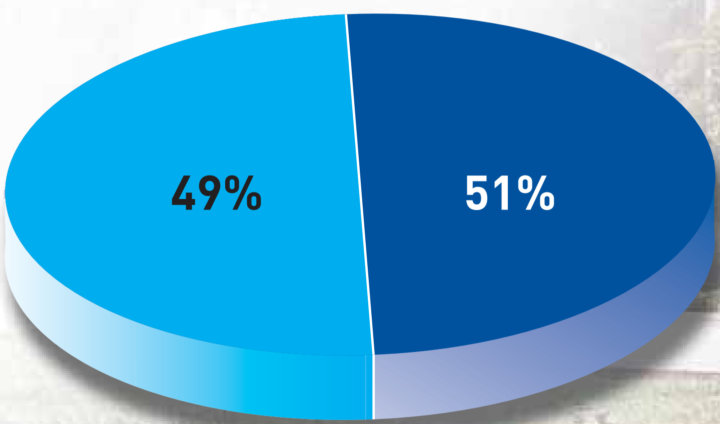
İskenderun Tank Area and Loading
Akçay Mevkii Güzelçay Mahallesi 616 sokak No: 6 P.K.91 31200
İskenderun / Hatay / Türkiye
Tel. : (326) 626 21 14-15
Fax : (326) 626 21 13

İstanbul Office
Sabancı Center Kule: 2 Kat: 18
P.K. 34330 4.Levent / İstanbul / Türkiye
Tel. : (212) 385 81 37
Fax : (212) 282 63 62

www.sasa.com.tr • info@sasa.com.tr

Partnership Structure
Registered Capital : 500.000.000.-TL
Paid Capital : 216.300.000.-TL

Partnership Structure as of 31 December 2014



H.Ö. Sabancı Holding A.Ş.

Free Float


SASA

Building a better working world

Güney Bağımsız Denetim ve
SMMM A.Ş.
Eski Büyükdere Cad.
Orjin Maslak No: 27
Maslak Sarıyer 34398
İstanbul - Turkey

Tel : +90 212 315 30 00
Fax : +90 212 230 82 91
Ticaret Sicil No: 479920427502

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

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

Report on the Audit of the Annual Report of the Board of Directors in accordance with the Independent Auditing Standards

We have audited the annual report of Sasa Polyester Sanayi A.Ş.("the Company") for the year ended December 31, 2014.

The responsibility of the Board of Directors on the Annual Report1

In accordance with Article 514 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Company is responsible for the preparation and fair presentation of the annual report consistent with the financial statements and for the internal controls considered for the preparation of a report of such quality.

Responsibility of the Independent Auditor

Our responsibility is to express and opinion, based on the independent audit we have performed on the Company's annual report in accordance with article 397 of the TCC and the Communiqué, on whether the financial information provided in this annual report is presented fairly and consistent with the Company's financial statements there on which auditor's report dated February 27, 2015 has been issued.

Our independent audit has been performed in accordance with the Independence Auditing Standards as endorsed by CMB and Independent Auditing Standards which are a part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report is free from material misstatement and consistent with the financial statements. This independent audit involves the application of auditing procedures in order to obtain audit evidence on the historical financial information. The selection of these procedures is based in the professional judgment of the independent auditor. We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial information provided in the annual report of the Board of Directors is presented fairly and consistent with the audited financial statements in all material respects.

Independent auditor's responsibilities arising from other regulatory requirements

In accordance with paragraph 3 of Article 402 of the Turkish Commercial Code ("TCC") 6102, within the framework of the Independent Auditing Standards 570 "Going Concern", no material uncertainty has come to our attention which causes us to believe that the Company will not be able to continue as a going concern in the foreseeable future.

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

Metin Canoğulları, SMMM
Partner

February 27, 2015
Istanbul, Turkey

MESSAGE FROM THE CHAIRMAN

Our Precious Partners,
Year 2014 became a year in which great alterations were probably perennially experienced for oil and petrochemical industry including also Sasa. Oil and gas supply specially produced from alternative sources changed regional competition dynamics; and pushed supply-demand equilibrium out of the accustomed one. While, on the Supply side, America Continent takes its leadership position of fossil fuels produced with alternative methods , the oil prices dropped to the the lowest level of the last 5 years after OPEC's struggle for price determination and Market share. We estimate that we will see permanent low oil prices that will cause to the structural changes in future years thanks to the contribution of decelerating great economies on the demand side. Possible effects that will be created by low fossil fuel prices will reflect differently to each of country and to each industrial branch in short-term and long-term; and competitiveness will develop once again by depending on creating difference, being leader and on scale economy. These changes reflected to our industry, in particular, in the last quarter of 2014 suppressed incomes of a lot of companies.

Turkey closed year 2014 with approximately 3% growth rate despite both the economic challenges experienced in the World and also the geopolitical intricacies around of it. Although the competition conditions created by the sagging raw material prices, Sasa protected the prices of its products consist of the products of which main raw materials are created by petroleum-derivated products compared to especially polyester manufacturers from the Far East; and maintained its leadership in the sector with its market shares of 44% of fiber sector and about 50% of special polymers sector in Turkey. In 2014, Sasa increased its production approximately 10% compared to 2013. It realized its total sale incomes as 1.21 Billion TL including increase in sales of 11% in the fiber group, and a 17% in the SPC Group; and procured total approximately 11% of endorsement increase. Sasa achieved to increase 104% its EBITDA figure from 53 million TL in 2013 to 108 million TL in 2014.

In 2014, the fact that statistical process control methods are extensively started to be applied in Sasa played value-added increaser role in our production.

In addition to these, our ongoing improvement studies which continue under our Energy Management System (by implementation of 6 Sigma method) created significant opportunities in our vapor wastage especially, with regards to our costs.

In this framework, as a result of the studies carried out in recent years, in 2014, our company deserved to grand prize in the Energy-productive Industrial Facility (EPIF) category of the Project Contest of Energy Productivity in Industry arranged by Renewable Energy General Directory affiliated to Ministry of Energy and Natural Resources by reducing 45% the energy intensity amongst the facilities take place in chemical substances, products, and artificial fiber sub-sector.

Sasa will consider the subject of the fact that its activities are maintained in the secure and healthy environment is an important key for achievement of the company; and continue to be sensitive at the highest level for its legal obligations on Occupational Health, Occupational Safety and Environment subjects by being aware of its environmental and social responsibilities.

Our company which considers that Human Sources is the greatest value aimed to increase the productivity and a long term achievement by creating an organizational climate increasing the performances of employees and supporting their developments.

I, in the name of our Board of Directors, wish year 2015 to be beneficial for our country and our company; and I would like to express my gratitude to all of our employees, customers, suppliers and shareholders and in particular to our founders who contributed to the fact that Sasa maintains its polyester leadership of Turkey.

Mehmet Göçmen
The Chairman of the Board

Sasa 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 Investment (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

2014
Innovative Products

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 tonnes / 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, electrical electronic 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

The names of Board Members and their resume are given below by the date of 31 December 2014.

Members Of Board

Mehmet Göçmen	Chairman of the Executive Board (non-executive member)
Serra Sabancı	Deputy Chairwoman of the 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 did not carry out operations with the Company in 2014 and undertake any enterprise which could compete with the same activity issues despite they 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.

Change Made For The Board Directors During The Period.
There is no change made for the Board Directors between 1st January and 31st December 2014.

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 2011 and left his position President of the Cement SBU in September 2014. Mr. Göçmen was appointed as President of the Energy SBU in June 2014.

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.

Mehmet Nurettin PEKARUN

Member of the Board

Tenure : 25.04.2012 – 25.04.2015

Mehmet Pekarun graduated from Department of Industrial Engineering of Bogazici University; and got master's degree at Purdue University in Finance and Strategy Expertise. Pekarun who started his business life in 1993 at Transportation Systems division of General Electric (GE), in US; took charge in GE Healthcare-Europe between 1996 and 1999 as, first, Finance Manager responsible for Turkey and Greece and, than, Finance Manager responsible for Eastern Europe. Mehmet Pekarun who took charge as GE Lighting Türkiye General Manager between 1999 and 2000, and as General Manager of Business Development Unit of GE Healthcare - Europe, the Middle East, and Africa Region between 2000 and 2005, and afterwards, as General Manager for Medical Accessories in Europe, the Middle East, and Africa Region of the same company; and also appointed as CEO of Kordsa Global 01 March 2006, and as President of Sabanci Holding Tire, Reinforcement Materials and Automotive Group at 20 September 2010. As of the date 1 March 2011, Tire, Reinforcement Materials and Automotive Group as Presidency was re-configured as the Industry Group Presidency; and Mehmet Nurettin Pekarun is carrying out Industry Group Presidency.

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.

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 1965 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'.

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).

Mehmet Kahya who presently contributes as an advisory to presently carries out duties of strategy, reorganisation, profitability transformation, growth, purchasing and the merger projects at the Kronus Company to which he is founder is, at the same time, member of the Board of Directors of Yaşar Holding A.Ş., Member of the Board of Directors of DYO A.Ş., Member of the Board of Directors of Viking Kağıt ve Selüloz A.Ş., Member of the Board of Directors of Gamak Makina Sanayi A.Ş., Member of the Board of Directors of Çimsa A.Ş., Member of the Board of Directors of Yünsa A.Ş. , Süperateş Ateşe Mukavim Malzeme Sanayi A.Ş., and Advisory of the Board of Directors of İleri Pencere Kapı Sistemleri A.Ş..

Independency Declaration

Sasa Polyester Sanayi A.Ş. I, herewith, declare that I am candidate to carry out duty in the Board of Directors (The Company) as "independent member" within the scope of criteria stated in legislation, the Articles of Incorporation, and Corporate Governance Declaration (II-17.1); and

a) there has not been any employment relation of management position that carries our significant duties and responsibilities between me, my spouse, second degree consanguinity relatives, relatives by marriage and the Company, the partnerships on which the Company has management control according to "TFRS 10" Standard or has significant management control according to "TMS 28", and the partners having management control of the Company or have significant degree effect on the Company, and the legal bodies on which these partners have management control within the last 5 years; and I, together or on my own, have not any capital or rights of vote, or privileged shares more than 5%; or I have no significant commercial relation (TMS 28); and

b) within the last 5 years, I have not been partner (5% or more) of the companies to which the Company purchases or sells services or products in the periods inwhich the services or products were purchased or sold under the agreements that had been made including, first,auditing of the company (including also tax auditing, legal auditing, internal auditing), rating and advisory of the Company; and

c) I have professional training, knowledge and experience in order me to fulfill properly the duties that I will undertake because of I will be independent member of the borad of directors; and

ç) that I have not/will not work fulltime in public institutions and organizations after I had selected/presently excluding university academicianship on the condition that it must be pursuant to the related legislation, and

d) I am inhabitant in Turkey according to the Income Tax Law dated 31/12/1960 and with the number of 193, and

e) I have strong ethics standards, professional reputation and experience required in order me to be able to contribute positively to the activities of the Company, to protect my impartiality during the conflict of interests between the Company and the shareholders, to make decisions freely by taking into consideration the rights of the benefit owners; and

f) I will spare time for the Company works adequate for the fact that I will be able to follow the tasks, fulfill all of the requirements of the duties that I have already undertaken; and

g) I did not carry out membership of the Board of Directors more than 6 years within the last ten years; and

ğ) I did not carry out independent membership of the Board of Directors of the Company or more than three of the partners have the management control of the companies on which the Company has the management control and total at more than five of the companies that are traded at the exchange

I present for information of the Board of Directors, General Assembly, our shareholders and all of beneficiaries.

23/02/2015

HÜSNÜ ERTUĞRUL ERGÖZ

Independency Declaration

Sasa Polyester Sanayi A.Ş. I, herewith, declare that I am candidate to carry out duty in the Board of Directors (The Company) as "independent member" within the scope of criteria stated in legislation, the Articles of Incorporation, and Corporate Governance Declaration (II-17.1); and

a) there has not been any employment relation of management position that carries our significant duties and responsibilities between me, my spouse, second degree consanguinity relatives, relatives by marriage and the Company, the partnerships on which the Company has management control according to "TFRS 10" Standard or has significant management control according to "TMS 28", and the partners having management control of the Company or have significant degree effect on the Company, and the legal bodies on which these partners have management control within the last 5 years; and I, together or on my own, have not any capital or rights of vote, or privileged shares more than 5%; or I have no significant commercial relation (TMS 28); and

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c) I have professional training, knowledge and experience in order me to fulfill properly the duties that I will undertake because of I will be independent member of the borad of directors; and

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I present for information of the Board of Directors, General Assembly, our shareholders and all of beneficiaries.

23/02/2015

MEHMET KAHYA

Committees of Boards Directors

Corporate Management Committe

Mehmet Kahya	President
Hüsnü Ertuğrul Ergöz	Member
Metin D. Akyüz	Member

Audit Committe

Hüsnü Ertuğrul Ergöz	President
Mehmet Kahya	Member

Committe For Early Determination Of The Risk

Mehmet Kahya	President
Hüsnü Ertuğrul Ergöz	Member

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

MANAGEMENT

Name	Title
Toker Özcan	General Manager
Metin D. 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
İrfan Başkır	Specialty Polymers and Chemicals Sales Manager
Mehmet Pehlivan	General Accounting Manager
Mustafa Durukan	Purchasing Manager
Mustafa Kemal Öz	Fiber Operations Manager

ACTIVITY INFORMATION 2014

Industry Analysis

Year 2014, although it is a year in which Turkey has achieved economic growth 3% approximately, has become a difficult year in which faced with inconsistent and serious problems both in the World and in Turkey. In the second half of year 2014, important decline in commodity prices, especially in oil has taken place. Upon the fact that oil lost value and sudden price drops and more fall expectations in oil derivative products and in the industries they affect anxiety and also stagnation in the last quarter have been observed. Drop in oil prices has been triggered by the surplus and oil importer position of US returned to exporter and also Ukraine crisis.

Although the competitive conditions created by the dropped raw material prices, Sasa protected its product prices against polyester producers from Far-East; and Turkey also could achieve its leader position in fiber industry about 44% market share in the competitive and fast-changing conditions of its sector.

In 2014, Sasa has increased its production approximately 10% compared to 2013. It realized its total sale incomes as 1.21 Billion TL including increase in sales of 11% in the fiber group, and a 17% in the SPC Group; and procured total approximately 11% of endorsement increase. Sasa achieved to increase 104% its EBITDA figure from 53 million TL in 2013 to 108 million TL in 2014.

In 2014, World polyester market has come on 70 million tons. Asian firms create 85% of total production in this market. In 2014, compared 2013, 8 million tons of capacity increase is expected. As the result of a capacity increase, the decrease capacity of 6% in the capacity usage rates has been experienced. People Republic of China is the country in which the capacity usage ratio has fallen the most with 9%. In the first half of 2014, capacity usage ratios had remained about 65-70% levels. In quantity, 6.7% increase in polyester fiber market in has been accrued in 2013. In 2014, it is estimated that this increase is 7.5%.

In Europe, total textile production had decreased 1.9% in 2013, and in 2014 has retained its position; when it was studied on base of segment, it is observed that the decreasing is textile resulted towards production of yarn, and also approximately 2% increase at nonwoven products. Within the last year, yarn, woven and knitting industries become narrower in Europe. Technical textile and the filling sectors, maintains their importance.

In 2013, Turkish textile exports increased 3.6%; it is also expected that the increase number will reach to 5%, in 2014. Textile market in Turkey continues to grow. This increase has been affected by the growth of the technical textile industry. In the detailed report by EDANA (European Disposable and Nonwoven Association), the growth rate of Technical Textile Works in Turkey for 2013 was recorded as 12.9%.In 2014, similar growth is also expected.

Polyester fibers usage in 2014 has increased 7.5%. In 2014, in accordance with Turkish Statistical Institute, the imported polyester staple fiber 120 kton (10 months) increased by 50% compared to 2012; as for the increase of 22% comparing to 2013 was recorded. The regenerating fiber manufacturers in Turkey have lost capacity because of the cheap fibers coming from countries such as Egypt, Uzbekistan, Vietnam.

The key events accelerating the textile industry in Turkey are the precautions against unfair competition. 22% of protection applied to Iran-originated cut polyester fiber, in September 2013. As for the mixed cut fiber yarns originated from Malaysia, Pakistan, Thailand, Vietnam, antidumping tax vary between 6% - 27% entered into force in April 2014. As for the regenerated fibers manufacturers, they started to the studies for application of protection and antidumping by making collaboration against the unfair competition created by the regenerated imported fibers as of late of 2014.

In order to the fact that the quality standards of polyester fibers can be put into place in Turkey, The Quality Standard of Polyester Fibers carried out by Turkish Standards Institution has been published in April 2014. The Standard is in nature of important criteria for the imported fibers, and will prevent to import poor-quality, that may constitute risk for human health.

In the first half of 2014, a remarkable increase at production efficiency has been achieved at SASA, due to the implemented continuous improvement projects and our "0" waste policy based on the minimum waste generation and maximum recycle / reuse of wastes. In addition to that; efficiency increase and lost-time prevention projects, implemented with the comprehensive statistical process control methods at production processes, have provided added value at our productions.

Besides, improvement projects, implemented according to the 6-sigma methodology, in scope of our Energy Management System has created significant opportunities at our production costs especially by the reduction of steam usage at our production facilities. As a result of the efforts made in recent years in this context, our company is awarded the first prize in 2014, at the "Energy Efficiency in Industry Awards - Energy Efficient Industrial Facilities sub-category", organized by the Republic of Turkey Ministry of Energy and Natural Resources, General Directorate of Renewable Energy, for reducing the energy intensity by 45.4% among the plants in the sub-sector; chemicals, products and man-made fibers. Also by the recently formed working groups (such as sustainability, enterprise risk management, renovation, innovation, investing in people, ...), we continue to work on distinctive projects contributing to a sustainable production and environment. As an output of our working groups' projects, our total production has been increased by 6%, together with an increase at our capacity utilisation and quality yields in Q3 2014, according to the first half of the year.

Last year, in scope of the consolidation studies, our texturising plant located in Industrial Zone of Adana had been shut down and 5 texturising machines have been relocated to Adana main plant site for re-installing. In 2014, 2 more texturising machines have been relocated and re-installed increasing our texturising capacity. In addition, in the last quarter of 2014, two idle existing Batch Polymer lines have been revised and put into production, increasing our polymer production capacity.

Prouction Volumes

Production volumes in our main product groups are given below in comparision.

	2014	2013	Variance (tonne)	Variance (%)
Dmt	245.207	226.052	19.155	8%
Polyester Chips	156.073	125.765	30.308	24%
Polyester Fibre	150.878	144.774	6.104	4%
Polyester Filament	4.077	2.530	1.547	61%
Poy	12.657	18.236	-5.579	-31%
Tops	1.552	1.215	337	28%
Tow	95	426	-331	-78%

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 2014 was 89% (2013: 81%).

Safety, Occupational Health & Environmental (SHE) Activities 2014

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.

Decreasing of waste and improvement of re-cycling were specified as a basic performance criterion of Sasa and various projects about waste, waste water and energy management were carried out as a value driven company.

In 2014, as a consequence of sustainability projects, 5.200.000 m^3 biogas was produced from anaerobic system. The biogas that is a renewable energy transformed in to steam by burning in a vapor boiler and 1.372.000 Nm^3 nature gas savings were accomplished.

Sasa will keep on focusing sustainable improvement at each process and operations by being aware of environmental & social responsibilities and according to legal liabilities on safety & occupational health issues and watching over efficiency of sources carefully.

Research and Development Activities in 2014

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 2014, total R&D expenditures have amounted to 1,4 Million TL corresponding to 0,11 % 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 2014, 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 plasticizers for biodegradable polymers and differentiated polymers.

Tübitak / Teydeb

Sasa has applied for three R&D projects, two in monitoring and one in evaluation process, to TÜBİTAK / TEYDEB 's "Industrial R&D Funding Program" in year 2014; and varied TEYDEB and SANTEZ projects are planned to be on progress in year 2015.

Specialty Polymers and Chemicals

Plasticizers for Bio-Degradable Polyesters: In 2012, Sasa completed R&D studies for biodegradable 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, 2013 in İstanbul) as bio-degradable based eco-friendly film polyester after pilot trials results at selected end-use customers. As a complementary and follow-up project, Sasa has developed plasticizers for bio-degradable polyesters in 2014.

Black polybutylene terephthalate (PBT) production: Sasa has developed and commercialized black PBT polyester specialized for differentiated end-uses in 2014.

Textile grade heavy metal free polyester: In polymer production, chemicals called "catalyst" are used to start and complete the process. Heavy metals in polymers are generally undesired at some specific end-uses. Sasa, who produced the first heavy metal free polymers commercially in food contact packaging sector, has also developed heavy metal free catalyst system for textile grade polyester in 2014.

High performance textile grade polyester: Sasa has developed and commercialized a high performance textile grade polyester specialized for differentiated end-uses in 2014.

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 it has been commercialized successfully in 2014.

Black PET polymer: For the differentiated textile and technical textile end uses, black PET polymer has been developed and commercialized.

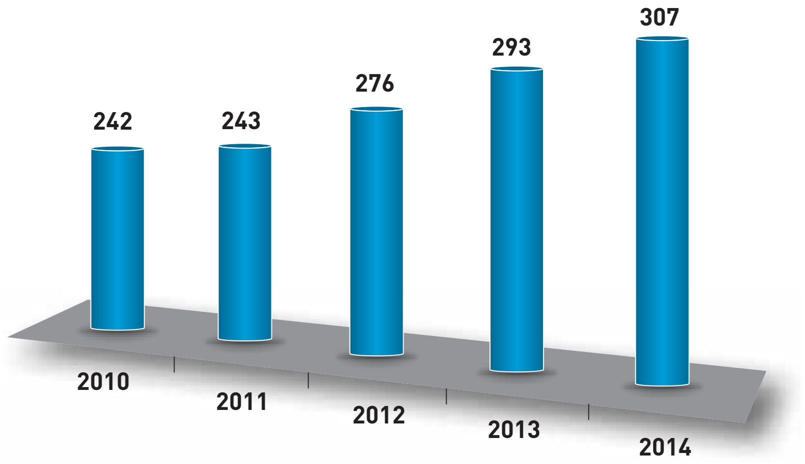
Going forward, all R&D activities will be focused around the technological capabilities where we can maximize our technological innovation to create added value in new and emerging markets.

Activity Information 2014

FINANCIALS

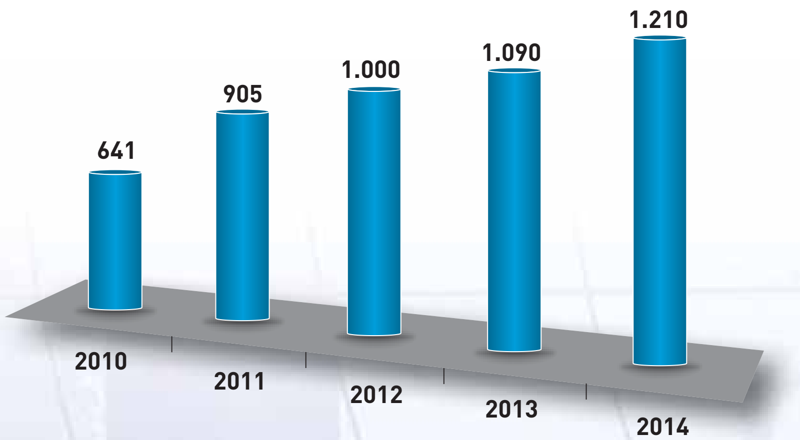
Sales Volumes (Kilo Tonnes)

Years	(Kilo Tonnes)
2010	242
2011	243
2012	276
2013	293
2014	307



Sales Revenues (TL Million)

Years	(TL Million)
2010	641
2011	905
2012	1.000
2013	1.090
2014	1.210



Operating Profit/Loss and Net Profit/Loss (TL Thousand)

Years	Operating Profit (Loss)	Net Profit (Loss)
2010	45.023	30.251
2011	51.251	42.110
2012	(10.783)	(30.809)
2013	32.717	6.241
2014	86.387	71.380

Basic Financial Indicators (TL Million)

	2014	2013	2012	2011	2010
Net Sales	1.210	1.090	1.000	905	641
Gross Profit	138	72	48	119	80
Operating Profit/Loss	86	33	(11)	51	45
EBITDA	108	53	13	72	64
Net Profit/Loss	71	6	(31)	42	30
EBITDA Margin (%)	9	5	1	8	10
Net Profit Margin (%)	6	1	(3)	5	5

Activity Information 2014

Financial Ratios

	2014	2013
Liqudity Ratios		
Current Ratio	1,40	1,15
Liqudity Ratio (Acid-Test Ratio-(Current assets-inventory) / Current Liabilities	0,80	0,65
Cash Ratio	0,04	0,00
Operational Ratios		
Receivable Turnover (Days)	71	73
Product and Semi-Finished Product Inventory Turnover Days)	36	41
Asset Turnover	1,82	1,66
Financial Structure Ratios		
Total Liabilities-Equity	1,01	1,54
Total Liabilities-Total Assets	0,49	0,59
Short-Term Payables / Total Assets	0,48	0,58
Long-Term Payables / Total Assets	0,04	0,04
Equity / Total Assets	0,48	0,38
Interest Coverage Ratio: EBIT / Interest Expenses	6,95	2,84
Profitability Ratios		
Total Asset Profitability : Net Period Profit / Total Assets	0,11	0,01
Equity Profitability : Net Period Profit / Equity	0,22	0,02
Gross Profit Margin : Gross Profit / Net Sales	0,11	0,07
Net Profit Margin : Net Profit / Net Sales	0,06	0,01

Product Sales Volumes and Revenues

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

Sales Volume (Tonnes)

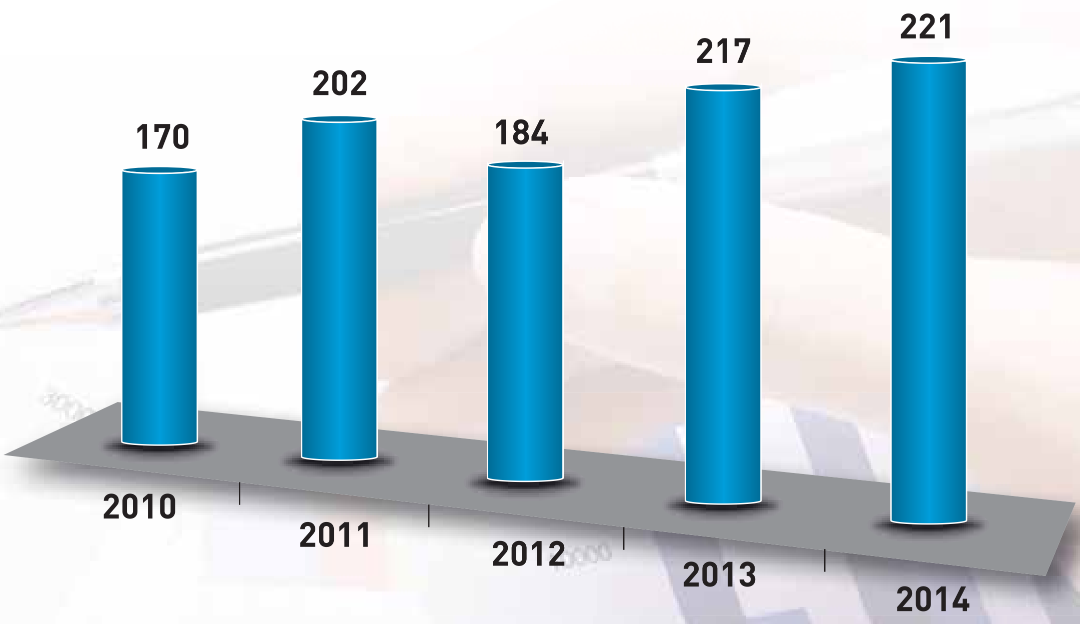
	2014	2013	2012	2011	2010
Dmt	6.242	7.896	9.880	17.731	18.636
Polyester Chips	138.403	119.789	106.933	92.457	94.358
Polyester Fibre	148.191	145.004	143.272	117.367	114.984
Polyester Filament	4.181	2.613	8.970	8.108	6.501
Poy	8.902	15.892	5.572	6.152	5.436
Tops	1.493	1.325	1.616	1.683	1.958
Total	**307.412**	**292.519**	**276.243**	**243.498**	**241.873**

Activity Information 2014

Sales Revenue (TL Thousand)

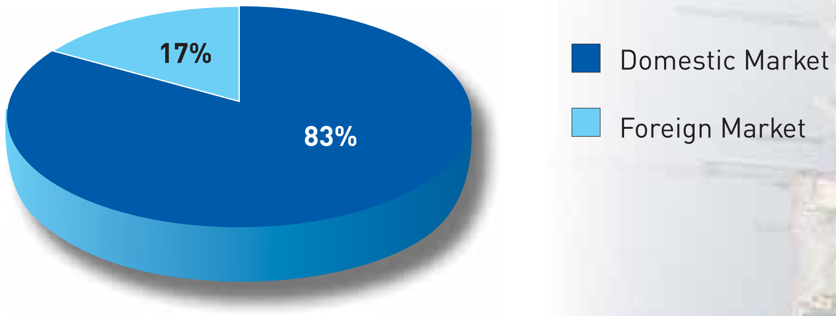
	2014	2013	2012	2011	2010
Dmt	17.552	19.563	24.572	44.202	30.747
Polyester Chips	537.615	460.442	388.694	331.839	245.532
Polyester Fibre	583.809	525.206	500.846	443.130	311.784
Polyester Filament	25.082	18.865	45.985	43.171	30.769
Poy	29.954	51.917	18.804	21.364	13.767
Tops	10.373	7.961	8.696	9.346	8.192
Other	5.403	6.312	12.381	11.530	317
Total	**1.209.788**	**1.090.266**	**999.978**	**904.582**	**641.108**

Total Exports (FOB USD Million)

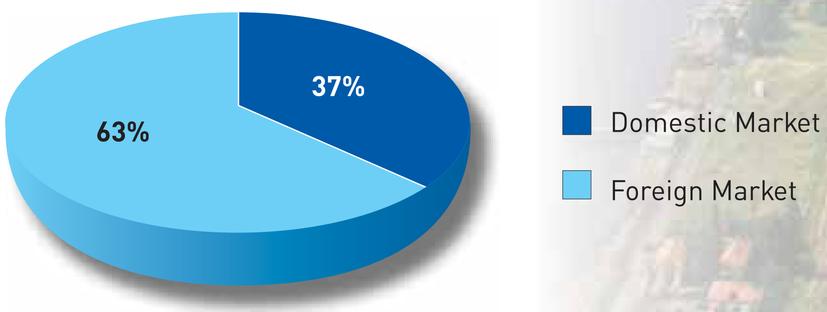


Activity Information 2014

Distribution of Fibre-Tops Filament-Poy Sales Volumes in 2014

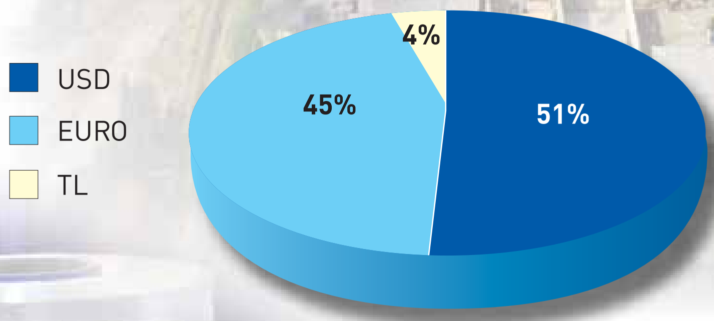


Distribution of SPC Sales Volumes in 2014



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

Distribution of 2014 Sales Income by Currency



Activity Information 2014

Subsidiaries and Share Rates

No direct or indirect subsidiary of our company is available.

Information About Owned Share Acquired by Company

Our company does not have its share of the acquiree.

Important Information About Filed Against The Company and Ongoing Litigation and Their Possible Results

There is no ongoing litigation that may affect the financial results of our Company's activities.

Important Information About Sanctions and Penalties to Company and Board of Directory Members sourced from Applications contradictory to the provisions of the legislation .

There is no important qualities in administrative sanctions or penalties related with applications contradictory to the provisions of the legislation due to the Company and the Board of Directory Members in the year 2014.

Material Event Disclosures

18 Material Event Disclosures have been made on Public Disclosure Platform with respect to CMB regulations between 1st January and 31st December 2014. All disclosures were made on time and there were no sunction to Company by CMB or Istanbul Stock Exchange.

Employee Information

Our number of employees, as of 31st December 2014, had increased to 1.088 which shows an increase of 1 person when compared with 2013. In 2014, 87 new persons were employed and 86 persons' employment contracts were ceased. By the end of year 2014 our women employment number is 49, disabled worker employmet is 34 and ex-convicts worker employment is 9.

By the end of year 2014 the distribution of our personnel, based on the numbers at the main site and the other exterior sites are as follows :

Main Site	748 People
Flat and Partly Oriented Yarn Plants	126 People
Staple and Yarn Plants	203 People
Istanbul Office	1 People
Iskenderun Tank Area and Loading	10 People
TOTAL	**1.088 People**

The Collective Labour Agreement Implementations

There is no new Collective Labor Agreement in 2014.

For chemical sector XVIII.Period Collective Labour Agreement ended at 31.12.2014. Negotiations of new period C.L.A. has begun.

For Textile Sector the Collective Labour Agreement for the 2nd Period was signed on August 27, 2013. It will remain in effect beginning from April 01, 2013 until March 31, 2016 for 3 years.

Donation Information

Our company has donated 40.200 TL in 2014.

Related Party Transactions

The legal transactions that our Company made with Sabancı Group are followings: Sasa Polyester Sanayi A.Ş. At the report issued by the Board of Directors on 27 February 2015, at all of transactions made with the controlling shareholder of Sasa Polyester Sanayi A.Ş. and affiliates of the controlling shareholder, according to the situations and conditions known by us when the transactions was made or the precauiton was taken or avoided from taking the precaution, the result of a suitable anti-execution was obtained and there is no any precaution that may cause loss of the company, any precaution taken or avoided to be taken; and within this frame no transaction or precaution that will require balancing available was reached.

Related party transactions, and amounts carried out in year 2014 are as follows:

Sales to Related Parties (TL Tousand)

	Goods	Service	Fixed Asset	Rent
Kordsa	74	2	-	-
Enerjisa	-	171	-	-
Temsa	-	6	-	-
Aksigorta	-	5	-	-
Total	**74**	**184**	**-**	**-**

Purchases From Related Parties (TL Thousand)

	Goods	Service	Fixed Asset	Rent
Sabancı Holding	-	-	-	106
Yünsa	1	-	-	-
Enerjisa	87.234	-	-	-
Aksigorta	-	3.724	-	-
Bimsa	-	506	635	-
Toroslar Elektrik Dağıtım A.Ş.	-	300	-	-
Avivasa	-	258	-	-
Akyatırım Menkul Değerler A.Ş.	-	16	-	-
Sabtek	-	10	-	-
Sabancı Üniversitesi	-	5	-	-
Total	**87.235**	**4.819**	**635**	**106**

General Assembly Information

To discuss the activities of 2014; General Assembly Meeting is going to be maked at 14:00 on Wednesday, 25th March, 2015 in Sadıka Ana Meeting Room, Sabancı Center 4. Levent, İstanbul. Agenda of the General Meeting is as follows:

SASA POLYESTER SANAYİ A.Ş.

Agenda of the Ordinary General Assembly Meeting on Wednesday, 25th March, 2015, at 14:00

1. Opening and formation of the Council

2. Reading and Discussing the Annual Report of the Board of Directors belonging to year of 2014.

3. Reading the Summary of Independent Auditing Report of 2014.

4. Reading, negotiation and approval of the financial statements.

5. The acquittal of the Board members for their activities in 2014.

6. Determining the usage of Profit and Loss of 2014.

7. Informing the General Assembly about the donations made in 2014.

8. Confirmation of Donation Policy.

9. Determining of donation limits planning to be realised in 2015.

10. Selection of Board Members and determination of Board Members tenure.

11. Determining fess, bonuses and premiums for Board Members.

12. The approval of the election of the Independent External Auditing Committee.

13. Authorizing the Chairman and the Board members to implement the written points of articles 395 and 396 of the Turkish Trade Law.

Main Contract Changes Made During the Period of Association.

There is no Main Contract changes made duruing the period of association.

Independent Audit Company Selection

The financial auditing of our Company for year 2014 was carried out by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.. By taking into consideration the recommendation of the Committee responsible from Auditing, pursuant to the principles determined pursuant to the Turkish Commercial Code of 6102 and the Capital Market Law of 6362, it was decided to propose to the General Assambly Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. of Orjin Maslak Plaza, Maslak Mahallesi Eski Büyükdere Caddesi No:27 Kat:1-5 Sarıyer / İstanbul to carry out auditing financial reports of our Company in year 2015 and under the scope of other related regulations in these laws.

Changes in Stock Price

Company stock price is 1,95 TL by the end of year 2014. There was 122 % increase in company stock price from the beginning to the end of year 2014.

Dividend Distribution Policy

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.

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.

Issued with Stock and Bonds

There is no capital market instrument issued in the year 2014.

Distributed Gross Profit Amount and Rate

There is no dividend payment in the year 2014.

SUSTAINABILITY

Human Resources Policies

In accordance with the vision and strategies of our changing and developing company, as Human Resources, our main goal is to create a change & development oriented team, consists of employees with high caliber which is required for a sustainable competitive advantage, loyal to the organization and directed towards aims of the company with proud of working in Sasa, and maintain an effective organizational structure that provides continuous labor peace.

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

With a view towards achieving sustainable success in its strategy and goals and having an organization that creates a competitive advantage:

• Organization structure has been reviewed in accordance with continuous re-assessment of the human resources systems, processes and the requirements,

• Qualified labor force that will carry the company into the future has been employed 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 organized,

• To support institutional and personal development; an effective performance management is implemented where employees and managers can monitor their performance 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 & employee issues are created for employees and their representatives to express 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.

• A common company culture, which is created by developing approaches that increase corporate commitment, where employees can unearth their potential, in a safe, healthy and change-oriented environment.

Recruitment
In our company, 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.

In our recruitment process, after our progressive interviews, with case studies held by "Investing in People Committee", we aim that candidates have the chance to interact with employees and accelarate their adaptation.

Remunaration 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 to employees at certain grades, over a ratio determined according to individual performance (efficiency).

• **Fringe Benefits**

Depending on the grade of the position of white collar employees, Sasa provides private health insurance, individual pension system with corporate contribution, life insurance, and in appropriate conditions KYK (credit and dormitories institution) payback support, accommodation support. Also, for all employees, SASA provides meal and transportation services.

Remunaration of the Executive and Board Members

The total cost of the Members of board and Senior Managers remuneration to Company between 01.01.2014 and 31.12.2014 was 1.665.000 TL.

Performance Evaluation Management

In accordance with company goals, all white collar employees meet with their superiors at the beginning of the year to set competency goals and then evaluate their work and competency goals through a mid-year evaluation. At the end of the year, they evaluate the performance face to face with their superiors according to these clearly defined performance criteria.

The evaluation results based on the achievement level (efficiency) of task and competency objectives, are considered an important criterion in defining personal development / training areas, promotional opportunities, succession planning, raises and adjustment of wages.

Training and Personel Development Programs

As Sasa Human Resources, creating an organizational climate that increase individual awareness and performance, ensures participation in projects and activities, supports creative development of our employees, is among our priorities.

Orientation Program: Department visit program that aims to make new-starter white collar employees learn all departments and meet with all employees

In-House Training Program: Training programs for legal obligation such as Job Safety, Health and Environment, Technical, ISO 9001 and 50001, Sabancı Code of Business Ethics, etc.

Personal Development Training Programs: Personal and professional development programs that are organized according to the personal development areas of white collar employees and the jobs they perform.

Occupational Development Trainings: Outdoor camping programs designed for enhancement of communication and collaboration between teams.

Occupational Development Trainings: Trainings that are organized in certification, seminar, course formats for providing occupational development through improvement the knowledge and abilities of employees and.

Social Activities

SASAAKTIF is a committee which was established on 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.**

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
Security health and environmental issues, innovation, being client oriented, team spirit, business excellence and sustainability.

Our Code of Business Ethics
Integrity

Integrity and honesty are our core values in all our business processes and interactions. We act in integrity and honesty in all our relations with the employees and stakeholders.

Confidentiality

As employees of the Sabanci Group Companies,

• We give utmost importance to protecting the privacy of our customers, employees and other associated individuals and companies and the confidentiality of their information.

• We protect confidential information regarding the activities of the Group Companies, use this information only for the purposes of the Sabanci Group, and share this information only with relevant authorized parties.

Conflict of Interest
Conflict of Interest is defined as the use of Holding/Company resources, name, identity and power for personal benefit and situations that might have a negative affect on the organization's reputation and image.

Employees of Sabanci Group, we intend to keep away from conflict of interest and pay attention to the following situations:

• We do not obtain personal benefit personally or through our family or relatives from the individuals and organizations with which we enter a business relationship by benefiting from our current responsibilities.

• We do not enter a business activity based on an additional financial benefit other than H.O Sabanci Holding Inc. and Group Companies. However, employees may only work for third party (family member, friend, other third persons) and / or an organization in return for a

- does not create any conflict of interest with their current role in their company and the practices of other Sabanci Group companies,
- complies with the other business ethic codes and with the policies supporting these codes,
- does not have a negative impact on their performance at the company,
- and written approval from management

is obtained.. The approval shall be granted by Sabanci Holding CEO based on the direct manager's advice followed by Ethics Board's advice for Group President, General Manager and all positions reporting to the General Manager; and by the Company General Manager based on the Company Ethics Compliance Officers's and Company Human Resources Manager's advice for all other employees.

• We avoid using Sabanci name and power, our Sabanci identity for obtaining personal benefit.

• In case of a potential conflict of interest, we apply legal and ethical methods when we believe these methods will protect the benefits of the relevant parties in a safely manner.

• When we hesitate in cases, we confer with Human Resources Function, Code of Business Ethics Consultant or Ethics Board for counsel.

Our Responsibilities

A. Our Legal Responsibilities:

- We execute all our domestic and international activities and procedures within the framework of the laws of the Republic of Turkey and international laws; and we submit all required information to regulatory authorities and institutions in a correct, compete, clear and timely manner.
- In executing all activities and procedures, we do not expect any benefit from, and keep an equal distance to all public institutions and organizations, administrative bodies, nongovernmental organizations, and political parties; and we fulfill our liabilities with a sense of responsibility.

B. Our Responsibilities Towards Our Customers:

- We adopt and approach which is focused on customer satisfaction and proactive in responding to customers' needs and demands in appropriate and timely manner.
- We deliver our services on time and under the promised conditions; we approach our customers with respect, honor, fairness, equality, and courtesy.

C. Our Responsibilities Towards Our Employees:

- We enable our employees to use their personal rights fully and correctly.
- We approach employees with honesty and fairness; and ensure a non-discriminatory, safe, and healthy working environment.
- We undertake the necessary efforts to enable personal development of our employees.
- With a social awareness we support them in volunteering for appropriate social and community activities.
- We respect and assure the balance between their private and professional lives.

D. Our Responsibilities Towards Our Partners:

- Dedicating prime importance to continuity of the Sabanci Group, and in line with our goal to create value for our partners, we avoid taking on unnecessary or unmanageable risks, and strive for sustainable profitability.
- We act with financial discipline and accountability, and manage our companies' resources, assets and our professional work time with a sense of efficiency and economy.
- We work to enhance our competitive power, and to invest in areas with growth potential and which offer the highest return on allocated resources.
- We give timely, correct, complete, and clear information on our financial statements, strategies, investments, and risk profile to the public and our shareholders.

E. Our Responsibilities Towards Our Suppliers/Business Partners:

- We act respectfully and fairly as expected from a good customer, and ensure to fulfill our liabilities on time. We carefully protect the confidential information pertaining to the persons, organizations and our business partners.

F. Our Responsibilities Towards Competitors:

- We compete effectively, only in areas that are legal and ethical, and avoid unfair competition.
- We support all efforts to construct a competitive structure targeted with in the society.

G. Our Responsibilities Towards Community, Society and Humanity:

- Preservation of democracy, human rights and conservation of the environment; education and charity activities, eradication of crimes and corruption is of utmost importance to us.
- We pioneer in social affairs with an awareness of good citizenship and responsiveness; we try to play a role in non-governmental organization, in services and activities for the benefit of the society and public.
- We act in a responsive and sensitive manner in Turkey and towards the customs and culture of those countries where we undertake international projects.
- We do not offer and accept bribes or gifts in forms of products and services, etc. beyond commonly accepted reasonable limits.

H. Our Responsibilities Towards concerning the "Sabanci" Name:

- Our business partners, customers, and other stakeholders trust us due to our professional competence and integrity. We strive to keep our reputation at the highest level.
- We offer our services within the framework of company policies, professional standards, our commitments, and ethical codes, and we ensure to fulfill our liabilities.
- We offer services in areas where we believe we are or will be professionally competent; and we seek to work with customers, business partners, and employees demonstrate integrity and legitimacy.
- We do not collaborate with those impairing social ethics, and damaging the environment or public health.
- We do not express our personal opinions; only communicate our companies view in public, and in areas where we are perceived as representing our company.
- When faced with complicated situations that may jeopardize H.O Sabanci Holding Inc. and/or its group companies, we consult first with the relevant personnel, following the appropriate technical and administrative consulting procedures.

Corporate Risk Management

Our company decided that Corporate Risk Management is carried out by Sasa Risk Management Function Group which is affiliate to the Risk Committee organized in accordance with Sasa Corporate Risk Management Directive by depending on its experience from past, information accumulation and the energy it has, and also depending on ISO 31000 / Risk Management - Principles and Guidelines Standard. In line with this decision, the Function Group determined the risks; and audited and issued its report by observing the risks has been detected by the risks he has control and reporting.

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.

Internal Audit and Internal Control

Internal audit and internal controls is done in order to be carried out safely and without any interruption of the activities and services of the Company, and development of the Risk Management, control system and Corporate management applications of the company, and to contribute to the fact that Company reaches to its Corporate and economical targets, and to provide the integrity, consistency, reliability of the information obtained from the accounting and financial reporting system.

Availability, functioning and effectivity of the internal audit and internal controls are carried out by the Committee Responsible from Auditing created within the Board of Directors. The Committee Responsible from Auditing presents its activities, the finding it found in relation to its duty and responsibility area and its recommendations to the President of the Board of Directors.

In addition, in order to the fact that internal audit and the internal control mechanisms maintain their studies, Internal Audit Manager affiliated to the President of the Board of Directors operates.

The Audit Committee negotiates the adequacy of the internal control system by regularly meeting with Internal Audit Division.

In every year, the processes to be auidited are determined by reviewing the risks in relation to all of the processes. The audiable processes was determined by the Audit Axis created within the Company; and balance risk scores were determined pursuant to the situations of natural risk factors and internal control system. As of the end of year 2014, the auditing of 4 of business process were completed; and the results of the third one was presented to the Committee Responsible from Auditing as a report. As for the 4th processes auditing, it is at the preporting phase.

In relation to the deficiencies of inner control found under the framework of the Audit Reports, actions that had been taken by the Company Managers were followed up later, and observed its effect on the risk level, and also the adequacy of the taken actions were interrogated.

The Committees Created Within the Board of Directors

Since there is no committee for nominattion and compensation committee in the present configuration of Excecutive Board, works of mentioned committees are executed by the Corporate Management Committee. In the meeting of the Board of Directors dated 15.08.2013, our company decided to be organized "The Committee for Early Determination of the Risk" pursuant to Corporate Management Principles of Capital Market Board with the Seral IV, No 63 in order to exclude the rish matted included from the duties of this Committee that had been included into the duties and responsibilities of the Corporate Management Committee.

Members of the Board of Directors entitled to the authorities nominated and determined by Turkish Trade Law and Articles of Incorporation and also other related legislation.

Information on Committee Responsible from Auditing are as follows

Audit Comittee

President : **Hüsnü Ertuğrul Ergöz**

Member : **Mehmet Kahya**

The Board of Directors of the Company held on 18.05.2011; and decided to the fact that Committee Responsible from Auditing is organized; and Hüsnü Ertuğrul Ergöz for Presidency of Committee, Mehmet Kahya for Membership of the Committee are selected; and the mentioned Committee is authorised to do the duties stated in the statement of Capital Market Board with Serial: X, No 22. The President and Member of the Committee are Independent Members of the Board of Directors, and they are not in charge of executive organ.

The Committee meets up four times in a year at least once every three months; and creates minutes of the results of the meetinf and presents to the Board of Directors. The aim of the Committee Responsible from Auditing is to financial reporting to Sasa Polyester Sanayi A.Ş. of Board of Directors, to carry out accounting system and financial reporting, to declare the financial information to the public, to give information about the independent auditing and functioning and effectivity of the internal audit; and also to support to the studies about the pursuance studies of the Group to, first, Capital Markets Board Legislation and also to the related laws and Corporate Management Principles and ethic rules; and also to carry out related observation function on the mentioned matters. The Committee Responsible from Auditing presents its activities, the finding it found in relation to its duty and responsibility area and its recommendations to the President of the Board of Directors of Sasa.

Corporate Management Committee

Company's Board of Directors held on 03 May 2012, decided to be organized Corporate Management Committee. At the same time, at the meeting Board of Directors dated 30 June 2014 and numbered as 2014/2, it was decided that Metin D. Akyüz is nominated as Member of Corporate Management Committee; and the present Corporate Management Committee internal regulations are revised and approved by depending on the Article 11 of Corporate Management Statement with the number of II-17.1 of Capital Market Board issued on the Official Gazette dated 03. January 2014 with the number of 28871 in order to the fact that the duties and responsibilities are of Board of Directors are properly fulfilled .

President : **Mehmet Kahya**

Member : **Hüsnü Ertuğrul Ergöz**

Member : **Metin D. Akyüz**

In accordance with the "Corporate Management Principles" of Capital Markets Board, Corporate Management Committee consists of three members of which two are Independent Members of the Board of Directors. The President of Corporate Management Committee is appointed from amongst the independent members by the Sasa Board of Directors. Corporate Management Committee meetings are annualy held four times a year at least at place approved by the President.

Corporate Management Committee was created in order to help to the fact that the duties and responsibilities of the Board of Directors are properly fulfilled.

Corporate Management is the management process depends on ethic values of Sasa Polyester Sanayi A.Ş., responsible against inside and outside, with risk awareness, transparent and responsible in its decisions, observing the benefits of the shareholders, aimed to sustainable achievement.

The Committee makes proposal and recommendations to Sasa Board of Directors in order to the fact that Corporate Management Principles are determined pursuant to the Management Principles of Capital Markets Board and other International Accepted Corporate Management Principles.

It was decided to be organized "The Committee for Early Determination of the Risk" under the decision of the Board of Directors dated 15.08.2013 and numbered 2013/22; and separated from the structure of Corporate Management Committee. Because of the The Committee for Early Determination of the Risk was separated from Corporate Management Committee, Board of Directors was approved the revised Corporate Management Committee internal regulations; and decided to the fact that the duties of Nomination Committee anf Wage Committee are fulfilled by the Corporate Management Committee.

The Committee for Early Determination of the Risk

The Committee for Early Determination of the Risk was organized by depending on the decision of the Board of Directors dated 15.08.2013 and numbered 2013/22, and authorized and responsible pursuant to the Article 378 of Turkish Commercial Code with the number of 6102, and pursuant to the Corporate Management Principles Statement of Capital Market Board; and also the mentioned decision was issued on the Public Disclosure Platform on the same date.

President : **Mehmet Kahya**
Member : **Hüsnü Ertuğrul Ergöz**

The aim of the Committee is the fact that the precautions and remedies for the early determination of all kind of strategic, operational, financial and other risks that may endanger the existence, development and maintaining of Sasa Polyester Sanayi A.Ş. are applied and the risk is managed.

The Committee consists of two members, one of them is President, appointed by the Board of Directors. The President of the Committee is appointed from amongst the independent members by the Sasa Board of Directors.

The Committee reviews the risk management systems at least once a year; and carries out the observation of the fact that the applications in relation to the risk management are realized pursuant to the decisions of the Committee. The meeting are held at least six times per year at a place and date to be approved by the President. The duty period of the members of the Committee created in the structure of the Board of Directors are parallel to the duty period of the members of Board of Directors. The Committees are recreated following the selection of the members of Board of Directors.

The Committees continue their works regularly from the date they are created. In Committees, no conflict of interest was happened in 2014. The Committees act within their authorities and responsibilities; and create recommendations for the Board of Directors.

1. Statement for Compliance With Corporate Management Principles

Sasa Polyester Sanayi A.Ş. (hereinafter to be referred as Company) complies with the compulsory principles under the scope of "Corporate Management Statement" of Capital Markets Board entered into force by being issued on the Official Gazette dated 3 January 2014 and numbered 28871; and applies these principles.

The Corporate Management Principles Compliance Report of our Company were presented at web site of www.sasa.com.tr under the title of " Corporate Management Compliance Report" Division of "Investor Relations", and also in our activity reports related to these years for the information of the investors.

Sasa adopted, as principle, to comply with The Corporate Management Principles and four principles that is Transparency, Equity, Responsibility and Accountability of the Corporate Management issued by Capital Market Board; and to make corrections on the subjects to be complied with by depending on the developed conditions.

Sasa took necessary steps pursuant to the The Corporate Management Principles; and showed that it is in conscious of its responsibility with its stability about its all of activities it has realized up to date pursuance to the The Corporate Management Principles against all of its shareholders and all of beneficiaries.

Sasa is in believe of the importance of full compliance to The Corporate Management Principles. However, the full compliance could not be achieved yet because of the difficulties experienced in practice of non-mandatory principles, discussions on pursuance to some of the principles continuing both in our country and international platform, and also some of the principles are not fully comply with the present structure of the market and the Company. The developments in relation to the subject are pursued; and our studies towards to the compliance continues.

The Company complies with all of the principles take place in the Corporate Management Statement with the number of II-17.1 ("Statement"), and compulsory for application.

Although no company policy is available in relation to the recommendation of "it determines target ratio not lesser than 25% and target time for the women members rate in the Board of Directors and creates policies in order to reach these targets" takes place in Article 4.3.9 of the Statement, the care is taken on this subject and there is one woman member in the Sasa Board of Directors.

In addition to this, the liabilities of "Nomination Committee" and "Wage Committee" takes place in Article 4.5.1 of the Statement were undertaken by Corporate Management Committee; and although taking care of the recommendation of "a member of the Board of Directors should not take place in more than one Committee is complied with, one of the member of our Board of Directors may be members of more than one Committee because of the business expertise required by the membership of the Committee."

In also the next period, necessary studies will be carried out for the compliance to the principles by being taken into consideration of the arrangements and application in the Corporate Management Statement with the number of II-17.1 of Capital Markets Board that was come into force by being issued on the Official Gazette dated 3 January 2014 by the Capital Market Board for the compliance with the principles.

SECTION I – SHAREHOLDERS

2. Shareholder Relations Unit

Shareholder relations unit was formed within Director of Finacial Affairs of our Company. This unit consists of three people and Chief Financial Officer Metin D. Akyüz (metin.akyuz@sasa.com.tr) is at the head of the unit. The other two personnel at this unit are General Accounting Manager, Mehmet Pehlivan (mehmet.pehlivan@ sasa.com.tr) and 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 from the phone and also e-mails sent by shareholders were replied in 2014.

Pursuant to CMB regulations, 18 material disclosures were made at Public Disclosure Platform by Company in 2014. 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 2014. 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 2014.

4. General Meetings
One Ordinary General Meeting in Adana was held on 24th March 2014 and participation of shareholders who represent 54, 81% rates of shares was ensured. One extraordinary General Meeting in İstanbul was held on 4th July 2014 and participation of shareholders who represent 56, 86% rates of shares was ensured. Also in electronic media (e-General Assembly) the participation has been achieved for two General Meeting.

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
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.

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
Information Policy revised with respect to last changes in Capital Market Board Regulations by Corporate Management Principles Committe was approved by Executive Board 25th December 2014. It is published on the web site of our Company (www.sasa.com.tr) and on Public Disclosure Platform on same day.

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 00 60. 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 01.01.2014- 31.12.2014.

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 Board (non-executive member)

Serra Sabancı
Vice Chairwoman of the 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 28 meetings by means of receiving written consent in parallel to the provisions of Turkish Commercial Code and Articles of Incorporation in 2014. 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 2014, 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 2014 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)

Member : **Metin D. Akyüz** (Chief Financial Officer)

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.

Committe For Early Determination Of The Risk

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 2014.

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, health and 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 2014, 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

31.12.2014

AND INDEPENDENT AUDITOR'S REPORT

Güney Bağımsız Denetim ve
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Building a better working world

Independent auditors' report on the financial statements

To the Board of Directors of Sasa Polyester Sanayi Anonim Şirketi

We have audited the accompanying balance sheet of Sasa Polyester Sanayi Anonim Şirketi ("the Company")as at 31 December 2014 and the related statement of profit or loss, statement of other comprehensive income, statement of changes in 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 financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey and for such internal controls as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and standards on auditing issued by POA. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sasa Polyester Sanayi Anonim Şirketi as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on other responsibilities arising from regulatory requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 27, 2015.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2014 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

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

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

Metin Canoğulları, SMMM
Partner

February 27, 2015
İstanbul, Türkiye

SASA POLYESTER SANAYİ A.Ş.

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31,2014

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

	Notes	Current Period (Audited) 31 December 2014	Prior Period (Audited) 31 December 2013
ASSETS			
Current Assets		**450.566**	**436.566**
Cash and Cash Equivalents	3	13.986	600
Trade Receivables	6	231.357	233.921
- Other Trade Receivables		*231.357*	*233.921*
Other Receivables	8	3.504	1.453
- Other Receivables		*3.177*	*1.281*
- Other Receivables from Related Parties		*327*	*172*
Inventory	9	183.087	187.061
Prepaid Expenses	10	241	932
Other Current Assets	18	12.334	6.027
Assets Held for Sale	14	6.057	6.572
Non-Current Assets		**214.978**	**215.473**
Trade Receivables	6	4.294	106
Other Receivables	8	60	55
Investment Properties	11	1.039	1.229
Tangible Assets	12	140.848	150.617
Intangible Assets	13	2.423	2.865
Prepaid Expenses	10	854	200
Deferred Tax Assets	27	5.694	1.162
Other Non-Current Assets	18	59.766	59.239
TOTAL ASSETS		**665.544**	**652.039**
LIABILITIES			
Current Liabilities		**320.906**	**376.074**
Short-Term Borrowings	5	199.842	134.261
Trade Payables	6	112.903	234.673
- Other Trade Payables		*103.529*	*223.284*
- Trade Payables to Related Parties		*9.374*	*11.389*
Employee Benefit Obligations	7	3.259	3.144
Other Payables	8	1.697	2.411
- Other Payables to Third Parties		*1.687*	*2.410*
- Other Payables to Related Parties		*10*	*1*
Current Provisions		3.205	1.585
-Short-Term Provisions	15	*705*	*1.435*
-Short-Term Provisions for Employment Benefits	17	*2.500*	*150*
Non-Current Liabilities		**24.302**	**26.050**
Financial Liabilities	5	4.000	8.232
Long-Term Provisions		20.302	17.818
Long-Term Provisions for Employment Benefits	17	*20.302*	*17.818*
EQUITY		**320.336**	**249.915**
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	(2.073)	(1.114)
Accumulated Losses	*20*	(166.840)	(173.081)
Net Profit /(Loss) for the Period		71.380	6.241
TOTAL LIABILITIES		**665.544**	**652.039**
Contingent assets and liabilities, commitments	15,16		

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

SASA POLYESTER SANAYİ A.Ş.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

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

	Notes	Current Period (Audited) 1 January - 31 December 2014	Prior Period (Audited) 1 January - 31 December 2013
CONTINUING OPERATIONS			
Revenue (Net)	21	1.209.788	1.090.265
Cost of Sales (-)	21	(1.071.447)	(1.018.477)
GROSS PROFIT		**138.341**	**71.788**
General Administrative Expenses (-)	22	(17.698)	(15.655)
Marketing, Sales and Distribution Expenses (-)	22	(49.393)	(39.556)
Research and Development Expenses (-)	22	(1.808)	(2.528)
Other Operating Income	24	78.167	91.404
Other Operating Expenses (-)	24	(61.222)	(72.736)
OPERATING PROFIT		**86.387**	**32.717**
Investment Income	23	654	112
Investment Expenses (-)	23	-	(18)
OPERATING (LOSS) / PROFIT BEFORE FINANCIAL INCOME		**87.041**	**32.811**
Financial Income	25	4.094	3.362
Financial Expenses (-)	26	(24.047)	(31.109)
OPERATING (LOSS) / PROFIT BEFORE TAX		**67.088**	**5.064**
Tax Benefit / (Expense)		**4.292**	**1.177**
- Current Tax Expense		-	-
- Deferred Tax Income / (Expense)	27	4.292	1.177
PROFIT FOR THE PERIOD		**71.380**	**6.241**
Other Comprehensive Income / (Expense)			
Actuarial Loss Arising from Employee Benefits		**(959)**	**-**
TOTAL COMPREHENSIVE INCOME / (EXPENSE)		**70.421**	**6.241**
Earnings per share (Hundred)	28	0,33	0,03

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

SASA POLYESTER SANAYİ A.Ş.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

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

					Other comprehensive income / (expense) not in the reclassified to profit or loss			
	Notes	**Paid in Capital**	**Inflation Adjustment to Shareholders Equity**	**Restricted Reserves**	**Actuarial Losses Arising from Employee Benefits**	**Net profit for the period / year**	**Accumulated Losses / Retained Earnings**	**Total Equity**
Balance at 1 January 2013	**20**	**216.300**	**196.213**	**5.356**	**(1.114)**	**(29.695)**	**(143.386)**	**243.674**
Transfers		-	-	-	-	29.695	(29.695)	-
Net Profit for the Period		-	-	-	-	6.241	-	6.241
Other Comprehensive Income		-	-	-	-	-	-	-
Total Comprehensive Income /(Loss)		-	-	-	-	6.241	-	6.241
Balance at 31 December 2013	**20**	**216.300**	**196.213**	**5.356**	**(1.114)**	**6.241**	**(173.081)**	**249.915**
Balance at 1 January 2014	**20**	**216.300**	**196.213**	**5.356**	**(1.114)**	**6.241**	**(173.081)**	**249.915**
Transfers						(6.241)	6.241	
Net Profit for the Period		-	-	-	-	71.380	-	71.380
Other Comprehensive Income		-	-	-	(959)	-	-	(959)
Total Comprehensive Income /(Loss)		-	-	-	(959)	71.380	-	70.421
Balance at 31 December 2014	**20**	**216.300**	**196.213**	**5.356**	**(2.073)**	**71.380**	**(166.840)**	**320.336**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

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

	Notes	Current Period (Audited) 1 January - 31 December 2014	Prior Period (Audited) 1 January - 31 December 2013
Profit/ (Loss) before taxation		**67.088**	**5.064**
Cash Flows from operating activities			
Depreciation and amortization expense	11,12,13	21.543	20.156
Interest expense	26	12.426	11.519
Gain on sale of fixed assets	23	(654)	(94)
Change in provision for employee benefits	17	3.308	3.334
Changes in provisions	15	356	877
Interest income from bank deposits	25	(232)	(41)
Rediscount interest income (net)	6	(1.155)	(277)
Provision for doubtful receivable	6	374	-
Provision for premium	17	3.350	150
Provision for impairment inventories-net	9	8.262	(760)
Operating cash flows provided before changes in working capital:		**114.666**	**39.928**
Changes in operating assets and liabilities:			
Changes in trade receivable	6	(866)	(30.452)
Changes in due from related parties	6,8	(155)	182
Changes in inventories	9	(13.197)	39.722
Changes in other receivables	8	(1.900)	905
Changes is prepaid expenses	10	37	(413)
Changes in other current assets	18	(6.307)	3.566
Changes in other non-current assets	18	(527)	(329)
Changes in trade payables	6	(119.882)	115.353
Changes in due to related parties	29	(2.006)	(889)
Changes in debt for employee termination benefits	7	115	279
Changes in other long term liabilities	8	-	(133)
Changes in other short term liabilities	8	493	(5.244)
Net cash generated by operating activities:		**(29.529)**	**162.475**
Employment termination benefits paid	15,17	(2.918)	(3.363)
Changes in premium provision	17	(1.000)	-
Tax payable paid	8	(1.218)	(8.527)
Net cash used in operating activities		**(34.665)**	**150.585**
Investing activities:			
Purchase of property, plant and equipment and intangible assets	12,13	(1.976)	(3.865)
Proceeds from sale of property, plant	12,14	912	1.058
Net cash used in investing activities		**(1.064)**	**(2.807)**
Financing activities:			
Bank loans received	5	229.181	755.517
Interest paid	5,26	(6.661)	(15.909)
Interest received	25	232	41
Repayment of borrowings	5	(173.637)	(890.503)
Repayment of financial leasings	5	-	(109)
Net cash generated by financing activities		**49.115**	**(150.963)**
Net increase / (decrease) in cash and cash equivalents	3	13.386	(3.185)
Cash and cash equivalents at the beginning of the period	3	600	3.785
Cash and cash equivalents at the end of the period	3	**13.986**	**600**

The accompanying policies and explanatory notes are the integral part of the 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 2014, number of employees of the Company is 1.088 (31 December 2013: 1.087).

(*) The Share Purchase Agreement was signed rigarding the sale of all shares of Hacı Ömer Sabancı Holding A.Ş.in SASA Polyester Sanayi A.Ş with a nominal value of 110.313.001,18 TL corresponding to 51 % of the share capital of the Company, to Erdemoğlu Holding. The agreement was signed on January 13, 2015 and the shares will be transferred upon the approvals of the relevant authorities.

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 2012 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, 2015 and signed by General Manager Toker Özcan and Finance Manager Metin Akyüz on behalf of the Board of Directors.

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

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.

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 2013 are as follows:

- Unused vacation allowance amounting to TL 1.618 presented in short term employee benefits were classified as long term employee benefits.
- Acrrued expenses amounting to TL 1.556 presented in other short term provisions were classified as trade payables to non-related parties.
- Premium for senior management amounting to TL 150 presented in other operating expenses were classified as general administrative 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.

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.

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

2.6 The new standards, amendments and interpretations

The accounting policies adopted in preparation of thefinancial statements as at 31 December 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Company' s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2014 are as follows:

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 did not have an impact on the financial statements of the Company.

TFRS 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 not applicable for the Company and did not have any impact on the financial position or performance of the Company.

TAS 36 Impairment of Assets (Amended) - Recoverable Amount Disclosures for Non-Financial assets

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets with a recoverable amount based on fair value less costs of disposal. These amendments did not have an impact on the financial statements of the Company.

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

Amendments 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. These amendments did not have an impact on the financial statements of the Company.

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS. This amendment does not have any impact on the financial position or performance of the Company.

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

ii)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 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, when the new standards and interpretations become effective.

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 introduces new requirements for classifying and measuring financial instruments. 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. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Company

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be

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

accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Annual Improvements to TAS/TFRSs

In September 2014, Public Oversight Authority (POA) has issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle. The changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

TFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:

i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

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

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

Amendment to the Basis for Conclusions on TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The Company do not expect that these amendments will have significant impact on the 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 Public Oversight Authority (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 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.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

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

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called „own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27)

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

• At cost

• In accordance with IFRS 9 (or IAS 39),

Or

• Using the equity method

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Annual Improvements to IFRSs - 2012-2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits – regional market issue regarding discount rate

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

- IAS 34 Interim Financial Reporting – disclosure of information „elsewhere in the interim financial report’

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. . The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors’ interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

In December 2014, IASB issued amendments to IFRS 10, IFRS 12 and IAS 28, to address the following issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments are applied retrospectively.

IAS 1: Disclosure Initiative (Amendments to IAS 1)

In December 2014, IASB issued amendments to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the financial statements of the Company.

2.7 Significant Accounting Estimations and Decisions (continued)

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.

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

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, 2014 the cost of inventories was reduced by TL 8.262 (31 December 2013: TL 1.273) and it was recorded to cost of sales.

Determination of Recoverable Amount of Tangible Assets

As discussed in Note 12, 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 2014. 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. 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.

VAT

The company has reclassified VAT amount which is estimated to not use in short term period under current assets.

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.

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

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.

Other Revenues are recognized in accordance with following;

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.

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

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.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) 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),

(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:

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

	Years
Land Improvements	15 - 25
Buildings	18 - 40
Machinery and equipment	15 - 25
Motor vehicles	5
Furniture and fixtures	5 - 10
Spare parts	5

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.

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.

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

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.

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.

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

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

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. 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).

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which requires substantial period of time to get ready for its intended use or sale, shall be capitalized over the cost of the assets. Other borrowing costs shall be recognized as an expense in the period incurs.

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.

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

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.

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.

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

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. 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.

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

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. 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 for 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.

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

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.

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.

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.

Reporting of cash flows

In the statements of cash flows, cash flows are classified and reported according to their operating, investing and financing activities.

Subsequent events

Post period-end events that provide additional information about the Company's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

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

NOTE 3- CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Cash on hand	4	3
Banks	13.982	597
-Foreign currency demand deposits	2.060	511
- TL demand deposits	122	86
- TL time deposits	11.800	-
	13.986	**600**

The effective weighted average interest rate is 10,15% for TL 11.800 time deposits as of December 31, 2014.

There is not any pledge or lien on banks as of December 31, 2014 and 2013.

NOTE 4- FINANCIAL ASSETS

None.

NOTE 5- BORROWINGS

Short-term borrowings

	31 December 2014	31 December 2013
Short-term bank borrowings	195.611	132.203
Current portion of long-term borrowings	4.231	2.058
Short-term borrowings	**199.842**	**134.261**

Long-term borrowings

	31 December 2014	31 December 2013
Long-term bank borrowings	4.000	8.232
Long-term borrowings	**4.000**	**8.232**

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

NOTE 5- BORROWINGS (continued)

Foreign currency denominated bank borrowings and corresponding interest expense accruals as at 31 December 2014 and 31 December 2013 are as follows:

Principal	**31 December 2014**			**31 December 2013**		
Original Currency	**Weighted Average Effective Interest Rates %**	**Original Amount**	**TL**	**Weighted Average Effective Interest Rates %**	**Original Amount**	**TL**
TL	10,26	-	63.119	7,59	-	88.840
USD	1,50	58.137.581	134.813	1,38	25.000.000	53.358
			197.932			**142.198**
Accrued Interest						
TL		-	5.823		-	295
USD		38	87		-	-
			203.842			**142.493**

NOTE 6- TRADE RECEIVABLES AND TRADE PAYABLES

Trade Receivables

	31 December 2014	**December 2013**
Trade receivables (*)	177.182	184.865
Cheques received (**)	57.457	52.089
Provision for doubtful receivables	(3.282)	(3.033)
	231.357	**233.921**

(*) As of 31 December 2014 trade receivables are discounted by 0,84% for TL, 0,13% for USD, 0,13% for EUR. (As of 31 December 2013 0,44% for TL, 0,12% for USD, 0,12% for EUR).

(**) Cheques received constitute the cheques obtained from customers and kept in portfolio as a result of trade activities and consist of TL 24.610 with maturities of more than three months (31 December 2013: TL 33.347).

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

NOTE 6- TRADE RECEIVABLES AND TRADE PAYABLES (continued)

Non-current trade receivables

Trade Receivables

	31 December 2014	December 2013
Trade receivables (*)	4.294	106
	4.294	**106**

As of 31 December 2014 and 31 December 2013, past due but not provisioned trade receivables as follows:

Overdue Period	31 December 2014	31 December 2013
0 - 1 month	12.156	23.645
1 - 3 months	1.714	1.605
Over 3 months	196	1
Total	**14.066**	**25.251**

As of 31 December 2014 and 31 December 2013, 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 2014	31 December 2013
Over 6 months	3.282	3.033
Total	**3.282**	**3.033**

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

	1 January - 31 December 2013	January - 31 December 2014
Balance at 1 January	**(3.033)**	**(3.033)**
Provision released (Note 24)	(374)	-
Charged for the period	125	-
Balance at 31 December	**(3.282)**	**(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 2014	31 December 2013
Trade Payables	101.824	221.728
Accrued expenses	1.705	1.556
Due to related parties (Note 29)	9.374	11.389
	112.903	**234.673**

As of 31 December 2014 trade payables are discounted by using 0,84% for TL, 0,13% for USD, 0,13% for EUR. (As of 31 December 2013 0,44% for TL, 0,12% for USD, 0,12% for EUR).

As of 31 December, 2014 average turnover for trade receivables and trade payables are 85 days and 78 days, respectively (31 December 2013: 53 days and 81 days respectively).

NOTE 7- EMPLOYEE BENEFIT OBLIGATIONS

Employee Benefit Obligations

	31 December 2014	31 December 2013
Social security and taxes payable	2.323	2.266
Due to personnel	936	878
	3.259	**3.144**

NOTE 8- OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	31 December 2014	31 December 2013
Deposits and guarantees	1.362	-
Job advance	270	397
Receivables from government agencies	10	199
Receivables from returned goods	-	175
Other receivables	1.535	510
	3.177	**1.281**
Due from related parties (Note 29)	327	172
	3.504	**1.453**

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

NOTE 8- OTHER RECEIVABLES AND PAYABLES (continued)

Other Non-Current Receivables

	31 December 2014	31 December 2013
Deposits and guarantees	59	55
	59	**55**

Other Payables

	31 December 2014	31 December 2013
Advances received from customers	620	486
Cancellation of VAT	557	192
Taxes payables	418	374
Due to related party (Note 29)	10	1
Installment tax payable (*)	-	1.218
Other	92	140
	1.697	**2.411**

(*) 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 paid total amount of TL 21.927 with 18 equal instalments beginning from June 2011 within 36 months as of the reporting date. TL 792 of TL 21.927 related to the Value Added Tax was subjected 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 2014	31 December 2013
Raw materials and supplies	67.590	63.701
Intermediate goods	75.423	58.568
Finished goods	38.218	43.968
By-products (*)	3.024	4.956
Semi-finished goods	3.094	2.735
Spare parts	2.768	11.288
Other	2.505	3.118
Less: Impairment in value of inventories (**)	**(9.535)**	**(1.273)**
	183.087	**187.061**

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

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

Movement of Provision for Impairment of Inventories

	1 January- 31 December 2014	1 January- 31 December 2013
Balance at 1 January	**(1.273)**	**(2.033)**
Charged for the period (Note 21)	(8.262)	-
Provision released	-	760
Balance at 31 December	**(9.535)**	**(1.273)**

The Company has increased TL 1.273 of its provision for impairment of inventories which was amounting TL 8.262 and therefore realized allowance for impairment in current year for TL 9.535. As of 31 December 2014, total inventory accounted with net realizable value is TL 123.176 (31 December 2013: TL 103.809).

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

NOTE 10- PREPAID EXPENSES

Prepaid Expenses (Short-Term)

	31 December 2014	31 December 2013
Revision expenses	241	-
Other prepaid expenses	-	932
	241	**932**

Prepaid Expenses (Long-Term)

	31 December 2014	31 December 2013
Advance for construction in progress	775	-
Long-term prepaid expenses	79	200
	854	**200**

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

NOTE 11- INVESTMENT PROPERTIES

The movement schedules of investment properties and related accumulated depreciation for the years ended 31 December 2014 and 2013 are as follows:

	1 January 2014	Additions	Other Transfers	Disposal	31 December 2014
Cost					
Land	5	-	-	-	5
Buildings	3.780	-	-	-	3.780
	3.785	**-**	**-**	**-**	**3.785**
Accumulated Depreciation					
Building	2.556	190	-	-	2.746
Net Book Value	**1.229**				**1.039**

As of December 31, 2014 the Company has leased properties with the net book value of TL 1.039 (31 December 2013: TL 1.229) to the third parties through lease agreements.

The Company has generated rent income of TL 426 (31 December 2013: TL 394) 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 4.622 (31 December 2013: TL 3.505) with 5% inflation rate and 9% rediscount rates.

	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**

The total depreciation for the period ended 31 December 2014 and 2013 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 2014 and 2013 are as follows;

	1 January 2014	Additions(*)	Transfers	Other Transfers	Disposal	31 Dec. 2014
Cost						
Land	15.537	-	-	-	-	15.537
Land Improvements	7.179	-	-	-	-	7.179
Buildings	59.829	-	-	-	-	59.829
Machinery and equipment	386.839	9.503	5.031	399	-	401.772
Motor vehicles	1.780	5	-	-	-	1.785
Furniture and fixtures	5.641	123	-	-	(681)	5.083
Construction in progress	6.288	575	(5.031)	-	-	1.832
	483.093	**10.206**	**-**	**399**	**(681)**	**493.017**
Accumulated Depreciation						
Land Improvements	5.366	406	-	-	-	5.772
Buildings	37.110	2.951	-	-	-	40.061
Machinery and equipment	284.103	16.519	-	130	-	300.752
Motor vehicles	1.661	23	-	-	-	1.684
Furniture and fixtures	4.236	333	-	-	(669)	3.900
	332.476	**20.232**	**-**	**130**	**(669)**	**352.169**
Net Book Value	**150.617**					**140.848**

(*) The company has made an evaluation for spare parts presented in inventory and recognised as an expense when used and transferred to tangible assets amounting to TL 8.909 as of January 1, 2014.

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

NOTE 12- PROPERTY, PLANT AND EQUIPMENT (continued)

	1 January 2013	Additions(*)	Transfers from construction in Progress	Other Transfers	Disposal	31 Dec. 2013
Cost						
Land	15.551	-	-	(14)	-	15.537
Land Improvements	8.224	-	-	(1.045)	-	7.179
Buildings	66.047	-	320	(6.538)	-	59.829
Machinery and equipment	400.235	1.467	2.183	(13.871)	(3.175)	386.839
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
	504.955	**3.373**	**-**	**(22.024)**	**(3.211)**	**483.093**
Accumulated Depreciation						
Land Improvements	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**	**-**	**(15.749)**	**(2.370)**	**332.476**
Net Book Value	**172.646**					**150.617**

There are not any tangible assets which are received by using financial leasing as of 31 December 2014. In addition to that, there is not any pledge or lien on the property, plant and equipment as of 31 December 2014 and 31 December 2013.

As of 31 December 2014 and 2013, total depreciation and amortization charges for the period between and the related income statement accounts are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Cost of production (Note 21)	18.430	16.429
Research expense (Note 22)	1.555	2.324
General administrative expenses (Note 22)	988	839
Selling, marketing and distribution expenses (Note 22)	570	564
	21.543	**20.156**

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

NOTE 13- INTANGIBLE ASSETS

The movement schedules of intangible assets and related accumulated depreciation for the year ended 31 December 2014 and 2013 are as follows:

	1 January 2014	Additions	Transfers from construction in progress	Other Transfers	Disposal	31 Dec. 2014
Cost						
Rights	5.249	679	-	-	-	5.928
Development costs	7.600	-	-	-	-	7.600
	12.849	**679**	**-**	**-**	**-**	**13.528**
Accumulated amortisation						
Rights	4.275	387	-	-	-	4.662
Development costs	5.709	734	-	-	-	6.443
	9.984	**1 .121**	**-**	**-**	**-**	**11.105**
Net book value	**2.866**					**2.423**

	1 January 2013	Additions	Transfers from construction in progress	Other Transfers	Disposal	31 Dec. 2013
Cost						
Rights	5.377	492	2		(622)	5.249
Development costs	7.600	-	-	-	-	7.600
	12.977	**492**	**2**	**-**	**(622)**	**12.849**
Accumulated amortisation						
Rights	4.642	168	-	-	(535)	4.275
Development costs	4.196	1 .513	-	-	-	5.709
	8.838	**1.681**	**-**	**-**	**(535)**	**9.984**
Net book value	**4.139**					**2.865**

The total amortization for the year ended 31 December 2014 and 2013 is presented in Note 12.

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

NOTE 14- ASSET HELD FOR SALE

The movement schedules of asset held for sale and related accumulated depreciation for the year ended 31 December 2014 and 2013 are as follows:

	1 January 2014	Additions	Transfers to tangible assets	Disposals	31 December 2014
Cost					
Land	14	-	-	-	14
Land Improvements	1.045	-	-	-	1.045
Buildings	6.538	-	-	-	6.538
Machinery and equipment	14.866	-	(399)	(872)	13.595
Motor vehicles	224	-	-	-	224
Furniture and fixtures	332	-	-	(42)	290
	23.019	**-**	**(399)**	**(914)**	**21.706**
Accumulated Depreciation					
Land Improvements	819	-	-	-	819
Buildings	4.154	-	-	-	4.154
Machinery and equipment	10.932	-	(130)	(626)	10.176
Motor vehicles	224	-	-	-	224
Furniture and fixtures	318	-	-	(42)	276
	16.447	**-**	**(130)**	**(668)**	**15.649**
Net book value	**6.572**				**6.057**

The management continue to disposal activities on asset held for sale.

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

NOTE 14- ASSET HELD FOR SALE (continued)

	1 January 2013	Additions	Transfers to tangible assets	Disposals	31 December 2013
Cost					
Land	-	-	14	-	14
Land Improvements	-	-	1.045	-	1.045
Buildings	-	-	6.538	-	6.538
Machinery and equipment	-	-	14.866	-	14.866
Motor vehicles	-	-	224	-	224
Furniture and fixtures	-	-	332	-	332
	-	**-**	**23.019**	**-**	**23.019**
Accumulated Depreciation					
Land Improvements	-	-	819	-	819
Buildings	-	-	4.154	-	4.154
Machinery and equipment	-	-	10.932	-	10.932
Motor vehicles	-	-	224	-	224
Furniture and fixtures	-	-	318	-	318
	-	**-**	**16.447**	**-**	**16.447**
Net book value	**-**				**6.572**

NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2014	31 December 2013
Provision for restructing and demand of other receivables (*)	675	1.364
Other	30	71
	705	**1.435**

(*) 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.

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

NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

Provision for restructuring expenses and other receivables

	1 January- 31 December 2014	1 January- 31 December 2013
Balance at 1 January	**1.364**	**1.076**
Charged for the period (Note 24)	207	552
Allowance released	(896)	(264)
Balance at 31 December	**675**	**1.364**

NOTE 16- COMMITMENTS

Commitments and contingencies, which are not included in the liabilities at 31 December 2014 and 31 December 2013, are as follows:

Commitments based on export incentive certificates

	31 December 2014	31 December 2013
The total amount of export commitment of documents stored in the document	1.512.320	1.082.491
The amount mentioned include commitments based on export incentive certificate which are presently fullfilled but the closing transactions are not concluded yet	928.476	615.658
Total amount of open export incentives	583.844	466.833
Open export incentives	93.520	202.951

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

NOTE 16- COMMITMENTS (continued)

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

	31 December 2014				31 December 2013			
	TL Equivalent	TL	USD	Euro	TL Equivalent	TL	USD	Euro
A.CPMs given in the name of its own legal personality	159.910	26.729	55.000.000	2.000.000	206.124	50.931	69.962.236	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	**159.910**	**26.729**	**55.000.000**	**2.000.000**	**206.124**	**50.931**	**69.962.236**	**2.000.000**

As of 31 December 2014 the percentage of the other CPM`s given by the Company to the total equity is 0% (31 December 2013: 0%).

Mortgages and guarantees taken at 31 December 2014 and 31 December 2013 are as follows:

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

NOTE 16- COMMITMENTS (continued)

	31 December 2014	31 December 2013
Letters of guarantees taken	14.342	15.382
Cheques and notes of guarantees taken	2.274	2.274
Mortgages taken	234	234
Total	**16.850**	**17.890**

NOTE 17- EMPLOYEE BENEFITS

Short term employee benefits

	31 December 2014	31 December 2013
Premiums for senior management	2.500	150
	2.500	**150**

Long term employee benefits

	31 December 2014	31 December 2013
Provision for employment termination benefits	18.446	16.200
Unused vacation allowance	1.856	1.618
	20.302	**17.818**

Unused Vacation Allowance
Company provides annual pay vacation to each employee who has completed one year of service.

Movements of unused vacation allowance is as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Balance of 1 January	**1.618**	**1.693**
Charge for the period (Note 24)	290	140
Allowance released	(52)	(215)
Balance at 31 December	**1.856**	**1.618**

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

NOTE 17- EMPLOYEE BENEFITS (continued)

Movements of premiums for senior management are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Balance of 1 January	**150**	**700**
Charge for the period	3.350	150
Allowance released	(1.000)	(700)
Balance at 31 December	**2.500**	**150**

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.

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.

TFRS 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 2014	31 December 2013
Discount rate (%)	3,81	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 3,54 (1 January 2014: TL 3,44), which is expected to be effective from 1 January 2015, has been taken into consideration in calculating the provision for employment termination benefits of the Company.

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

NOTE 17- EMPLOYEE BENEFITS (continued)

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

	1 January- 31 December 2014	**1 January- 31 December 2013**
Balance of 1 January	**16.200**	**1 5.767**
Charge for the period	3.070	3.796
Allowance released	(2.023)	(3.363)
Acturial loss	1.199	-
Balance at 31 December	**18.446**	**16.200**

NOTE 18- OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 December 2014	**31 December 2013**
VAT Receivables due to export	10.533	4.657
Value added tax ("VAT")	1.137	29
Deferred SCT	664	1.341
	12.334	**6.027**

Other Non-Current Assets

	31 December 2014	**31 December 2013**
Deferred VAT (*)	59.766	59.239
	59.766	**59.239**

(*) The company has reclassified VAT amount which is estimated to not use in short term period under current assets.

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

NOTE 19- DERIVATIVE INSTRUMENTS

None.

NOTE 20- SHAREHOLDERS' EQUITY

Sasa Polyester Sanayi A.Ş fully paid and issued capital each KR 1 nominal value of 21.630.000.000 shares (31 December 2013: 21.630.000.000). The shareholders and shareholding structure of the Company at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014		31 December 2014	
	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**	

(*) Hacı Ömer Sabancı Holding A.Ş. agreed to sell all shares in SASA Polyester Sanayi A.Ş with a nominal value of 110.313.001,18 TL corresponding to 51% of the share capital of the Company, to Erdemoğlu Holding with USD 102.000.00. The Share Purchase Agreement was signed on January 13, 2015 and shares will be transferred upon the approvals of the relevant authorities.

(**) 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 2014 and 31 December 2013 prepared in accordance with the Communiqué No: XI-29 are as follows:

	31 December 2014	31 December 2013
Share capital	216.300	216.300
Inflation adjustment to share capital	196.213	196.213
Restricted reserves	5.356	5.356
Accumulated loss	(166.841)	(173.081)
Actuarial gain / (loss)	(2.073)	(1.114)
Net (loss) / profit for the period	71.380	6.241
Shareholders' Equity	**320.335**	**249.915**

NOTE 20- SHAREHOLDERS' EQUITY (continued)

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.

Dividend Distribution

Listed companies shall distribute their profit in accordance with the Capital Market Board's Communiqué on Dividends II-19.1 which is effective from February 1, 2014.

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

NOTE 20- SHAREHOLDERS' EQUITY (continued)

Companies shall distribute their profits as part of the profit distribution policies to be determined by their general assemblies and in accordance with the related regulation provisions. A minimum distribution rate has not been determined in these regulations. The companies pay dividends as determined in their main agreements or profit distribution policies. Furthermore, dividends may be paid in instalments with same or different amounts and profit share advances may be distributed over the profit in the financial statements.

In accordance with the Turkish Commercial Code (TCC), 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 a usufruct right certificate, to the members of the board of directors or to the employees unless the required reserves and the dividend for shareholders as determined in the main agreement or in the dividend distribution policy of the company are set aside; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

NOTE 21- SALES AND COST OF SALES

Sales Revenues

	1 January- 31 December 2014	1 January- 31 December 2013
Domestic sales	726.069	676.548
Foreign sales	486.373	413.075
Other sales	5.771	6.522
Sales return	(5.762)	(2.628)
Sales discounts	(2.245)	(3.142)
Other discounts	(418)	(110)
Sales Revenues (net)	**1.209.788**	**1.090.265**

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

NOTE 21- SALES AND COST OF SALES (continued)

Cost of Sales

	1 January- 31 December 2014	1 January- 31 December 2013
Direct first raw material and supplies expenses	880.910	792.714
Energy expenses	104.816	99.032
Labour expenses	48.703	47.821
Amortization (Note 12)	15.922	14.203
Other variable expenses	16.022	13.430
Spare parts and maintenance expenses	6.153	4.545
Insurance expenses	1.424	837
Other fixed expenses	135	170
Usage of semi-finished goods	(359)	(515)
Production cost for the year	**1.073.726**	**972.237**
Usage of WIP and finished goods	(11.105)	44.373
Cost adjustment to unrealised sales	(15.443)	(14.540)
Cost of waste goods sold	6.741	7.043
Other idle time expenses	7.752	9.599
Idle time type amortization (Note 12)	2.508	2.226
Provision for impairment inventories - net (Note 9)	8.262	(760)
Stock count differences	(994)	(1.701)
Cost of good sold during the year	**1.071.447**	**1.018.477**

NOTE 22- OPERATING EXPENSES

General Administrative Expenses

	1 January- 31 December 2014	1 January- 31 December 2013
Personnel expenses	9.299	8.959
Seniority notice indemnity (Note 17)	2.500	150
Consultancy expenses	1.052	1.159
Amortization (Note 12)	988	839
Insurance expenses	790	692
Severance and notice pay	707	1.227
Supplies, repair and maintenance expenses	391	409
Auxiliary expenses	257	275
Energy expenses	222	267
Other expenses	1.492	1.678
	17.698	**15.655**

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

NOTE 22- OPERATING EXPENSES (continued)

Selling, Marketing and Distribution Expenses

	1 January- 31 December 2014	1 January- 31 December 2013
Export expenses	39.022	29.966
Personnel expenses	5.153	4.523
Taxes and duties	1.380	817
Insurance expenses	1.025	1.306
Energy expenses	750	728
Amortization (Note 12)	570	564
Rent expenses	81	149
Other	1.412	1.503
	49.393	**39.556**

Research and Development Expenses

	1 January- 31 December 2014	1 January- 31 December 2013
Amortization (Note 12)	1.555	2.324
Maintenance expenses	38	6
First raw material and supplies expenses	6	5
Labour and personnel expenses	-	1
Other expenses	209	192
	1.808	**2.528**

NOTE 23- INCOME FROM INVESTING OPERATIONS

Income / Expense from Investing Operations

	1 January- 31 December 2014	1 January- 31 December 2013
Gain on sales of tangible assets	654	112
Loss on sales of fixed assets	-	(18)
	654	**94**

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

NOTE 24- OTHER OPERATING INCOME / EXPENSE

Other Operating Income

	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange gain from trade receivables / payables	49.328	58.808
Miscallaneous sales income	20.579	22.215
Financial income from credit sales	3.385	2.174
Raw material sales income	1.434	-
Provision of closed requests for	1.157	915
Scrap sales income	781	3.347
Rent income (Note 11)	426	394
Insurance compensation income	48	1.295
Other income	1.029	2.256
	78.167	**91.404**

Other Operating Expense

	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange loss from trade receivables / payables	40.259	49.223
Miscallaneous sales expense	17.608	19.819
Taxes and duties paid	1.292	1.529
Provision for doubtful receivable expense (Note 6)	374	-
Provision for unused vacation (Note 17)	290	140
Provision for restructuring expenses	207	552
Other	1.192	1.473
	6 1.222	**72.736**

NOTE 25- FINANCIAL INCOME

	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange income	3.862	3.321
Interest income	232	41
	4.094	**3.362**

NOTE 26- FINANCIAL EXPENSES

	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange losses	12.426	11.519
Interest expense	11.621	19.590
	24.047	**31.109**

(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 2014 and 31 December 2013 using the enacted tax rates are as follows:

	Cumulative temporary difference		Deferred income tax asset/(liabilities)	
	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Accumulated financial loss	-	(70.670)	-	14.134
Net difference between the tax base and carrying value of tangible and intangible assets	(13.906)	(20.853)	(2.781)	(4.171)
Retirement pay provision	18.446	16.200	3.689	3.240
Net difference between the tax base and carrying value of inventories	11.507	3.917	2.301	783
Correction of the sale that are not realize	3.595	1.681	719	336
Provision for accumulated unpaid vacation	1.856	1.618	371	324
Held for sale asset's net difference between the book value and tax value	(977)	(1.414)	(195)	(283)
Provision for restructuring expenses	675	1.364	135	273
Provision for restructuring asset for investment's net difference between the book value and tax value	357	226	71	45
Provision for doubtful receivable	1.304	1.036	261	207
Provision of export expense	1.705	1.557	341	311
Adjustment for not accrued financial expenses	(208)	(230)	(42)	(46)
Adjustment for not accrued financial income	1.628	496	326	99
Other	2.500	221	498	44
Deferred income tax assets	43.573	28.316	8.712	19.796
Deferred income tax liabilities	(15.091)	(22.497)	(3.018)	(4.500)
Provision for deferred tax asset recognised from carry forward (*)			-	(14.134)
Deferred income tax asset/liabilities , net			**5.694**	**1.162**

(*) 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)

Movements in deferred taxes can be analyzed as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Balance at 1 January	**1.162**	**(15)**
Deferred tax income of the term	4.292	1.177
Actuarial loss /(profit) deferred tax effect	240	-
Balance at 31 December	**5.694**	**1.162**

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

	31 December 2014	31 December 2013
(Loss)/ Profit before tax from operations	**67.088**	**5.064**
Expected taxation (%20)	(13.418)	(1.013)
Tax effects of:		
- Revenue that is exempt from taxation	523	393
- Expenses that are not deductible in determining	(86)	(279)
- Effect of prior period income tax offset from prior period losses	14.134	-
- Effect of investment allowances tax offset from prior period losses	3.227	1.801
- Other adjustment	(88)	275
Income tax recognized in profit / (loss)	**4.292**	**1.177**

As of December 31, The Company has been offsetting its financial profit amounting to TL 86.804 from accumulated financial loss of previous years amounting to TL 70.671 that the Company utilized from its total witholding investment incentives amounting TL 70.198 for the remaining TL 16.133. The Company's witholding investment incentives amount is TL 54.065 that can be used in the following periods.

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 2014 is 20% (2013: 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).

NOTE 27 - TAX ASSETS AND LIABILITIES (continued)

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 69.633, in which TL 14.567 coming from balance subject to 19,8% withholding tax and the remaining TL 54.066 subject to no tax, as total TL 69.633. (31 December 2013: TL 79.232). The Company uses unused investment tax in financial statements when financial income is occurred due to The Company cannot foresee its budget including taxable profits in the following periods.

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 2014 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.

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 2014 is TL 16.133 (31 December 2013: TL 70.671).

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

NOTE 27 - TAX ASSETS AND LIABILITIES (continued)

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 2014 and 2013 have been reconciled to the current year tax charge as follows:

	1 January- 31 December 2014	**1 January- 31 December 2013**
Deferred tax income / (expense)	4.292	1.177
Total tax benefit	**4.292**	**1.177**

NOTE 28- EARNINGS PER SHARE

	1 January- 31 December 2014	**1 January- 31 December 2013**
Net (loss) / gain attributable to shareholders	71.380	6.241
Number of ordinary shares	21.630.000.000	21.630.000.000
Earnings per share in full TL hundreds of ordinary shares	0,33	0,03

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 2014	**31 December 2013**
- Aksigorta A.Ş. ("Aksigorta") (2)	309	155
- Enerjisa Enerji Üretim A.Ş. ("Enerjisa") (2)	17	16
- Temsa Sanayi ve Ticaret A.Ş.	1	-
- Başkent Elektrik Dağıtım A.Ş.	-	1
Total	**327**	**172**

All of the receivable from related party consists of other receivables. (31 December 2013: TL 172 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 2014	31 December 2013
1) Shareholders	**-**	**1**
- Sabancı Holding (3)	-	1
2) Group Companies	**9.384**	**11.389**
- Enerjisa Doğalgaz Toptan Satış A.Ş. (2)	9.367	2.750
-Toroslar Elektrik Perakende Satış A.Ş. (2)	13	19
- Aksigorta (2)	4	238
- Enerjisa (2)	-	8.322
- Bimsa (2)	-	27
- Çimsa (2)	-	15
- Sabancı Üniversitesi (2)	-	10
- Sabtek (2)	-	8
Total	**9.384**	**11.390**

As of the report date, 9.374 TL of payables to related parties is trade payables, 10 TL of payables is other payables. (31 December 2013: 11.389 TL trade payables, 1 TL other payables). Average maturity of the trade payable is, respectively, 15 days (31 December 2013: 16 days).

c) Bank deposits:

	31 December 2014	31 December 2013
Akbank (2)	615	265
Total	**615**	**265**

d) Sales to related parties:

	1 January 2014-31 December 2014		
	Good	**Service**	**Fixed Asset**
2) Group Companies	**74**	**184**	**-**
- Kordsa (2)	74	2	-
- Enerjisa (2)	-	171	-
- Temsa (2)	-	6	-
- Aksigorta (2)	-	5	-
Total	**74**	**184**	**-**

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

NOTE 29- RELATED PARTY DISCLOSURES (continued)

d) Sales to related parties (continued):

	1 January 2013 - 31 December 2013		
	Good	**Service**	**Fixed Asset**
1) Shareholders	**-**	**-**	**402**
- Sabancı Holding (3)	-	-	402
2) Group Companies	**4.464**	**173**	**0**
-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**

e) Purchases from related parties:

	1 January 2014 - 31 December 2014			
	Good	**Service**	**Fixed Asset**	**Rent**
1) Shareholders	**-**	**-**	**-**	**106**
- Sabancı Holding (3)	-	-	-	106
2) Group Companies	**87.235**	**4.819**	**635**	**-**
- Yünsa(2)	1	-	-	-
- Enerjisa (2)	87.234	-	-	-
- Aksigorta (2)	-	3.724	-	-
- Bimsa (2)	-	506	635	-
- Toroslar Elektrik Dağıtım A.Ş. (2)	-	300	-	-
- Avivasa (2)	-	258	-	-
- Akyatırım Menkul Değerler A.Ş. (2)	-	16	-	
- Sabtek (2)	-	10	-	-
- Sabancı Üniversitesi (2)	-	5	-	-
Total	**87.235**	**4.819**	**635**	**106**

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)

e) Purchases from related parties (continued):

	1 January 2013 - 31 December 2013			
	Good	**Service**	**Fixed Asset**	**Rent**
1) Shareholders	**-**	**100**	**-**	**93**
- Sabancı Holding (3)	-	100	-	93
2) Group Companies	**110.392**	**7.583**	**385**	**-**
- Olmuksa (2)(*)	27	-	-	-
- Yünsa(2)	1	-	-	-
- Enerjisa (2)	80.246	-	-	-
- Enerjisa Doğalgaz (2)	30.118	-	-	-
- Aksigorta (2)	-	6.214	-	-
- Bimsa (1)	-	578	384	-
- Avivasa (2)	-	317	-	-
- Toroslar Elektrik Dağıtım (2)	-	251	-	-
- Temsa (2)	-	95	-	-
- Sabancı Üniversitesi (2)	-	61	-	-
- Çimsa (2)	-	40	-	-
- Sabtek (2)	-	14	-	-
- Akyatırım Menkul Değerler A.Ş. (2)	-	13	-	-
- Teknosa (2)	-	-	1	-
Total	**110.392**	**7.683**	**385**	**93**

(*) Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş is not a group company since January 3, 2013.

f) Financial income:

	1 January- 31 December 2014	**1 January- 31 December 2013**
Akbank (2)	15	1
Total	**15**	**1**

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

NOTE 29 - RELATED PARTY DISCLOSURES (continued)

g) Financial expense:

	1 January- 31 December 2014	1 January- 31 December 2013
Akbank (2)	128	286
Total	**128**	**286**

h) As of 31 December 2014 and 2013 remuneration of directors and key management personnel amounts are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Short term employee benefits	1.665	1.721
Employment termination benefits	-	14
Toplam	**1.665**	**1.735**

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 2014 and 31 December 2013 are as follows:

	31 December 2014			
	TL	**USD**	**EURO**	**GBP**
Trade receivables (including other receivables)	214.645	72.239.991	16.707.388	-
Monetary financial assets (including cash and banks)	2.062	664.032	179.614	4.278
Other	1.206	3.847	414.814	7.511
Current Asset	**217.913**	**72.907.870**	**17.301.816**	**11.789**
Total Asset	**217.913**	**72.907.870**	**17.301.816**	**11.789**
Trade payables (including other payables)	84.934	1.254.205	29.076.665	2.594
Financial liabilities	134.813	58.136.581	-	-
Other	88	37.721	15	-
Short term liabilities	**219.835**	**59.428.507**	**29.076.680**	**2.594**
Financial liabilities	-	-	-	-
Long term liabilities	**-**	**-**	**-**	**-**
Total Liabilities	**219.835**	**59.428.507**	**29.076.680**	**2.594**
Net foreign currency position	**(1.922)**	**13.479.363**	**(11.774.864)**	**9.195**
Export	486.373	20.220.656	151.103.786	79.968
Import	563.573	73.296.991	139.743.628	2.611

	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)

Foreign Currency Sensitivity Analysis

	Profit / Loss	
As of 31 December 2014	**Appreciation of Foreign Currency**	**Depreciation of Foreign Currency**
10% change in US Dollar/TL Parity: US Dollar net asset	3.126	(3.126)
US Dollar net hedged amount	-	-
US Dollar Net Effect	**3.126**	**(3.126)**
10% change in Euro/TL Parity: Euro net asset	(3.321)	3.321
Euro net hedged amount	-	-
Euro Net Effect	**(3.321)**	**3.321**
10% change in GBP/TL Parity: GBP net asset	3	(3)
GBP net hedged amount	-	-
GBP Net Effect	**3**	**(3)**
Total	**(192)**	**192**

	Profit / Loss	
As of 31 December 2013	**Appreciation of Foreign Currency**	**Depreciation of Foreign Currency**
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)

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.

Interest Rate Position Table

	31 December 2014	31 December 2013
Fixed interest rate financial instruments		
IPrinciple	197.932	142.198
Interest	6.060	295
Total fixed financial liabilities	**203.992**	**142.493**

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

	Receivables				
	Trade Receivables		Other Receivables		Time
31 December 2014	**Related Party**	**Other**	**Related Party**	**Other**	**Deposit**
- Maximum credit risk exposure as of balance sheet date	-	235.651	327	3.236	13.982
- Guaranteed maximum risk by Commitment or etc (*)	-	218.303	-	-	-
Net book value of non-overdue of unimpaired financial asset	-	218.303	327	3.236	13.982
Net book value of financial assets that would be overdue or impaired unless restricted	-	-	-	-	-
Net book value of overdue assets that are not impaired	-	14.066	-	-	-
- The part that is guaranteed by commitment or etc	-	12.288	-	-	-
Net book value of impaired assets	-	3.282	-	-	-
- Overdue (gross book value)	-	3.282	-	-	-
- Impairment		(3.282)	-	-	-

(*) 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):

	Receivables				
	Trade Receivables		Other Receivables		Time
31 December 2013	**Related Party**	**Other**	**Related Party**	**Other**	**Deposit**
- Maximum credit risk exposure as of balance sheet date	-	234.027	172	1.336	597
- Guaranteed maximum risk by Commitment or etc (*)	-	199.836	-	-	-
Net book value of non-overdue of unimpaired financial asset	-	205.743	172	1.336	597
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)	-	-	-

31Aralık 2014 ve 2013 tarihleri itibariyle vadesi geçmiş ancak değer düşüklüğüne uğramamış varlıklara ilişkin tablo aşağıdaki gibidir:

Trade Receivables

	31 December 2014	31 December 2013
Overdue 1-30 days	12.156	23.645
Overdue 1-3 months	1.714	1.605
Overdue 3-12 months	196	1
Total	**14.066**	**25.251**
Portion under the guarantee of collaterals, etc (*)	12.288	20.585

(*) 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.

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

As of 31 December 2014;

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	203.992	204.963	94.228	106.543	4.192
Trade payables	16.481	16.481	16.481	-	-

Expected maturities

	Book Value	Total Cash Outflow Due to Contracts	3 months	3-12 months	1-5 years
Trade payables	96.422	94.951	79.546	17.110	-
Other payables	1 .697	1.697	1.697	-	-

As of December 31, 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

	Financial Liabilities Other than Derivatives				
	Book Value	**Total Cash Outflow Due to Contracts**	**3 months**	**3-12 months**	**1-5 years**
Trade payables	218.988	217.662	196.478	22.740	-
Other payables	1.060	1.060	1.060	-	-

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.

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 2014 and 31 December 2013 net debt/ (shareholders' equity + net debt) ratio is as follows:

	31 December 2014	**31 December 2013**
Total borrowings	345.208	402.124
Cash and cash equivalents	(13.986)	(600)
Deferred tax liabilities	5.694	1.162
Net debt	336.916	402.686
Shareholder's equity	320.335	249.915
Shareholder's equity+net debt	657.251	652.601
Net debt/(Shareholders' equity+net debt) ratio	51%	62%

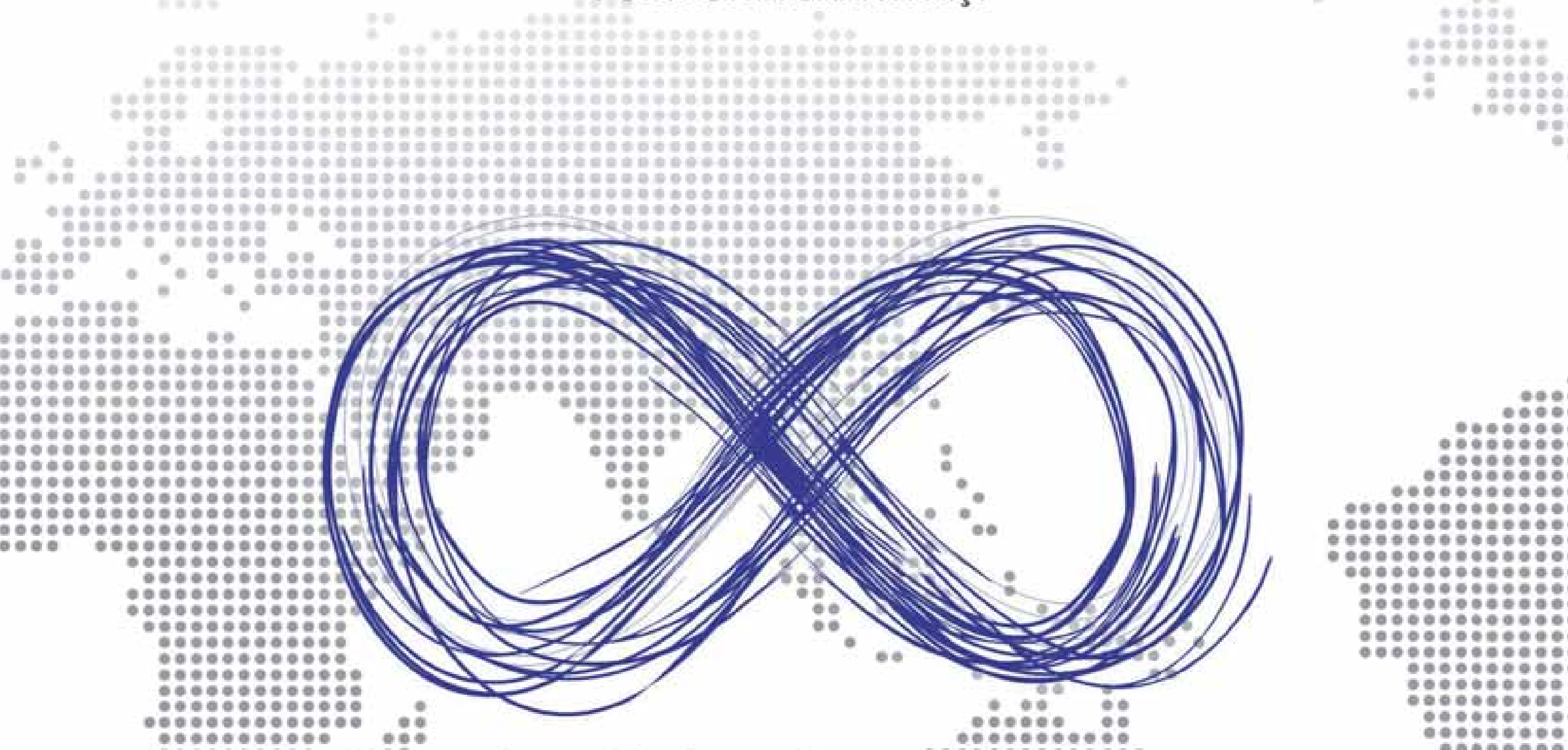
NOTE 31 - SUBSEQUENT EVENT

Hacı Ömer Sabancı Holding A.Ş. agreed to sell all shares in SASA Polyester Sanayi A.Ş with a nominal value of 110.313.001,18 TL corresponding to 51% of the share capital of the Company, to Erdemoğlu Holding with USD 102.000.00. The Share Purchase Agreement was signed on January 13, 2015 and shares will be transferred upon the approvals of the relevant authorities.

NOTES

SASA

POLYESTER SANAYİ A.Ş.



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