SASA
POLYESTER SANAYİ A.Ş.

2015 ANNUAL REPORT

SASA POLYESTER SAN. A.Ş.

CONTENTS

SASA POLYESTER SAN. A.Ş.

GENERAL INFORMATIONS

Reporting Period : 1 January 2015 - 31 December 2015
Company's Title : Sasa Polyester Sanayi A.Ş.
Trade Register Number : 5722

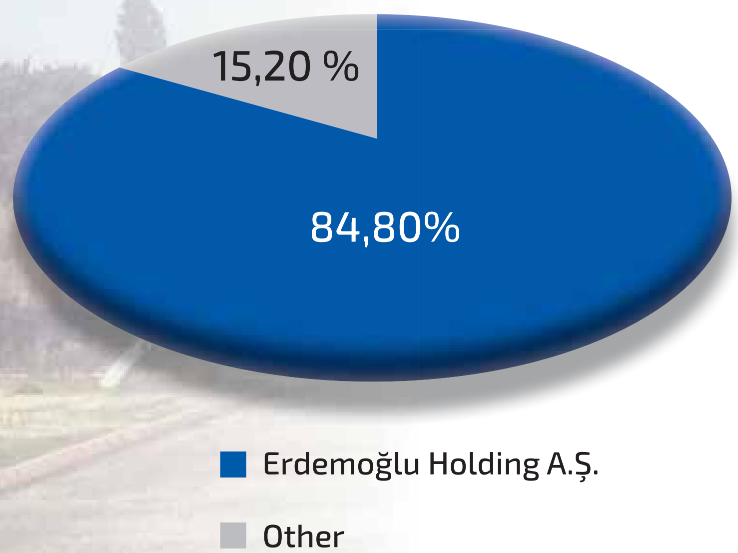
Main Site
Yolgeçen Mah. Turhan Cemal Beriker Bulvarı No:559 P.K. 01355
Seyhan/Adana/Türkiye
Tel : (322) 441 00 53 – PBX
Fax : (322) 441 01 14

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

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 2015



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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. and its subsidiaries (together referred to as "the Group") for the year ended December 31, 2015.

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 Group 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 Group'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 Group's financial statements there on which auditor's report dated February 29, 2016 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

March 8, 2016
Istanbul, Turkey

SASA POLYESTER SAN. A.Ş.

Message From The Chairman

Our Precious Partners, Year 2015 became a year in which important developments were experienced with regards to the world economy and markets. Unfortunately the world economy could not exhibit growing in expected extend. While moderate growth is experienced in advanced country economies, in general, deceleration occurred was experienced in the developing country economies. While US economy achieves to increase the employment, the fact that US Central Bank does interest rate hike first time in 2015 after 9 years went forward as the most important financial development of the year. As for the European Central Bank, it explained that it decided to continue on its monetary expansion program in order to fight against low inflation and to stimulate the growth. The commodity prices also lost value together with oil prices under the effect of decelerating of China economy which is the second largest economy in the world, and the build-up of the US dollar, and the increase in supply quantities.

Year 2015 became a year in which political and geopolitical risks increased especially in our geography, and also refugee crisis which spreaded from Middle East to Europe was experienced.

While estimation of slowly recovering is done over the world economy for year 2016, the expectations for a stable and permanent growth remain limited yet. The fact that Turkey Economy which achieved a good performance within a year in which two general elections were done completes year 2015 with a growth figure of close to 4% is expected; and our current account deficit narrowed under the effect of rise in foreign currency exchange rates and the decrease in oil prices. While over 40% decrease of oil prices is experienced as per year 2014, turnover loss of Sasa of which main raw materials consist of petroleum-derivated products remained in a limited amount.

Although economic difficulties world-wide experienced in 2015, Sasa achieved to increase 10% its EBITDA figure to 119 Million TL in 2015 which was 108 Million TL in 2014.

While the fact that volatility is high in the domestic market in 2015 causes we to turn our face to export, significant increases occurred in our exports to Europe; and 26% of growth figure in polyester fiber exports according to 2014 was caught.

For the aim of fact that our export activities are carried our more effectively and positive economic contribution to our company is obtained, Sasa Dış Ticaret A.Ş. was established with 100% Sasa partnership in 2015, and almost whole of our export sales started to be carried out via this company.

Within our growth strategy framework, for Solid State Polymerization Plant investment of TL 23 Million was started in 2015; and it is objected to put into use in year 2016.

All of the products and inputs of Sasa that works in order to the fact that its products do not create any risk against human health and environment are pursuant to REACH Regulation which was issued by the European Union; and Advanite™ brand that takes place within Special polymers and chemicals group is rapidly progressing in direction of being a world trademark within the Turquality support program framework.

Statistical process control mechanisms applied in Sasa within recent years, the studies that continue in framework of energy management system provided the increase of productivity in the use of energy. Furthermore, continuity of profitability was objected by reading the Market requirements correctly in framework of Customer Development studies, by hearing the voice of the present day consumers, by expediting the works that may supply to the consumers the products that will satisfy the requirements.

Sasa deserved to a 4-star rated competency certificate in scope of "National Quality Movement" carried out by our company and Quality Association (KALDER); and will be included in the application process of "Excellence Award of Turkey" by rapidly continuing on systematical studies aiming at providing of global competitive advantage in the next years.

Sasa will consider the subject of the fact that its activities are maintained in the secure and healthy environment is main condition 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 conscious of its environmental and social responsibilities.

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

I, in the name of our Board of Directors, wish year 2016 to be beneficial for our country and our company; and I would like to express my gratitude to all of our employees, suppliers and suppliers and in particular to our shareholders who contributed to the fact that Sasa maintains its polyester leadership of Turkey.

İbrahim Erdemoğlu
President of Board of Directors

SASA POLYESTER SAN. A.Ş.

General Informations

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. ğ.
- **2006** – The Sale of PET Resin Facilities to LA SEDA (Artenius)
- **2011** – PTA Based Fiber-Chips Facility
- **2011** – Title change – The Beginning of SASA
- **2011** – Special Polymers
- **2014** – S 30
- **2015** – Acquisition by Erdemoğlu Holding A.Ş.
- **2015** – Establishment of Sasa Foreign Trade Company

SASA POLYESTER SAN. A.Ş.

General Informations

General Informations about Sasa

Hacı Ömer Sabancı Holding A.Ş. sold all of its shares with nominal value of TL 110.313.001,18 that represent 51% of the company capital to Erdemoğlu Holding A.Ş. With value of USD 104.189.990; and share transfer was realized on 30 April 2015. Erdemoğlu Holding A.Ş. Realized the share acquisition processes within frame of II.26.1 Share Purchase Offer Notification Provisions between dates of 14 July 2015 and 4 August 2015. At the end of the share acquisition process, the ratio of shares that Erdemoğlu Holding A.Ş. has in Sasa Polyester Sanayi A.Ş. reached to 84,80%, and to nominal value of TL 183.430.724,77.

On 3 September 2015, Sasa Dış Ticaret A.Ş. was established with capital of TL 2.000.000.- by 100% participation of Sasa Polyester Sanayi A.Ş. in order to the fact that Sasa's exportation activities come to the fore; and financial statements and explanatory notes will be published as "Consolidated".

Overview of the Company

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

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

Fibre

Sasa Fiber Section makes production for 3 different sectors with its products in different segments.

Textiles: Polyester cut fibers and tops products, 100% polyester and/or mixed (cotton, viscose, acrylic, wool, nylon) yarn production, and also later knitting and weaving processes are rendered into fabric. Sasa becomes prominent in the textile sector with its white products with higher strength and with higher module with higher affinity to dyes, and the black fiber with 10XTM branded, of which manufacturing technology belongs to Sasa. 10XTM creates difference against the competitive fibers in the market for our customers with its specifications of deep black, high color purity, easily machinability and be gatherability.

Technical Textiles: It is used as main raw material of hygiene (wet towels, pads, cosmetic tissues), medical (bandage, surgery covers, masks), automotive (roof, floor and rear parcel shelf carpets, insulating materials), artificial sub leather carriers, filter (liquid-gas), cleaning cloths, all kind of ready wear fusings, plush, geotexstile (sub asphalt stabilizators, drainage, underground, garden), construction (acoustic insulation, roof insulations, floor coating) and similar products with its different fiber connection methods (mechanical, water pinning and chemical). Sasa creates value with special solutions and special products for its customers in "Technical Textile" sector provides services for very different and wider sectors.

Comfort & Padding Sector: It is rendered as pillow, padding into toys, quilt, all kind of coats, furniture padding, bed, decorative toss pillows after the paddings are combed, rendered in bead form or fiber tying. Sasa which has the highest capacity with bi-component fibers production in Europea region with technology developed by itself provides, for its customers, the washable, durable and long-lasting padding materials with the conjugated fibers which has spring feature.

Filament

Sasa Filament Section produces different and featured products together with textile (knitting and woven fabric), ply and texture yarns for carpet and automotive sectors.

Sasa is in the leader position in Turkey and Middle East for production of polyester fibers for different sectors.

Special Polymers and Chemicals

Sasa Special Polymers and Chemicals Section provides production around the vision of development and supplying them to the customers of the products sensitive to human and environment in the geography in which it provides services. The line of work that was organized according to this vision provides services for following sectors:

Textile Sector: Standard and high viscosity polyester polyethylene terephthalate and polybutylene terephthalate polymer products are rendered into first as the yarn and fibers, and later weaving, knitting fabrics made of these, and also non-woven textile surfaces.

Industrial Sectors: High viscosity polyester polyethylene terephthalate and polybutylene tereftalat polymer products are used in industrial applications requiring higher strength by depending on their final use places.

Film & Packaging Sector: Polyester polyethylene terephthalate polymer products that were specially manufactured in accordance with its final use of aim are used in the production of film and packaging material which can or don't be in contact with food. The film type polyester polymers which is an antimony-free product and have importance have special importance in contact to food also take place in the product portfolio.

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

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

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

Members of Board

The names of Board Members and their resume are given below by the date of 31 December 2015.

Members of Board

İbrahim Erdemoğlu	Chairman of the Executive Board (executive member)
Ali Erdemoğlu	Deputy Chairman of the Board (executive member)
Toker Özcan	Member of Board (executive member – general manager)
Mehmet Erdemoğlu	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 2015 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.
On 25 March 2015, Serra Sabancı who is Deputy Chairwoman of the Board of Directors resigned; and Levent Demirağ was appointed to this duty. In the Extraordinary General Assembly held on 30 April 2015, Mehmet Göçmen, Levent Demirağ, Mehmet Nurettin Pekarun and Mahmut Volkan Kara were resigned from their duties; and İbrahim Erdemoğlu, Ali Erdemoğlu, Toker Özcan and Mehmet Erdemoğlu were elected as member of the Board of Directors in place of them.

İbrahim ERDEMOĞLU

Chairman of the Board

Tenure : 30.04.2015 – 30.04.2018

He was born in Adıyaman, Besni, in 1962. He graduated from Elementary School, Middle School and High School in Gaziantep. He completed his university education at Physics Section of Karadeniz Technical University. He began to the carpeting business which is his father profession in 1983. He also continued to the carpet business to which he had begun during his university education after he graduated from the university. Today, he maintains his duty as President of the Board of Directors of Erdemoğlu Holding that is emphatically advancing in the direction of becoming a brand of the world, and also containing the brand of Merinos. He is married and has 3 children.

Ali ERDEMOĞLU

Deputy Chairman of the Board

Tenure : 30.04.2015 – 30.04.2018

He was born in Adıyaman, Besni, in 1959. He was graduated from Primary School in Besni. He began to work at rugs and carpet looms which is his father profession in his earlier ages without continuing his education. He functioned at all levels of the production. Ali Erdemoğlu, who had spent great labors in past and today of Merinos, still continues his duty as the President of the Board of Directors of Merinos Halı San. ve Tic. A.Ş. He is married and has 3 children.

Toker ÖZCAN

Member of the Board – General Manager

Tenure : 30.04.2015 – 30.04.2018

Toker Özcan graduated from Machine Engineering Section of METU, in 1992. Toker Özcan who had begun his business life, in 1992, in Sasa took charge as Supervisor, Project Engineer, Operations Manager, respectively. Mr. Özcan had taken charge as Technical Director in Dupontsa UK, during Sabancı-Dupont partnership period. Then, he continued to his duty as Corporate Technical Director in Dupontsa Tr (Today Sasa); and took place in establishment of KB Group for a short period of time, and assigned for Strategy & Business Development Director duty in Sasa, in 2007. Mr. Özcan who was responsible from Sales & Marketing Director duty after year 2009 was appointed to the position of General Manager of Sasa on July 2012; and still continues to his duty.

Mehmet ERDEMOĞLU

Member of the Board

Tenure : 30.04.2015 – 30.04.2018

He was born in Gaziantep, in 1985. He graduated from Elementary School and Middle School and High School in Gaziantep. He completed his university education at Machine Engineering Section of Koç University in year 2010. First, he began his career at Merinos Mobilya Tekstil Sanayi ve Ticaret A.Ş. which is one of the companies within the body of Erdemoğlu Holding. Today, he still continues as Member of the Board of Directors at the energy companies which is one of the line of works take place in within the body of the holding.

Hüsnü Ertuğrul ERGÖZ

Independent Member

Tenure : 30.04.2015 – 30.04.2018

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.

Mehmet KAHYA

Independent Member

Tenure : 30.04.2015 – 30.04.2018

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 he has worked as senior manager in various Sabancı Group companies.

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.

29/02/2016

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

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

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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.

29/02/2016

Mehmet KAHYA

Committees of Boards Directors

Corporate Management Committe

Mehmet Kahya	President
Hüsnü Ertuğrul Ergöz	Member
Mehmet Pehlivan	Member

Audit Committe

Hüsnü Ertuğrul Ergöz	President
Mehmet Kahya	Member

Risk Committe

Mehmet Kahya	President
Hüsnü Ertuğrul Ergöz	Member

SASA POLYESTER SAN. A.Ş.

Management

Name	Title
Toker Özcan	General Manager
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	Polymer Plants Manager
İrfan Başkır	Specialty Polymers and Chemicals Sales Manager
Mehmet Pehlivan	General Accounting Manager
Mustafa Durukan	Purchasing Manager
Mustafa Kemal Öz	Investment Coordinator
Mustafa Vanlı	Manager of Human Resources and Industrial Relations

Developments and Activity Informations for 2015

Industry Analysis

Because of shrinkage in the Middle East and the Ukraine in 2015, and the decision of embargo by Russia in the last quarter, the exportation of ready-made clothing and clothing sector decreased 9.4%, as per year 2014. As for the exports of chemical substances declined by 13%. Export data in Turkey shows an 8.7% decrease in 2015 according to 2014. Economic stagnation brought the increases of product stocks and some capacity drops together in the textile market. Conditions of competition that is becoming difficult in the domestic market upon the reduction of the export increased the orientation of the textile producers to the cheap raw material. According to the data from Turkish Statistical Institute, the imports of 2015 growth 16% according to 2014; and amount of imported fibers which was monthly average 12 ktons increased up to 14 ktons approximately. Production stoppages and capacity reductions has occurred at regenerated fiber producers who have difficulties under the terms and conditions of the heavy competition.

In the 2015 Investment Encourage Package announced to reinvigorate the economy, the fact that Resource Utilization Support Fund (RUSF) rate that applied to forward importation is decreased down to zero from month April provided the fact that import product usage in the domestic market increases, and importation becomes attractive together with it contributes to our input costs.

Another important decision that affected our sector is the "Free Trade Agreement" (FTA) which was undersigned with Malaysia and took effect on 1st August. Together with the signing of the FTA, the import duties applied to Malaysia were zeroized. The competition conditions became harder after the South Korea FTA that came into play in year 2014, upon the taxes were zeroized without any graduality at chips and plasticizers. After the FTA of Malaysia, importation into Turkey of the Malaysia originated fibers of which costs were substantially decreased; and Turkey became target market of Malaysia. As for the other fiber prices, they were decreased because of they were positioned in accordance with Malaysia that had become main player.

The fact that the volatility is high in the domestic market in 2015 provided us to face towards the exportation. A significant increase in our sales to Europe was seen. 26% growth according to 2014 was provided in Polyester fiber exports.

Production Activities

Significant productivity booster opportunity were created thanks to the improvements in particularly our production operations in also year 2015 such as those in the last year, and thanks to the projects that will prevent waste formation in maximum level by establishing our waste management system on "0" waste, and will provide recovering and recycling of the wastes were produced.

The improvement works carried out in our managements in order to increase the productivities, to minimize the lost times and, parallel to this, process control methods were started to be applied to large extent, played a value added increaser role in our production.

Our studies that make a difference on so many subjects continued on a lot of subjects started in the previous years such as Energy Efficiency, Sustainability, Corporate Risk Management, Renovation, Innovation, Investment for Human; and they continue to contribute in a sustainable frame.

Because of Enerjisa Adana Doğalgaz Çevrim Santrali management terminated its production activities as of January 2015, water vapor which is one of our main energy input items became generated within our factory via the fact that 2 of water vapor boilers which were taken over from Enerjisa facility. In addition to this, 154 kV switch center facility which was already operated by Enerjisa was taken over by our company; and started to be operated within our structure.

Sasa that attended into "The National Quality Movement" in year 2014, in scope of the activities carried out under cooperation with Quality Association (KALDER) on the Journey of Perfection, undersigned important to success in a very short time, and crowned its corporateness by deserving to 4-star competency certificates in year 2015. Sasa projecting to obtain global competition superiority on the sustainable excellence voyage rapidly continues to its systematical studies; and will be included by the application process of Excellence Award of Turkey within next years.

As a result of successful external audit applied on Sasa in June 2015, Sasa deserved to certification for its activities of Occupational Health and Work Safety and its environmental activities that Sasa has carried out for more than 20 years in scope of total quality movements; and it included also ISO 14001 Environmental Management and OHSAS 18001 Occupational Health and Safety certificates into its integrated management systems. In addition, Sasa also successfully completed the ISO 27001 Information Security Management System certification process in September 2015; and deserved to certification.

We intensively carry out our successful activities, and creates Value Added for our company activities such as ISO 9001 Quality Management Systems and Process Management, ISO 50001 Energy Management System, ISO 31000 Corporate Risk Management Systems, 5S, PSRM and TPM by contributing our continuous renewal philosophy within this year such as done in the previous year.

3 of texture machines that had been located in our Company's facility that was closed in frame of consolidation study in year 2015 were moved to our center production facilities in order them to maintain their production operations. The amount of production was increased by 55%. The studies on the black, colored synthetic yarn were carried out. Studies for new product were completed and commercialised in order to be used in carpet, blanket, denim sectors.

Prouction Volumes

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

	2015	2014	Variance (tonne)	Variance
Dmt	232.878	245.207	-12.329	-5%
Polyester Chips	150.626	156.073	-5.447	-3%
Polyester Fibre	138.727	150.878	-12.151	-8%
Polyester Filament	6.306	4.077	2.229	55%
Poy	10.765	12.657	-1.892	-15%
Tops	1.251	1.552	-301	-19%
Tow	153	95	58	61%

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 2015 was 83% (2014: 89%).

Safety, Occupational Health & Environmental (SHE) Activities

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

Decreasing of waste and improvement of recycling 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 2015, as a consequence of sustainability projects, biogas was produced from anaerobic system. The biogas that is a renewable energy transformed in to steam by burning in a vapor boiler and nature gas savings were accomplished. Also in 2015 , our factory has been certified about ISO 14001 and OHSAS 18001 management systems.

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.

Investments, Research and Development Activities

Within our growth strategy framework, for Solid State Polymerization Plant investment of TL 23 Million was started in 2015; and it is objected to put into use in year 2016.

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 2015, total R&D expenditures have amounted to 1,4 Million TL .

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 2015, 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 as differentiated polymers.

Specialty Polymers and Chemicals

Plasticizers for Bio-Degradable Polyesters: In 2012, Sasa completed R&D studies for bio-degradable polyesters to develop new products, aimed to increase its share in different markets and started to produce commercial products after optimizations at determined plants. Product, which is named as Advanite Natura commercially, presented at Plast Eurasia (at December 5-8, 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. In 2015, R&D studies have been conducted to expand the end use opportunities of Advanite Natura.

PTA based Polymers: Sasa, sector leader of the DMT based polymer products, now also creates PTA based polymer products portfolio within its scope of "Customer Oriented Product Development" and commercialized wide range of products differentiated to the various industries especially packaging and textile. In 2016, Customer Oriented Product Development studies will continue by gathering speed.

Low Melt Polymers: Sasa has extended the existent low melt product portfolio for the several end uses with the various additives in line to the market demand conducted from the customers. In this manner, Sasa develops several both homo-polymer and co-polymer products with different crystallization, glass transition and melting point temperatures by means of differentiated compositions.

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. At 2015, the textile grade polyester heavy metal free products have been differentiated and expended the end uses. 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.

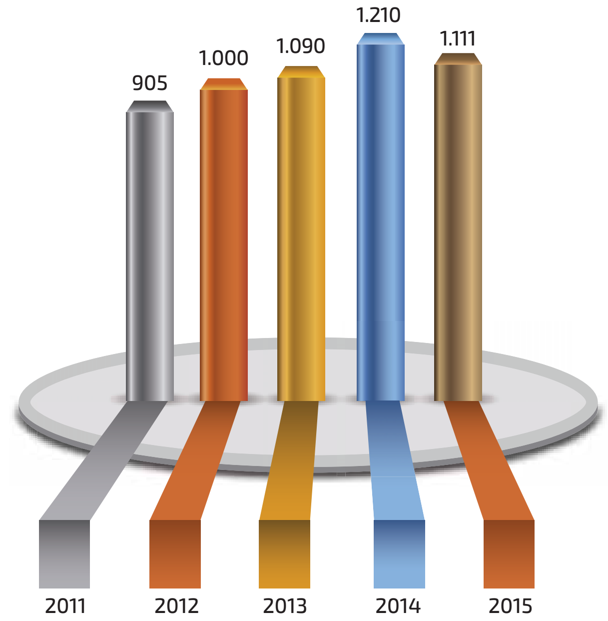
SASA POLYESTER SAN. A.Ş.

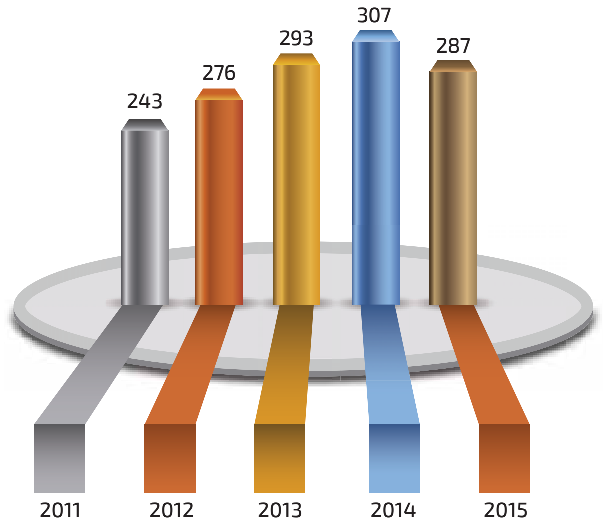
Developments and Activity Informations for 2015

Financials

Sales Revenues (TL Million)

Years	(TL Million)
2011	905
2012	1.000
2013	1.090
2014	1.210
2015	1.111





Sales Volumes (KTon)

Years	(Kilotonnes)
2011	243
2012	276
2013	293
2014	307
2015	287

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

Years	Operating Profit (Loss)	Net Profit (Loss)
2011	51.251	42.110
2012	(10.783)	(30.809)
2013	32.717	6.241
2014	86.387	71.380
2015	105.742	70.731

Basic Financial Indicators (TL Million)

	2015	2014	2013	2012	2011
Net Sales	1.111	1.210	1.090	1.000	905
Gross Profit	147	138	72	48	119
Operating Profit/Loss	106	86	33	(11)	51
EBITDA	119	108	53	13	72
Net Profit/Loss	71	71	6	(31)	42
EBITDA Margin(%)	11	9	5	1	8
Net Profit Margin(%)	6	6	1	(3)	5

Financial Ratios

	2015	2014
Liquidity Ratios		
Current Ratio	1,69	1,40
Liquidity Ratio (Acid-Test Ratio = (Current assets Inventory) / Current Liabilities)	0,95	0,80
Cash Ratio	0,12	0,04
Operational Ratios		
Receivable Turnover (Days)	76	71
Product and Semi-Finished Product Inventory Turnover (Days)	26	36
Asset Turnover	1,59	1,82
Financial Structure Ratios		
Total Liabilities/Equity	0,73	1,01
Total Liabilities./Total Assets	0,41	0,49
Short-Term Payables/Total Assets	0,41	0,48
Long- Term Payables/Total Assets	0,03	0,04
Equity/Total Assets	0,56	0,48
Interest Coverage Ratio: EBIT/Interest Expenses	11,18	6,95
Profitability Ratios		
Total Asset Profitability : Net Period Profit /Total Assets	0,10	0,11
Equity Profitability :Net Period Profit /Equity	0,18	0,22
Gross Profit Margin : Gross Profit/Net Sales	0,13	0,11
Net Profit Margin : Net Profit / Net Sales	0,06	0,06

SASA POLYESTER SAN. A.Ş.

Developments and Activity Informations for 2015

Product Sales Volumes and Revenues

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

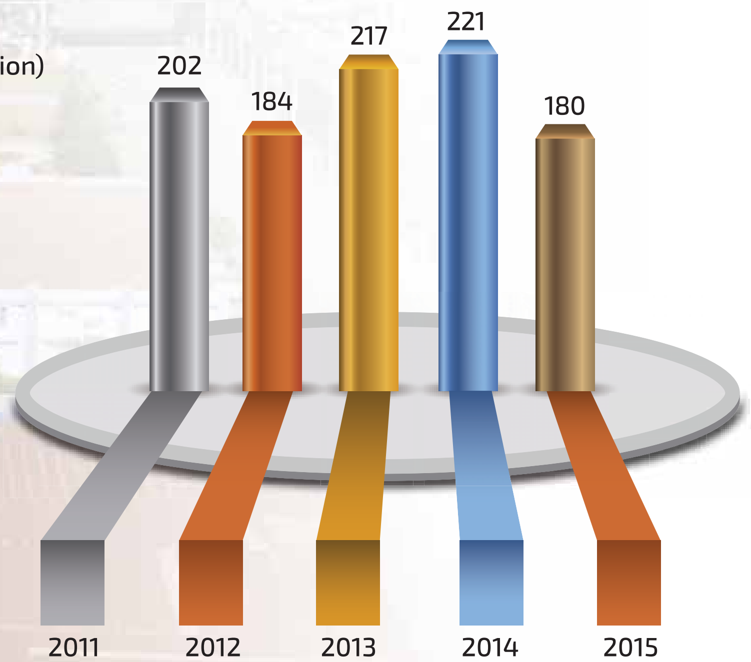
Sales Volume (Tonnes)

	2015	2014	2013	2012	2011
Dmt	5.886	6.242	7.896	9.880	17.731
Polyester Chips	128.495	138.403	119.789	106.933	92.457
Polyester Fibre	140.481	148.191	145.004	143.272	117.367
Polyester Filament	6.217	4.181	2.613	8.970	8.108
Poy	5.202	8.902	15.892	5.572	6.152
Tops	1.074	1.493	1.325	1.616	1.683
Total	**287.355**	**307.412**	**292.519**	**276.243**	**243.498**

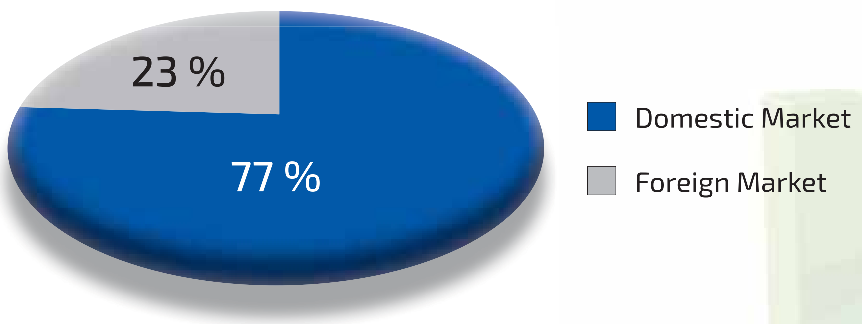
Sales Revenue (TL Thousand)

	2015	2014	2013	2012	2011
Dmt	19.601	17.552	19.563	24.572	44.202
Polyester Chips	493.226	537.615	460.442	388.694	331.839
Polyester Fibre	536.127	583.809	525.206	500.846	443.130
Polyester Filament	32.293	25.082	18.865	45.985	43.171
Poy	15.303	29.954	51.917	18.804	21.364
Tops	8.106	10.373	7.961	8.696	9.346
Other	6.752	5.403	6.312	12.381	11.530
Total	**1.111.408**	**1.209.788**	**1.090.266**	**999.978**	**904.582**

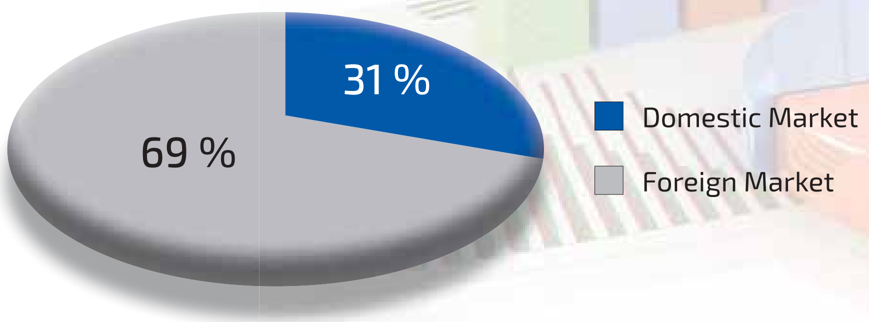
Total Exports (FOB USD Million)



Distribution of Fibre- Tops- Filament-Poy Sales Volumes in 2015

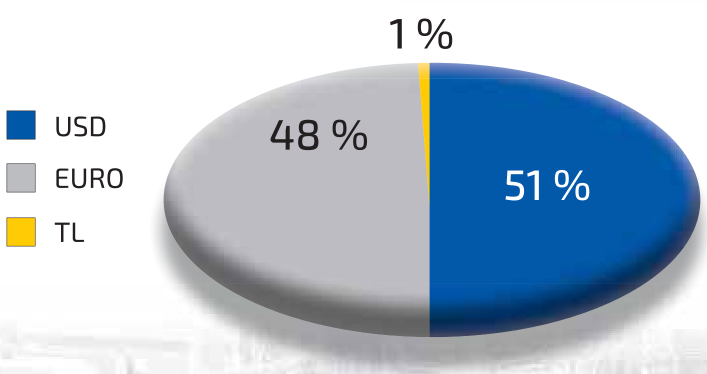


Distribution of SPC Sales Volumes in 2015



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

Distribution of 2015 Sales Income by Currency



SASA POLYESTER SAN. A.Ş.

Developments and Activity Informations for 2015

Subsidiaries and Share Rates

On September 3, 2015, Sasa Dış Ticaret A.Ş. was established with a capital of TL 2.000.000. as a 100 % subsidiary of Sasa Polyester Sanayi A.Ş.

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 2015.

Material Event Disclosures

33 Material Event Disclosures have been made on Public Disclosure Platform with respect to CMB regulations between 1st January and 31st December 2015. All disclosures were made on time and there were no suction to Company by CMB or Istanbul Stock Exchange.

Employee Information

Our number of employees, as of 31st December 2015, is 1.078 which shows an decrease of 10 person when compared with 31st December 2014.

By the end of year 2015 the distribution of our personnel, based on the numbers at the main site and the other exterior sites are as follows :

Main Site	1.071 People
İskenderun Tank Area and Loading	7 People
TOTAL	**1.078 People**

The Collective Labour Agreement Implementations

For chemical sector, XIX.Period Collective Labour Agreement was signed on May 12, 2015. It will remain in effect beginning from January 01, 2015 until December 31, 2016 for 2 years.

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.

Collective Bargaining Agreement negotiations began on March 1, 2016 between Textile Workers' Union and the Textile Businesses.

Donation Information

Our company has donated 155.632 TL in 2015.

Related Party Transactions

Related party transactions, and amounts carried out in year 2015 are as follows:

Sales to Related Parties (TL Thousand)

	Goods	Rent
Group Companies	1.543	68
- Kordsa (1) (*)	750	-
-Özerdem Mensucat San. Tic. A.Ş. (1)	380	-
-Merinos Halı San. Tic. A.Ş. (1)	271	-
-Merinos Mobilya Tekstil San. Tic. A.Ş. (1)	136	-
-Dinarsu İmalat ve Ticaret T. A.Ş. (1)	6	-
- Enerjisa (1) (*)	-	57
- Yünsa (1) (*)	-	6
- Temsa (1) (*)	-	5
Total	1.543	68

(*) Since April 30, 2015 at Sabanci Holding A.Ş. has sold its own 51% stake of Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding A.Ş. , mentioned companies are not a related party for no longer.

Purchases From Related Parties (TL Thousand)

	Goods	Service	Fixed Asset	Rent
1) Shareholders	-	-	-	36
- Sabancı Holding (2) (*)	-	-	-	36
2) Group Companies	-	17.324	15.222	-
-Toroslar Elektrik Dağıtım A.Ş. (1) (*)	-	15.136	-	-
- Aksigorta (1) (*)	-	1.820	-	-
- Bimsa (1) (*)	-	243	463	-
- Avivasa (1) (*)	-	117	-	-
- Sabtek (1) (*)	-	8	-	-
- Enerjisa (1) (*)	-	-	14.759	-
Total	-	17.324	15.222	36

(*) Since April 30, 2015 at Sabanci Holding A.Ş. has sold its own 51% stake of Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding A.Ş. , mentioned companies are not a related party for no longer.

Developments and Activity Informations for 2015

General Assembly Information

To discuss the activities of 2015; General Assembly Meeting is going to be maked at 11:00 on Tuesday, 29th March, 2016 at the company headquarters, which address is Yolgeçen Mahallesi Turhan Cemal Beriker Bulvarı No: 559 01355 Seyhan / Adana. Agenda of the General Meeting is as follows:

SASA POLYESTER SANAYİ A.Ş.

Agenda of the Ordinary General Assembly Meeting on Wednesday, 29th March, 2016, at 11:00

1. Opening and formation of the Council

2. Reading and Discussing the Annual Report of the Board of Directors belonging to year of 2015.

3. Reading the Summary of Independent Auditing Report of 2015.

4. Reading, negotiation and approval of the financial statements of 2015.

5. The acquittal of the Board members for their activities in 2015.

6. Determining the usage of Profit of 2015.

7. Informing the General Assembly about the donations made in 2015. Determining of donation limits planning to be realised in 2016

8. By depending on the consent obtained from Capital Market Board and the Republic of Turkey Customs and Commerce Ministry, It was decided on the fact that Article 8 with the caption of Capital of Articles of Incorporation amendment, and Article 37 with the caption of The Donations To Be Made to Haci Omer Sabanci Foundation or to Sabanci University cancellation.

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

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

SASA POLYESTER SAN. A.Ş.

INVESTOR RELATIONS

Main Contract Changes Made During the Period of Association.

In the meeting of our Board of Directors with the date of 08.12.2015 and with the number of 30, it was decided about of the fact that Article 8 with the caption of Capital of the Articles of Incorporation of our Copmany is amended, and also Article 37 Article 37 with the caption of The Donations To Be Made to Haci Omer Sabanci Foundation or to Sabanci University is cancelled. Approvals by the Capital Markets Board and Ministry of Customs and Commerce for above mentioned amendment of Articles of Association were obtained; and will be registered after the General Assembly meeting. Old and new forms of the mentioned amendments are as follows:

SASA POLYESTER SANAYİ A.Ş.
AMENDMENT DRAFT OF ARTICLES OF INCORPORATION

OLD FORM	NEW FORM
CAPITAL	CAPITAL
Article 8: The Company accepted "Registered Capital" System in accordance with the provisions of the Capital Market Law; and also passed into this system under the permission of Capital Market Board with the date of 13.04.1999 and with the number of 35/413.	**Article 8:** The Company accepted "Registered Capital" System in accordance with the provisions of the Capital Market Law; and also passed into this system under the permission of Capital Market Board with the date of 13.04.1999 and with the number of 35/413.
Company s registered capital ceiling is TL 500.000.000 (Five Hundred Millions Turkish Liras); and was divided into 50.000.000.000 (Fifty Billions) nominative shares each one is with 1 Kr. (One Kurus) nominal value.	Company s registered capital ceiling is TL 500.000.000 (Five Hundred Millions Turkish Liras); and was divided into 50.000.000.000 (Fifty Billions) nominative shares each one is with 1 Kr. (One Kurus) nominal value.
Permission of the upper limit of registered capital from Capital Market Board is valid for years 2011-2015 (5 years). Even if the upper limit of registered capital permitted at the end of year 2015 is not reached, it is a must that the Board of Directors obtain authorization for a new period, not longer than 5 years, from the General Assembly by obtaining permission of Capital Market Board for the amount of the previously granted upper limit or for a new upper limit in order to the fact that the Board of Directors can make decision of increase of capital after year 2015. In case of above mentioned authorization is not be obtained, it is regarded that the Company took out of the system.	Permission of the upper limit of registered capital from Capital Market Board is valid for years **2016-2020 (5 years). Even if the upper limit of registered capital permitted at the end of year 2020 is not reached,** it is a must that the Board of Directors obtain authorization for a new period, not longer than 5 years, from the General Assembly by obtaining permission of Capital Market Board for the amount of the previously granted upper limit or for a new upper limit in order to the fact that the **Board of Directors can make decision of increase of capital after year 2020.** In the event of the mentioned authorization is not obtained, the Company can not increase the capital via Decision of The Board of Directors.
The issued capital of the company is TL 216.300.000 (Say Two Hundreds Sixteen Millions and Three Thousands Turkish Liras); and the mentioned issued capital was fully paid as being free of collusion.	The issued capital of the company is TL 216.300.000 (Say Two Hundreds Sixteen Millions and Three Thousands Turkish Liras); and the mentioned issued capital was fully paid as being free of collusion.
The shares representing the capital are monitored as dematerialized under the principles of dematerializing.	The shares representing the capital are monitored as dematerialized under the principles of dematerializing.
The Board of Directors is authorized to increase the issued capital by issuing new shares up to the registered ccapital ceiling in accordance with the provisions of the Capital Market the Law, whenever it deems it is necessary. The Board of Directors can make decision on the fact that the value of newly issued shares is higher than the nominal value.	The Board of Directors is authorized to increase the issued capital by issuing new shares up to the registered capital ceiling in accordance with the provisions of the Capital Market the Law, whenever it deems it is necessary. The Board of Directors can make decision on the fact that the value of newly issued shares is higher than the nominal value.
The share amounts corresponding to the capital committed in cash are paid in advance and cash during the commitment.	The share amounts corresponding to the capital committed in cash are paid in advance and cash during the commitment.

New shares are issued with the ratio of increase at the increasing of the issued capital.	New shares are issued with the ratio of increase at the increasing of the issued capital.
The share owners use their preemptive rights in ratio of increase of the issued capital.	The share owners use their preemptive rights in ratio of increase of the issued capital.
The nominative shares are registered in the Stock Ledger of the Company.	The nominative shares are registered in the Stock Ledger of the Company.

THE DONATIONS TO BE MADE TO HACI OMER SABANCI FOUNDATION OR THE SABANCI UNIVERSITY

Article 37: On the condition that the first profit share to be distributed to the shareholders is not injured, the company will pay the 4% of its pre-tax profit as donation to Haci Omer Sabanci Foundation or to Sabanci University on the condition that it will be subtract from the tax assessment.	**Article 37: It was canceled.**

Independent Audit Company Selection

The financial auditing of our Company for year 2015 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 Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. of Süleyman Seba Caddesi BJK Plaza No:48 B Blok Kat:9 34357 Beşiktaş / İstanbul to carry out auditing financial reports of our Company in year 2016 and under the scope of other related regulations in these laws.

Changes in Stock Price

Company stock price is 2,08 TL by the end of year 2015. There was 6,67 % increase in company stock price from the beginning of year 2015.

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 2015.

Distributed Gross Profit Amount and Rate

There is no dividend payment in the year 2015.

SASA POLYESTER SAN. A.Ş.

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 open-minded 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.
- Sasa 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, 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 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 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 01.01.2015 and 31.12.2015 was 1.979.000 TL.

SASA POLYESTER SAN. A.Ş.
Sustainability

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, Sasa 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

Outdoor Training Programs

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

- 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 Sasa,

• 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 Company, use this information only for the purposes of the Company, and share this information only with relevant authorized parties.

Conflict of Interest
Conflict of Interest is defined as the use of 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 Company, 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. However, employees may only work for third party (family member, friend, other third persons) and / or an organization in return for a payment or a similar benefit outside business hours with the condition that this activity;

• does not create any conflict of interest with their current role in their company

• 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 chairman of the board for General Manager; and appoval of other positions shall be made by Company General Manager based on the Company Ethics Compliance Officers's and Company Human Resources Manager's advice.

• We avoid using Sasa name and power, our Sasa 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, non-governmental 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 Sasa, 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 "Sasa" 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 company, we consult first with the relevant personnel, following the appropriate technical and administrative consulting procedures.

SASA POLYESTER SAN. A.Ş.

Sustainability

Corporate Risk Management

With the help of the past experience, knowledge and own energy, our company carries out the Corporate Risk Management according to the ISO 31000 / Risk Management, Principles, Guidelines Standard, Sasa Corporate Risk Management Regulations.

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 are being 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 2015, the auditing of 5 of business process were completed and reported.

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.

Audit Comittee

Hüsnü Ertuğrul Ergöz	President
Mehmet Kahya	Member

The Committee meets up four times in a year at least once every three months; and creates minutes of the results of the meeting 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

Mehmet Kahya	President
Hüsnü Ertuğrul Ergöz	Member
Mehmet Pehlivan	Member

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

Mehmet Kahya	President
Hüsnü Ertuğrul Ergöz	Member

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 2015. The Committees act within their authorities and responsibilities; and create recommendations for the Board of Directors.

STATEMENT FOR COMPLIANCE WITH CORPORATE MANAGEMENT PRINCIPLES

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

Main duties of the unit are;

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

Shareholder relations unit is responsible for conducting relations with shareholders within the frame of Corporate Management Principles. Within these duties, all questions from the phone and also e-mails sent by shareholders were replied in 2015.

Pursuant to CMB regulations, 33 material disclosures were made at Public Disclosure Platform by Company in 2015. These disclosures were done in time and sanctions were not imposed by CMB or İstanbul Stock Exchange.

3. Exercising of Shareholders' Right to Information

Shareholders requests coming through phone, e-mail and at face to face meetings were replied by Shareholder Unit in 2015. 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 2015.

4. General Meetings

One Ordinary General Meeting in İstanbul was held on 25th March 2015 and participation of shareholders who represent 59,19 % rates of shares was ensured. Also in electronic media (e-General Assembly) the participation has been achieved for 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 2014 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.

One extraordinary General Meeting in İstanbul was held on 30th April 2015 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 General Meeting.

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 address etik@sasa.com.tr and phone number (322) 441 01 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 instuitional 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,
- 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,

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Statement For Compliance With Corporate Management Principles

- 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 2015.

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:

İbrahim Erdemoğlu
Chairman of the Executive Board (executive member)

Ali Erdemoğlu
Vice Chairman of the Executive Board (executive member)

Toker Özcan
Member of Board (executive member)

Mehmet Erdemoğlu
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

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 2015, 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 2015 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 : Mehmet Pehlivan (General Accounting Manager)

Corporate Management Committee President is selected among the independent members in compliance with Corporate Management Principles. The Corporate Management Committee meetings are held at least four times a year at a place determined by the president. The Committee arranges meetings at least once a year to revise Risk Management Systems.

At the beginning of each year, meeting schedule of the year is prepared and announced to all the members by the Committee President. The others who are approved by the president can participate in the meetings.

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

Audit Committee

President : Hüsnü Ertuğrul Ergöz (Independent Member)

Member : Mehmet Kahya (Independent Member)

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

Risk Committee

President : Mehmet Kahya (Independent Member)

Member : Hüsnü Ertuğrul Ergöz (Independent Member)

Our Board of Directors of the In the view of the Corporate Governance Principles of the Capital Markets Board of Turkey (CMB) and in accordance with the Turkish Commercial Code No. 6102's via the provisions of official article of 378 and as to be authorized, an Early Identification of the Risk Committee has been established as based on the decision of our Administrative Board on the date of 15.08.2013.

The Early Identification of the Risk Committee's Chairman and Member meets at least six times per year, according to the principles of the Corporate Governance and these will be selected among the independent members.

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

No conflict of interest occurred among committees during the year of 2015.

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. Depending on the Corporate Management Committee, 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 2015, it was decided that 3.500 TL salary would be paid to the Members of Board during their duty period (for 3 years).

During the year of 2015, 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 SAN. A.Ş.

SASA
POLYESTER SANAYİ A.Ş.

31.12.2015

CONSOLIDATED FINANCIAL STAMENTS AND INDEPENDENT AUDITOR'S REPORT

EY
Building a better working world

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Independent auditors' report on the consolidated financial statements

To the Board of Directors of Sasa Polyester Sanayi Anonim Şirketi

Report for the consoidated financial statements

We have audited the accompanying consolidated balance sheet of Sasa Polyester Sanayi Anonim Şirketi and its Subsidiaries (together will be referred to as the "Group") as at 31 December 2015 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated 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 Group's management is responsible for the preparation and fair presentation of financial statements in accordance with the Turkish Accounting Standards and for such internal controls as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error or fraud.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with Standards on Auditing as issued by the Capital Markets Board of Turkey and Auditing Standards which are part of the Turkish Auditing Standards as issued by Public Oversight Accounting and Auditing Standards Authority ("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 consolidated 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 consolidated financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error and/or fraud. In making those risk assessments, the Group'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 consolidated financial statements prepared by the Group 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 Group's management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Sasa Polyester Sanayi Anonim Şirketi and its subsidiary as at 31 December 2015 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 29, 2016.

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 2015 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 29, 2016
İstanbul, Türkiye

SASA POLYESTER SANAYİ A.Ş. and ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated)

	Notes	Current Period (Audited) 31 December 2015	Prior Period (Audited) 31 December 2014
ASSETS			
Current Assets		**480.881**	**450.566**
Cash and Cash Equivalents	3	34.456	13.986
Trade Receivables	6	228.620	231.357
– Other Trade Receivables		228.233	231.357
– Other Trade Receivables from Related Parties	29	387	-
Other Receivables	8	1.062	3.504
– Other Receivables		1.062	3.177
– Other Receivables from Related Parties	29	-	327
Inventory	9	202.662	183.087
Prepaid Expenses	10	352	241
Other Current Assets	18	7.896	12.334
Assets Held for Sale	14	5.833	6.057
Non-Current Assets		**218.680**	**214.978**
Trade Receivables	6	320	4.294
Other Receivables	8	60	60
Investment Properties	11	850	1.039
Tangible Assets	12	141.604	140.848
Intangible Assets	13	2.068	2.423
Prepaid Expenses	10	1.577	854
Deferred Tax Assets	27	8.398	5.694
Otner Non-Current Assets	18	63.803	59.766
TOTAL ASSETS		**699.561**	**665.544**
LIABILITIES			
Current Liabilities		**284.811**	**320.906**
Short-Term Borrowings	5	151.952	199.842
Trade Payables	6	120.964	112.903
– Other Trade Payables		120.964	103.529
– Trade Payables to Related Parties		-	9.374
Liabilitis for Employee Benefit	7	3.677	3.259
Other Payables	8	497	1.077
– Other Payables to Third Parties		497	1.067
– Other Payables to Related Parties		-	10
Deferred income	8	2.768	620
Provision for Corporate Tax	27	1.389	-
Current Provisions		3.564	3.205
– Short-Term Provisions	15	1.064	705
– Short-Term Provisions for Employee Benefits	17	2.500	2.500
Non-Current Liabities		**23.683**	**24.302**
Financial Liabilities	5	-	4.000
Long-Term Provisions		23.683	20.302
– Long-Term Provisions for Employee Benefits	17	23.683	20.302
EQUITY		**391.067**	**320.336**
Share Capital	20	216.300	216.300
Share Capital Inflation Adjustments	20	196.213	196.213
Restricted Reserves	20	5.963	5.356
Remeasurement losses of defined benefit pension plans	20	(2.073)	(2.073)
Accumulated Losses	20	(96.067)	(166.840)
Net Profit for the Period		70.731	71.380
TOTAL LIABILITIES		**699.561**	**665.544**
Contingent asset, liability and commitments	15,16		

The accompanying policies and explanatory notes form an integral part of these financial statement.

SASA POLYESTER SANAYİ A.Ş. and ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated)

	Notes	Current Period (Audited) 31 December 2015	Prior Period (Audited) 31 December2014
CONTINUING OPERATIONS			
Revenue (Net)	21	1.111.408	1.209.788
Cost of Sales (-)	21	(964.672)	(1.071.447)
GROSS PROFIT		**146.736**	**138.341**
General Administrative Expenses (-)	22	(17.595)	(17.698)
Marketing, Sales and Distribution Expenses (-)	22	(50.972)	(49.393)
Research and Development Expenses (-)	22	(1.834)	(1.808)
Other Operating Income	24	105.187	78.167
Other Operating Expenses (-)	24	(75.780)	(61.222)
OPERATING PROFIT		**105.742**	**86.387**
Investment Income	23	191	654
Investment Expenses (-)	23	(48)	-
OPERATING PROFIT BEFORE FINANCIAL LOSS		**105.885**	**87.041**
Financial Income	25	8.950	4.094
Financial Expenses (-)	26	(42.721)	(24.047)
OPERATING (LOSS) / PROFIT BEFORE TAX		**72.114**	**67.088**
Tax Benefit / (Expense)		**(1.383)**	**4.292**
– Current Tax Expense	27	(4.087)	-
– Deferred Tax Income / (Expense)	27	2.704	4.292
PROFIT FOR THE PERIOD		**70.731**	**71.380**
Other Comprehensive Income / (Expense)			
Remeasurement losses of defined benefit pension plans		-	(959)
TOTAL COMPREHENSIVE INCOME		**70.731**	**70.421**
Earnings per share (Hundred)	28	0,327	0,326

The accompanying policies and explanatory notes form an integral part of these financial statement.

SASA POLYESTER SANAYİ A.Ş. and ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015

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

	Notes	Paid in Capital	Inflation Adjustment to Shareholders Equity	Restricted Reserves	Other comprehensive income / (expense) not in the reclassified to profit or loss: Remeasurement losses of defined benefit pension plans	Net profit for the year	Accumulated Losses	Total Equity
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**
Balance at 1 January 2015	**20**	**216.300**	**196.213**	**5.356**	**(2.073)**	**71.380**	**(166.840)**	**320.336**
Transfers		-	-	607	-	(71.380)	70.773	-
Net Profit for the Period		-	-	-	-	70.731	-	70.731
Total Comprehensive Income /(Loss)		-	-	-	-	70.731	-	70.731
Balance at 31 December 2015	**20**	**216.300**	**196.213**	**5.963**	**(2.073)**	**70.731**	**(96.067)**	**391.067**

The accompanying policies and explanatory notes form an integral part of these financial statement.

SASA POLYESTER SANAYİ A.Ş. and ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015

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

	Notes	Current Period (Audited) 1 January - 31 December 2015	Prior Period (Audited) 1 January - 31 December 2014
Profit/ (Loss) before taxation		**72.114**	**67.088**
Cash Flows from operating activities			
Depreciation and amortization expense	11,12,13	13.201	21.543
Interest expense	26	9.454	12.426
Gain on sale of fixed assets	23	(143)	(654)
Provision for impairment fixed assets	12,24	6.195	-
Change in provision for employee benefits	17	6.941	3.308
Changes in provisions	15	359	356
Interest income from bank deposits	25	(548)	(232)
Rediscount interest income (net)	6	451	(1.155)
Provision for doubtful receivable	24	309	374
Premium provision	17	1.247	3.350
Provision for impairment inventories-net	9	3.752	8.262
Operating cash flows provided before changes in working capital:		**113.332**	**114.666**
Changes in operating assets and liabilities:			
Changes in trade receivable	6	6.290	(866)
Changes in due from related parties	6,8	(60)	(155)
Changes in inventories	9	(23.327)	(13.197)
Changes in other receivables	8	2.115	(1.900)
Changes is prepaid expenses	10	(834)	37
Changes in other current assets	18	4.438	(6.307)
Changes in other non-current assets	18	(4.037)	(527)
Changes in trade payables	6	17.484	(119.882)
Changes in due to related parties	29	(9.384)	(2.006)
Changes in debt for employee termination benefits	7	488	115
Changes in other short term liabilities	8	1.578	493
Net cash generated by operating activities:		**108.083**	**(29.529)**
Employment termination benefits paid	15,17	(3.171)	(2.918)
Changes in premium provision	17	(1.247)	(1.000)
Changes in corporate tax	27	(2.698)	-
Tax payable paid	8	-	(1.218)
Net cash used in operating activities		**100.967**	**(34.665)**
Investing activities:			
Purchase of property, plant and equipment and intangible assets	12,13	(19.853)	(1.976)
Proceeds from sale of property, plant and equipment	12,14	612	912
Net cash used in investing activities		**(19.241)**	**(1.064)**
Financing activities:			
Bank loans received	5	249.815	229.181
Interest paid	5,26	(11.864)	(6.661)
Interest received	25	548	232
Repayment of borrowings	5	(299.755)	(173.637)
Net cash generated by financing activities		**(61.256)**	**49.115**
Net increase / (decrease) in cash and cash equivalents	3	20.470	13.386
Cash and cash equivalents at the beginning of the period	3	13.986	600
Cash and cash equivalents at the end of the period	**3**	**34.456**	**13.986**

The accompanying policies and explanatory notes form an integral part of these financial statement.

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

As of 31 December 2015, number of employees of the Group is 1.078 (31 December 2014: 1.088).

(*) Hacı Ömer Sabancı Holding A.Ş.has sold all the shares in SASA Polyester Sanayi A.Ş with a nominal value of 110.313.001,18 TL corresponding to 51 % of the total share capital of Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding with a price of 104.189.990 USD as at 30 April 2015.

Subsidiaries

The Company has founded, Sasa Dis Ticaret A.Ş.,with TL 2.000 paid in capital owning 100% of shares, ("the Subsidiary"), in accordance with the Board of Directors decision numbered 24 and dated August 27, 2015, in order to gain an effective structure to the Company's export operations. Sasa and its subsidiary, together will be referred to as the "Group".

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

Basis of Preparation of Financial Statements and Significant Accounting Policies

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

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

Functional and representative currency of the Group 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 29, 2016 and signed by General Manager Toker Özcan and General Accounting Manager Mehmet Pehlivan on behalf of the Board of Directors. The financial statements of the Group 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.

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

2.2 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.

2.3 Changes in Accounting Policies

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

2.4 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 Group in the current year.

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

2.5 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2015 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2015. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2015 are as follows:

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. The amendment did not have an impact on the consolidated financial statements of the Group.

Annual Improvements to TAS/TFRSs

In September 2014, POA issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle.

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to performance and service conditions which are vesting conditions are clarified. The amendment is effective prospectively.

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

TFRS 3 Business Combinations

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) An entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar". 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. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment is effective retrospectively.

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.

TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 in determining whether the transaction is the purchase of an asset or business combination. The amendment is effective prospectively.

The amendments did not have a significant impact on the consolidated financial statements of the Group.

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 consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012 and February 2015, the new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. 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 Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

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 January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

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 January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

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 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 January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

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

In April 2015, Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 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
• Using the equity method defined in TAS 28

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

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

In February 2015, amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 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 TFRS 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 January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TAS 1: Disclosure Initiative (Amendments to TAS 1)

In February 2015, amendments issued to TAS 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 January 1, 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Group.

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

Annual Improvements to TFRSs - 2012-2014 Cycle

In February 2015, POA issued, Annual Improvements to TFRSs 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 – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan

• IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report

• IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located

• IAS 34 Interim Financial Reporting –clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

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

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 Group will make the necessary changes to its consolidated 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 original effective date was January 1, 2017. However, in September 2015, IASB decided to defer the effective date to reporting periods beginning on or after January 1, 2018, with early adoption permitted.

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

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

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 January 1, 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 Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 16 Leases

In January 2016, the IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

In January 2016, the IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Group applies this relief, it shall disclose that fact. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

IAS 7 Statement of Cash Flows (Amendments)

In January 2016, the IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Group first applies those amendments, it is not required to provide comparative information for preceding periods. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

2.6 Significant Accounting Estimations and Decisions

Preparation of consolidated 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 Group management's best estimates related with the current conditions and transactions, actual results may differ than these estimates.

<u>Net realizable value of inventory</u>
Inventories are stated at the lower of cost and net realizable value. The Group 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, 2015 the cost of inventories was reduced by TL 3.752 (31 December 2014: TL 8.262) and it was recorded to cost of sales.

<u>Determination of recoverable amount of tangible assets</u>
As discussed in Note 12, the Group 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 Group's tangible assets as at 31 December 2015. The future projections included in the subject study is heavily dependent on the demand of customers in the market. Moreover, the Group 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 Group management's future estimations and assumptions.

<u>Deferred tax</u>
The Group 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 Group'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.

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

The Group 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 Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

VAT

The Group 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. 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 Group 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).

2.7 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 Group is probable. Net sales are calculated after the sales returns and sales discounts are deducted.

Sale of good

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 Group.
- The absence of Group'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;

Rental income

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

Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers of the Group. 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.

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

The senior management of the Group makes strategic decisions as a whole over the operations of the Group as the Group 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.

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

(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 Group,

(ii) has significant influence over the Group, or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

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

(i) The entity and the Group 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 Group or an entity related to the Group. 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)

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

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:

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

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

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

Leasing

Leasing – the Group 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 Group 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 Group'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.

Assets Held For Sale

According to the Group management, 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.

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

The recovery of the book value doesn`t depend on the usage of the relevant tangible asset but the sale of the tangible asset. For the tangible assets classified under current assets held for sale, the depreciation provision is stopped as of the date of the classification date.

Intangible Assets

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

Research and Development Costs

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

Financial Instruments

Financial assets

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

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

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.

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

Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings. 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).

Impairment of financial assets

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

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

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

Cash and cash equivalents

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

Monetary assets

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

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

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

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

Financial liabilities

Financial liabilities and equity instruments issued by the Group 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 Group 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.Trade payables are stated at fair value.

Effects of changes in foreign currency

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

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

The government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

The portion of government grants associated to previously capitalize intangible assets is deducted from the cost of the intangible asset, whereas the other government grants are recognized as income in the period which they are incurred.

Investment Property

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method. 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 18-40 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 Group. 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 "long-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 Group"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

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

is accounted for using the statement of financial position Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group 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 Group 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 Group 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 Group's articles or objects excluding profit distribution (etc. tax advantage for gain on sale of subsidiaries). These reserves are carri ed at their statutory amounts.

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

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 Group'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.

NOTE 3- CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
Cash on hand	14	4
Banks	34.442	13.982
- Foreign currency demand deposits	4.299	2.060
- TL demand deposits	160	122
- Foreign currency time deposits (*)	19.113	-
- TL time deposits (**)	10.870	11.800
	34.456	**13.986**

(*) The effective weighted average interest rate is 1% and maturity is January 4, 2016 for TL 19.113 foreign currency time deposits as of December 31, 2015. (2014: None)

(**) The effective weighted average interest rate is 11,18% and maturity is January 4, 2016 for TL 10.870 time deposits as of December 31, 2015. (2014: 10,15% and January 2, 2016)

There is not any pledge on banks as of December 31, 2015 and December 31, 2014.

NOTE 4- FINANCIAL ASSETS

None.

NOTE 5- BORROWINGS

Short term borrowings

	31 December 2015	31 December 2014
Short-term bank borrowings	147.837	195.611
Current portion of long-term borrowings	4.115	4.231
Short-term borrowings	**151.952**	**199.842**

Long-term borrowings

	31 December 2015	31 December 2014
Long-term bank borrowings	-	4.000
Long-term borrowings	**-**	**4.000**

Foreign currency denominated bank borrowings and corresponding interest expense accruals as at 31 December 2015 and 31 December 2014 are as follows:

Principal	31 December 2015			31 December 2014		
Original Currency	**Weighted Average Effective Interest Rates%**	**Original Amount**	**TL**	**Weighted Average Effective Interest Rates%**	**Original Amount**	**TL**
TL	9,72	-	41.428	10,26	-	63.119
USD	1,75	22.000.000	63.966	1,50	58.137.581	134.813
Euro	1,30	13.550.341	43.058	-	-	-
			148.452			**197.932**
Accrued Interest						
TL		-	3.500		-	5.823
USD		-	-		38	87
			151.952			**203.842**

NOTE 6- TRADE RECEIVABLES AND TRADE PAYABLES

Trade Receivables

	31 December 2015	31 December 2014
Trade receivables (*)	173.598	177.182
Cheques received (**)	58.226	57.457
Trade receivables from related parties (Note 29)	387	-
Provision for doubtful receivables	(3.591)	(3.282)
	228.620	**231.357**

(*) As of 31 December 2015 trade receivables are discounted by using monthly 0,84% for TL, 0,13% for USD, 0,13% for EUR. (As of 31 December 2014 0,84% for TL, 0,13% for USD, 0,13% for EUR).

(**) Cheques received constitute the cheques obtained from customers and kept in portfolio as a result of trade activities and consist of TL 28.312 with maturities of less than three months (31 December 2014: TL 24.610).

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NOTE 6- TRADE RECEIVABLES AND TRADE PAYABLES (continued)

Non-current trade receivables

Trade Receivables

	31 December 2015	31 December 2014
Trade Receivables	320	4.294
	320	**4.294**

As of 31 December 2015 and 31 December 2014, past due but not provisioned trade receivables as follows:

Overdue Period	**31 December 2015**	**31 December 2014**
0 - 1 month	15.279	12.156
1 - 3 months	1.269	1.714
Over 3 months	399	196
Total	**16.947**	**14.066**

As of 31 December 2015 and 31 December 2014, due to existence of receivable insurance, bank guarantee, mortgage and other guarantees (i.e. cheques), the Group 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 2015**	**31 December 2014**
0 - 3 month	259	-
Over 6 months	3.332	3.282
Total	**3.591**	**3.282**

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

	1 January - 31 December 2015	**1 January - 31 December 2014**
Balance at 1 January	**(3.282)**	**(3.033)**
Charged for the period (Note 24)	(309)	(374)
Provision released	-	125
Balance at 31 December	**(3.591)**	**(3.282)**

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

NOTE 6- TRADE RECEIVABLES AND TRADE PAYABLES (continued)

Trade Payables

	31 December 2015	31 December 2014
Trade Payables	117.884	101.824
Accrued expenses	3.080	1.705
Due to related parties (Note 29)	-	9.374
	120.964	**112.903**

As of 31 December 2015 trade payables are discounted by using monthly 0,84% for TL, 0,13% for USD, 0,13% for EUR.(As of 31 December 2014 0,84% for TL, 0,13% for USD, 0,13% for EUR).

As of 31 December, 2015 average turnover for trade receivables and trade payables are 79 days and 82 days, respectively (31 December 2014: 85 days and 78 days respectively).

NOTE 7 – LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits

	31 December 2015	31 December 2014
Social security and taxes payable	2.664	2.323
Due to personnel	1.013	936
	3.677	**3.259**

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	31 December 2015	31 December 2014
Receivables from insurance indemnity	539	294
Job advance	204	270
Deposits and guarantees	-	1.362
Other receivables	319	1.251
	1.062	3.177
Due from related parties (Note 29)	-	327
	1.062	**3.504**

Other Non-Current Receivables

	31 December 2015	31 December 2014
Deposits and guarantees	60	60
	60	**60**

Other Payables

	31 December 2015	31 December 2014
Taxes payables	478	418
Cancellation of VAT	11	557
Due to related party (Note 29)	-	10
Other	8	92
	497	**1.077**

NOTE 8 - OTHER RECEIVABLES AND PAYABLES (continued)

Deferred income

	31 December 2015	31 December 2014
Advances taken	2.768	620
	2.768	**620**

NOTE 9 – INVENTORIES

	31 December 2015	31 December2014
Raw materials and supplies	82.444	67.590
Intermediate goods	79.778	75.423
Finished goods	39.811	38.218
By-products (*)	3.844	3.024
Semi-finished goods	3.475	3.094
Spare parts	3.500	2.768
Other	3.097	2.505
Less: Impairment in value of inventories (**)	**(13.287)**	**(9.535)**
	202.662	**183.087**

(*) 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 2015	1 January -31 December 2014
Balance at 1 January	**(9.535)**	**(1.273)**
Charged for the period (Note 21)	(3.752)	(8.262)
Balance at 31 December	**(13.287)**	**(9.535)**

The Group has increased TL 3.752 of its provision for impairment of inventories which was amounting TL 9.535 and therefore realized allowance for impairment in current year for TL 13.287.

As of 31 December 2015, total inventory accounted with net realizable value is TL 130.361 (31 December 2014: TL 123.176).

NOTE 10 – PREPAID EXPENSES

Prepaid Expenses (Short-term)

	31 December 2015	31 December 2014
Revision expenses	-	241
Other prepaid expenses	352	-
	352	**241**

Prepaid Expenses (Long-term)

	31 December 2015	31 December 2014
Advance for construction in progress	1.537	775
Long-term prepaid expenses	40	79
	1.577	**854**

(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 2015 and 2014 are as follows:

	1 January 2015	Additions	Other Transfers	Disposal	31 December 2015
Cost					
Land	5	-	-	-	5
Buildings	3.780	-	-	-	3.780
	3.785	**-**	**-**	**-**	**3.785**
Accumulated Depreciation					
Building	2.746	189	-	-	2.935
Net Book Value	**1.039**				**850**

As of December 31, 2015 the Group has leased properties with the net book value of TL 850 (31 December 2014: TL 1.039) to the third parties through lease agreements.

The Group has generated rent income of TL 463 (31 December 2014: TL 426) 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 4.672 (31 December 2014: TL 4.622) with 5,1% inflation rate and 10,02% rediscount rates.

	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**

The total depreciation for the period ended 31 December 2015 and 2014 is presented in Note 12.

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

The movement schedules of property, plant and equipment and related accumulated depreciation for 31 December 2015 and 2014 are as follows;

	1 January 2015	Additions (*)	Transfers from construction in Progress	Other transfers	Disposal	31 December 2015
Cost						
Land	15.537	10.227	-	-	-	25.764
Land Improvements	7.179	14	-	-	-	7.193
Buildings	59.829	2.499	-	-	-	62.328
Machinery and equipment (*)	401.772	1.440	3.391	(8.909)	(873)	396.821
Motor vehicles	1.785	5	-	-	-	1.790
Furniture and fixtures	5.083	829	-	-	(2)	5.910
Construction in progress	1.832	4.091	(3.391)	-	-	2.532
	493.017	**19.105**	**-**	**(8.909)**	**(875)**	**502.338**
Accumulated depreciation						
Land Improvements	5.772	406	-	-	-	6.178
Buildings	40.061	3.026	-	-	-	43.087
Machinery and equipment	300.752	8.067	-	(2.714)	(630)	305.475
Motor vehicles	1.684	24	-	-	-	1.708
Furniture and fixtures	3.900	386	-	-	-	4.286
	352.169	**11.909**	**-**	**(2.714)**	**(630)**	**360.734**
Net book value	**140.848**					**141.604**

(*) The Group 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.

Impairment calculation has been made for these spare parts and recognised as an expense in other operating expense (Note 24) net amounting TL 6.195 for the reporting period.

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

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (continued)

	1 January 2014	Additions (*)	Transfers from construction in progress	Other transfers	Disposal	31 December 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**

As of December 31, 2015 and 2014 the Group does not acquired property, plant and equipment through finance leases.As of December 31, 2015 and 2014 there is no blockage or pledge on property, plant and equipment..

As of 31 December 2015 and 2014, total depreciation and amortization charges for the period between and the related income statement accounts are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Cost of production (Note 21)	9.691	18.430
Research expense (Note 22)	1.417	1.555
General administrative expenses (Note 22)	1.528	988
Selling, marketing and distribution expenses (Note 22)	565	570
	13.201	**21.543**

As of 31 December 2015 and 2014, fully depreciated fixed assets and their costs are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Machinery and equipment	269.908	35.473
Motor vehicles	1.866	1.866
Furniture and fixtures	2.713	2.424
Rights	3.172	3.156
Development costs	4.499	3.517
	282.158	**46.436**

NOTE 13 - INTANGIBLE ASSETS

The movement schedules of intangible assets and related accumulated depreciation for the year ended 31 December 2015 and 2014 are as follows:

	1 January 2015	Additions	Transfers from construction in progress	Other transfers	Disposal	31 December 2015
Cost						
Rights	5.928	748	-	-	-	6.676
Development costs	7.600	-	-	-	-	7.600
	13.528	**748**	**-**	**-**	**-**	**14.276**
Accumulated amortisation						
Rights	4.662	507	-	-	-	5.169
Development costs	6.443	596	-	-	-	7.039
	11.105	**1.103**	**-**	**-**	**-**	**12.208**
Net book value	**2.423**					**2.068**

	1 January 2014	Additions	Transfers from construction in progress	Other transfers	Disposal	31 December 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	**2.865**					**2.423**

The total amortization for the year ended 31 December 2015 and 2014 is presented in Note 12.

NOTE 14 – ASSET HELD FOR SALE

The movement schedules of asset held for sale and related accumulated depreciation for the year ended 31 December 2015 and 2014 are as follows:

	1 January 2015	Additions	Transfers to tangible assets	Disposals	31 December 2015
Cost					
Land	14	-	-	-	14
Land Improvements	1.045	-	-	-	1.045
Buildings	6.538	-	-	-	6.538
Machinery and equipment	13.595	-	-	(1.399)	12.196
Motor vehicles	224	-	-	-	224
Furniture and fixtures	290	-	-	-	290
	21.706	**-**	**-**	**(1.399)**	**20.307**
Accumulated depreciation					
Land Improvements	819	-	-	-	819
Buildings	4.154	-	-	-	4.154
Machinery and equipment	10.176	-	-	(1.175)	9.001
Motor vehicles	224	-	-	-	224
Furniture and fixtures	276	-	-	-	276
	15.649	**-**	**-**	**(1.175)**	**14.474**
Net book value	**6.057**			**(224)**	**5.833**

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

	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**			**(246)**	**6.057**

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NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2015	31 December 2014
Provision for restructing and demand of other receivables (*)	1.064	675
Other	-	30
	1.064	**705**

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

Provision for restructuring expenses and other receivables

	1 January - 31 December 2015	1 January - 31 December 2014
Balance at 1 January	**675**	**1.364**
Charged for the period (Note 24)	609	207
Allowance released	(220)	(896)
Balance at 31 December	**1.064**	**675**

NOTE 16- COMMITMENTS

Commitments and contingencies, which are not included in the liabilities at 31 December 2015 and 31 December 2014, are as follows:

Commitments based on export incentive certificates

	31 December 2015	31 December 2014
The total amount of export commitment of documents stored in the document	2.496.047	1.512.320
The amount mentioned include commitments based on export incentivecertificate which are presently fullfilled but the closing transactions are not concluded yet	1.815.683	928.476
Total amount of open export incentives	680.364	583.844
Open export incentives	234.055	93.520

	31 December 2015	31 December 2014
Open import credits	26.912	19.187

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NOTE 16- COMMITMENTS (continued)

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

	31 December 2015				31 December 2014			
	TL Equivalent	TL	USD	Euro	TL Equivalent	TL	USD	Euro
A.CPMs given in the name of its own legal personality	142.752	34.299	22.000.000	14.000.000	159.910	26.729	55.000.000	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	**142.752**	**34.299**	**22.000.000**	**14.000.000**	**159.910**	**26.729**	**55.000.000**	**2.000.000**

As of 31 December 2015 the percentage of the other CPM`s given by the Group to the total equity is 0% (31 December 2014: 0%).

NOTE 16- COMMITMENTS (continued)

Mortgages and guarantees taken at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
Letters of guarantees taken	10.032	14.342
Cheques and notes of guarantees taken	1.719	2.274
Mortgages taken	234	234
Total	**11.985**	**16.850**

NOTE 17- EMPLOYEE BENEFITS

Short term employee benefits

	31 December 2015	31 December 2014
Premiums for senior management	2.500	2.500
	2.500	**2.500**

Long term employee benefits

	31 December 2015	31 December 2014
Provision for employment termination benefits	21.620	18.446
Unused vacation allowance	2.063	1.856
	23.683	**20.302**

Unused Vacation Allowance

Group provides annual pay vacation to each employee who has completed one year of service.

Movements of unused vacation allowances as follows:

	1 January - 31 December 2015	1 January - 1 31 December 2014
Balance of 1 January	**1.856**	**1.618**
Charge for the period (Note 24)	336	290
Allowance released	(129)	(52)
Balance at 31 December	**2.063**	**1.856**

Movements of premiums for senior management are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Balance of 1 January	**2.500**	**150**
Charge for the period	1.247	3.350
Allowance released	(1.247)	(1.000)
Balance at 31 December	**2.500**	**2.500**

NOTE 17- EMPLOYEE BENEFITS (continued)

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 Group 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 Group 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 2015	31 December 2014
Discount rate (%)	3,81	3,81
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 4,09 (1 January 2015: TL 3,54), which is expected to be effective from 1 January 2016, has been taken into consideration in calculating the provision for employment termination benefits of the Group.

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

	1 January-31 December 2015	1 January-31 December 2014
Balance of 1 January	**18.446**	**16.200**
Charge for the period	6.125	3.070
Paid during the period	(2.951)	(2.023)
Acturial loss	-	1.199
Balance at 31 December	**21.620**	**18.446**

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NOTE 18 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 December 2015	31 December 2014
VAT receivables due to export	6.804	10.533
Value added tax ("VAT")	679	1.137
Deferred special consumption tax	413	664
	7.896	**12.334**

Other Non-Current Assets

	31 December 2015	31 December 2014
Deferred VAT (*)	63.803	59.766
	63.803	**59.766**

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

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 2014: 21.630.000.000). The shareholders and shareholding structure of the Group at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015		31 December 2014	
	TL	Share	TL	Share
Erdemoğlu Holding A.Ş. (*)	183.431	84,80	-	-
Sabancı Holding A.Ş. (*)	-	-	110.313	51,00
Public Offered	32.869	15,20	105.987	49,00
	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.has sold all the shares in SASA Polyester Sanayi A.Ş with a nominal value of 110.313.001,18 TL corresponding to 51 % of the total share capital of Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding with a price of 104.189.990 USD as at 30 April 2015. Erdemoğlu Holding A.Ş. has made the share purchase transaction between 14 July 2015 and 4 August 2015 in accordance with Capital Markets Board's II.26.1 take over bids communiqué. At the end of take over bids, Erdemoğlu Holding ratio of shares owned by Sasa Polyester Sanayi A.Ş. has reached 84,80% and a nominal amount of TL 183.430.724,77.

NOTE 20- SHAREHOLDERS' EQUITY (continued)

(**) 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 2015 and 31 December 2014 prepared in accordance with the Communiqué No: XI-29 are as follows:

	31 December 2015	31 December 2014
Share capital	216.300	216.300
Inflation adjustment to share capital	196.213	196.213
Restricted reserves	5.963	5.356
Accumulated loss	(96.067)	(166.840)
Actuarial gain / (loss)	(2.073)	(2.073)
Net (loss) / profit for the period	70.731	71.380
Shareholders' Equity	**391.067**	**320.336**

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 Group'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";

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NOTE 20- SHAREHOLDERS' EQUITY (continued)

- 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.

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 been determined as 50% of profit available for distribution according to dated 2013 Ordinary General Assembly decision which occurred in March 24, 2014.

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 Group 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 Revenue

	1 January- 31 December 2015	1 January- 31 December 2014
Domestic sales	615.700	726.069
Foreign sales	502.841	486.373
Other sales	7.014	5.771
Sales return	(8.219)	(5.762)
Sales discounts	(5.741)	(2.245)
Other discounts	(187)	(418)
Sales Revenues (net)	**1.111.408**	**1.209.788**

(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 2015	1 January-31 December 2014
Direct first raw material and supplies expenses	725.703	880.910
Energy expenses	111.757	104.816
Labour expenses	56.940	48.703
Other variable expenses	18.259	16.022
Spare parts and maintenance expenses	8.400	6.153
Amortization (Note 12)	7.758	15.922
Insurance expenses	1.994	1.424
Usage of semi-finished goods	1.217	(359)
Other fixed expenses	195	135
Production cost for the year	**932.223**	**1.073.726**
Cost adjustment to unrealised sales	11.918	(15.443)
Other idle time expenses	9.372	7.752
Cost of waste goods sold	5.178	6.741
Provision for impairment inventories - net (Note 9)	3.752	8.262
Idle time type amortization (Note 12)	2.072	2.508
Usage of WIP and finished goods	810	(11.105)
Stock count differences	(653)	(994)
Cost of good sold during the year	**964.672**	**1.071.447**

NOTE 22- OPERATING EXPENSES

General Administrative Expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Personnel expenses	9.331	9.299
Amortization expenses (Note 12)	1.528	988
Seniority notice indemnity (Note 17)	1.247	2.500
Severance and notice pay	1.062	707
Consultancy expenses	1.019	1.052
Supplies, repair and maintenance expenses	610	391
Insurance expenses	600	790
Auxiliary expenses	435	257
Energy expenses	224	222
Other expenses	1.539	1.492
	17.595	**17.698**

NOTE 22- OPERATING EXPENSES (continued)

Selling, Marketing and Distribution Expenses

	1 January-31 December 2015	1 January-31 December 2014
Export expenses	39.783	39.022
Personnel expenses	5.619	5.153
Taxes and duties	1.871	1.380
Insurance expenses	964	1.025
Energy expenses	626	750
Amortization expenses (Note 12)	565	570
Rent expenses	18	81
Other	1.526	1.412
	50.972	**49.393**

Research and Development Expenses

	1 January-31 December 2015	1 January-31 December 2014
Amortization expenses (Note 12)	1.417	1.555
Maintenance expenses	63	38
First raw material and supplies expenses	17	6
Other expenses	337	209
	1.834	**1.808**

NOTE 23- INCOME FROM INVESTING OPERATIONS

Income / Expense from Investing Operations

	1 January-31 December 2015	1 January-31 December 2014
Gain on sales of tangible assets	191	654
Loss on sales of fixed assets	(48)	-
	143	**654**

NOTE 24- OTHER OPERATING INCOME / EXPENSE

Other Operating Income

	1 January-31 December 2015	1 January-31 December 2014
Foreign exchange gain from trade receivables / payables	77.336	49.328
Miscallaneous sales income	18.256	20.579
Financial income from credit sales	3.932	3.385
Insurance compensation income	851	48
Scrap sales income	1.547	781
Rent income	628	426
Raw material sales income	327	1.434
Provision for closed requests of restruction and other receivable requests	220	1.157
Provision no longer required	129	-
Other income	1.961	1.029
	105.187	**78.167**

NOTE 24- OTHER OPERATING INCOME / EXPENSE (continued)

Other Operating Expense

	1 January-31 December 2015	1 January-31 December 2014
Foreign exchange loss from trade receivables / payables	50.349	40.259
Miscellaneous sales expense	16.202	17.608
Provision for impairment of fixed asset (*) (Note 12)	6.195	-
Taxes and duties paid	1.507	1.292
Provision for restructuring expenses (Note 15)	609	207
Provision for unused vacation (Note 17)	336	290
Provision for doubtful receivable expense (Note 6)	309	374
Other	273	1.192
	75.780	**61.222**

(*) The Group 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. Impairment calculation has been made for these spare parts and recognised as an expense in other operating expense (Note 24) net amounting TL 6.195 for the reporting period.

NOTE 25- FINANCIAL INCOME

	1 January-31 December 2015	1 January-31 December 2014
Foreign exchange income	8.402	3.862
Interest income	548	232
	8.950	**4.094**

NOTE 26- FINANCIAL EXPENSES

	1 January-31 December 2015	1 January-31 December 2014
Foreign exchange losses	33.267	11.621
Interest expense	9.454	12.426
	42.721	**24.047**

NOTE 27 - TAX ASSETS AND LIABILITIES

Deferred income taxes

The Group 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.

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NOTE 27 - TAX ASSETS AND LIABILITIES (continued)

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 2015 and 31 December 2014 using the enacted tax rates are as follows:

	Cumulative temporary difference		Deferred income tax asset /(liabilities)	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Net difference between the tax base and carrying value of tangible and intangible assets	(8.571)	(13.906)	(1.714)	(2.781)
Retirement pay provision	21.620	18.446	4.324	3.689
Net difference between the tax base and carrying value of inventories	15.451	11.507	3.090	2.301
Correction of the sale that are not realize	4.330	3.595	866	719
Provision for accumulated unpaid vacation	2.063	1.856	413	371
Held for sale asset's net difference between the book value and tax value	(753)	(977)	(151)	(195)
Provision for restruction expense	1.064	675	213	135
Provision for restructuring asset for investment's net difference between the book value and tax value	488	357	98	71
Provision for doubtful receivable	1.354	1.304	271	261
Provision of export expense	1.475	1.705	295	341
Adjustment for not accrued financial expenses	(159)	(208)	(33)	(44)
Adjustment for not accrued financial income	1.129	1.628	226	326
Other	2.500	2.500	500	500
Deferred income tax assets			10.296	8.714
Deferred income tax liabilities			(1.898)	(3.020)
Deferred income tax asset/liabilities , net			**8.398**	**5.694**

Movements in deferred taxes can be analyzed as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Balance at 1 January	**5.694**	**1.162**
Deferred tax income of the term	2.704	4.292
Actuarial loss /(profit) deferred tax effect	-	240
Balance at 31 December	**8.398**	**5.694**

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NOTE 27 - TAX ASSETS AND LIABILITIES (continued)

Tax provision reconciliation

	31 December 2015	31 December 2014
(Loss)/ Profit before tax from operations	**72.114**	**67.088**
Expected taxation (%20)	(14.423)	(13.418)
Tax effects of:		
- Revenue that is exempt from taxation	506	523
- Expenses that are not deductible in determining taxable profit	(87)	(86)
- Effect of discounted corporate tax	1.125	-
- Effect of using carryforward tax losses that deferred tax asset has not been recognized previously	-	14.134
- Effect of using investment incentives that deferred tax asset has not been recognized previously	11.555	3.227
- Other adjustments	(59)	(88)
Income tax recognized in profit / (loss)	**(1.383)**	**4.292**

As of December 31, 2015, the Group has been offsetting its financial profit amounting to TL 83.837 from accumulated withholding tax of previous years amounting to TL 56.950, from its total witholding investment incentives amounting TL 15.380 and research and development deduction TL 671. There is no a witholding investment incentive or research and development incentive that can be used in the following periods.

On the other hand, the Group has been offsetting its reduced corporate tax reduction right amounting to TL 6.675 from its taxable profit amounting TL 1.125.

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 2015 is 20% (2014: 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 Group. No additional taxes are paid unless profit is distributed (except 19, 8% withholding tax paid over used investment incentives according to the GVK temporary article).

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment allowance in its meeting held on 15 October 2009, and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment allowance for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated 8 January 2010, and thereby the time limitation regarding investment allowance was removed, however it has also been stated that balance regarding the calculation of the tax bases could not exceed 25% percent of the relevant income and the remaining balance after the investment allowance should be subject to 20% of corporate tax.

NOTE 27 - TAX ASSETS AND LIABILITIES (continued)

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.

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 2015 and 2014 have been reconciled to the current year tax charge as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Current period tax expense (*)	(4.087)	-
Deferred tax income / (expense)	2.704	4.292
Continuing operations tax income / (expense)	**(1.383)**	**4.292**

Corporate tax rate actualized on the basis of taxable profit of the Group is calculated from remaining tax assesment after addition of non deductible expenses and deduction of tax exempt earnings, tax free income and other incentive (accumulated prior year losses and invenstment incentive).

(*) Current period tax expense amounting TL 4.087 consists of corporate tax amounting TL 1.042 and witholding income tax arised from witholding invenstment incentive usage amounting TL 3.045.

NOTE 27 - TAX ASSETS AND LIABILITIES (continued)

Corporate Tax

	1 January - 31 December 2015	1 January - 31 December 2014
Corporate tax to be paid	4.087	-
Less: Prepaid taxes and funds	(2.698)	-
Provision for current period tax	**1.389**	**-**

NOTE 28- EARNINGS PER SHARE

	1 January - 31 December 2015	1 January - 31 December 2014
Net (loss) / gain attributable to shareholders	70.731	71.380
Number of ordinary shares	21.630.000.000	21.630.000.000
Earnings per share in full TL hundreds of ordinary shares	0,327	0,330

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) Companies of which the group shareholders are a shareholder
(2) Ultimate shareholder

a) Due from related companies:

	31 December 2015	31 December 2014
Group Companies	**387**	**327**
– Merinos Halı San. Tic. A.Ş. (1)	235	-
– Özerdem Mensucat San. Tic. A.Ş. (1)	85	-
– Merinos Mobilya Tekstil San. Tic. A.Ş. (1)	60	-
– Dinarsu İmalat ve Ticaret T. A.Ş. (1)	7	-
– Aksigorta A.Ş. (1) (*)	-	309
– Enerjisa Enerji Üretim A.Ş. ("Enerjisa") (1) (*)	-	17
– Temsa Sanayi ve Ticaret A.Ş. (1) (*)	-	1
Total	**387**	**327**

(*) These companies are no longer related parties. Sabancı Holding A.Ş sold %51 share in Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding A.Ş as of April 30, 2015.

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NOTE 29 - RELATED PARTY DISCLOSURES (continued)

b) Due to related parties:

	31 December 2015	31 December 2014
Group Companies	**-**	**9.384**
- Enerjisa Doğalgaz Toptan Satış A.Ş. (1)(*)	-	9.367
-Toroslar Elektrik Perakende Satış A.Ş. (1) (*)	-	13
- Aksigorta A.Ş. (1) (*)	-	4
Total	**-**	**9.384**

(*) These companies are no longer related parties. Sabancı Holding A.Ş sold %51 share in Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding A.Ş as of April 30, 2015.

c) Bank deposits:

	31 December 2015	31 December 2014
Akbank (1) (*)	-	615
Total	**-**	**615**

(*) These companies are no longer related parties. Sabancı Holding A.Ş sold %51 share in Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding A.Ş as of April 30, 2015.

d) Sales to related parties:

	1 January 2015 - 31 December 2015	
	Good	**Service**
Group Companies	**1.543**	**68**
– Kordsa (1) (*)	750	-
– Özerdem Mensucat San. Tic. A.Ş. (1)	380	-
– Merinos Halı San. Tic. A.Ş. (1)	271	-
– Merinos Mobilya Tekstil San. Tic. A.Ş. (1)	136	-
– Dinarsu İmalat ve Ticaret T. A.Ş. (1)	6	-
– Enerjisa (1) (*)	-	57
– Yünsa (1) (*)	-	6
– Temsa (1) (*)	-	5
Total	**1.543**	**68**

NOTE 29 - RELATED PARTY DISCLOSURES (continued)

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

(*) These companies are no longer related parties. Sabancı Holding A.Ş sold %51 share in Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding A.Ş as of April 30, 2015.

e) Purchases from related parties:

	1 January 2015 - 31 December 2015			
	Good	**Service**	**Fixed Asset**	**Rent**
1) Shareholders	**-**	**-**	**-**	**36**
- Sabancı Holding (2) (*)	-	-	-	36
2) Group Companies	**-**	**17.324**	**15.222**	**-**
– Toroslar Elektrik Dağıtım A.Ş. (1) (*)	-	15.136	-	-
– Aksigorta (1) (*)	-	1.820	-	-
– Bimsa (1) (*)	-	243	463	-
– Avivasa (1) (*)	-	117	-	-
– Sabtek (1) (*)	-	8	-	-
– Enerjisa (1) (*)	-	-	14.759	-
Total	**-**	**17.324**	**15.222**	**36**

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

(*) These companies are no longer related parties. Sabancı Holding A.Ş sold %51 share in Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding A.Ş as of April 30, 2015.

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NOTE 29 - RELATED PARTY DISCLOSURES (continued)

f) Financial income

	1 January - 31 December 2015	**1 January - 31 December 2014**
Akbank (1)(*)	4	15
Total	**4**	**15**

(*) These companies are no longer related parties. Sabancı Holding A.Ş sold %51 share in Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding A.Ş as of April 30, 2015.

g) Financial expense

	1 January - 31 December 2015	**1 January - 31 December 2014**
Akbank (1)(*)	39	128
Total	**39**	**128**

(*) These companies are no longer related parties. Sabancı Holding A.Ş sold %51 share in Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding A.Ş as of April 30, 2015.

h) As of 31 December 2015 and 2014 remuneration of directors and key management personnel amounts are as follows:

	1 January - 31 December 2015	**1 January - 31 December 2014**
Short term employee benefits	1.978	1.665
Total	**1.978**	**1.665**

NOTE 30 - FINANCIAL RISK MANAGEMENT

Financial Risk Management

Financial risk factors

The Group'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 Group'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 Group.

The Group's risk management is implemented by the Group'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 Group.

Market risk

Foreign exchange risk

The Group 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.

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NOTE 30 - FINANCIAL RISK MANAGEMENT

Foreign Currency Position Table

Assets and liabilities denominated in foreign currencies at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015			
	TL	**USD**	**EURO**	**GBP**
Trade receivables (including other receivables)	221.013	56.619.397	17.589.119	114.862
Monetary financial assets (including cash and banks)	23.412	4.761.085	2.856.361	64.145
Other	57	-	7.653	7.511
Current Asset	**244.482**	**61.380.482**	**20.453.133**	**186.518**
Total Asset	**244.482**	**61.380.482**	**20.453.133**	**186.518**
Trade payables (including other payables)	96.080	3.880.332	26.669.713	12.017
Financial liabilities	107.024	22.000.000	13.550.341	-
Other	-	-	15	-
Short term liabilities	**203.104**	**25.880.332**	**40.220.069**	**12.017**
Financial liabilities	-	-	-	-
Long term liabilities	**-**	**-**	**-**	**-**
Total Liabilities	**203.104**	**25.880.332**	**40.220.069**	**12.017**
Net foreign currency position	**41.378**	**35.500.150**	**(19.766.936)**	**174.501**
Export	505.356	12.067.970	143.276.821	439.037
Import	624.215	29.999.290	178.987.439	-

	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)	2.060	664.032	179.614	4.278
Other	1.206	3.847	414.814	7.511
Current Asset	**217.911**	**72.907.870**	**17.301.816**	**11.789**
Total Asset	**217.911**	**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	**(1.924)**	**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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency Sensitivity Analysis

	Profit / (Loss)	
As of 31 December 2015	**Appreciation of Foreign Currency**	**Depreciation of Foreign Currency**
10% change in US Dollar/TL Parity:		
US Dollar net asset	10.344	(10.344)
US Dollar net hedged amount	-	-
US Dollar Net Effect	**10.344**	**(10.344)**
10% change in Euro/TL Parity:		
Euro net asset	(6.281)	6.281
Euro net hedged amount	-	-
Euro Net Effect	**(6.281)**	**6.281**
10% change in GBP/TL Parity:		
GBP net asset	75	(75)
GBP net hedged amount	-	-
GBP Net Effect	**75**	**(75)**
Total	**4.138**	**(4.138)**

	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**

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The Group 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 Group arises from fixed rate short term borrowings.

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

Interest Rate Position Table

	31 December 2015	31 December 2014
Fixed interest rate financial instruments		
Principle	148.452	197.782
Interest	3.500	6.060
Total fixed financial liabilities	**151.952**	**203.842**

Credit risk

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

Receivables

The Group 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 Group 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.

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NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Exposure according to Financial Instruments Types

	Receivables				
	Trade Receivables		Other Receivables		Time
31 December 2015	**Related Party**	**Other**	**Related Party**	**Other**	**Deposit**
– Maximum credit risk exposure as of balance sheet date	387	228.553	-	1.122	34.442
– Guaranteed maximum risk by commitment or etc (*)	-	178.689	-	-	-
– Net book value of non-overdue of unimpaired financial asset	387	211.606	-	1.122	34.442
Net book value of financial assets that would be overdue or impaired unless restricted	-	-	-	-	-
Net book value of overdue assets that are not impaired	-	16.947	-	-	-
– The part that is guaranteed by commitment or etc	-	11.553	-	-	-
Net book value of impaired assets	-	-	-	-	-
– Overdue (gross book value)	-	3.591	-	-	-
– Impairment		(3.591)	-	-	-

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Exposure according to Financial Instruments Types (continued)

	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	-	232.369	327	3.237	13.982
– Guaranteed maximum risk by commitment or etc (*)	-	218.303	-	-	-
– Net book value of non-overdue of unimpaired financial asset	-	218.303	327	3.237	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	-	-	-	-	-
– Overdue (gross book value)	-	3.282	-	-	-
– Impairment	-	(3.282)	-	-	-

As of 31 December 2015 and 31 December 2014 net book value of overdue assets that not impaired is as follows:

Trade Receivables	31 December 2015	31 December 2014
Overdue 1-30 days	15.279	12.156
Overdue 1-3 months	1.269	1.714
Overdue 3-12 months	399	196
Total	**16.947**	**14.066**
Portion under the guarantee of collaterals, etc (*)	11.553	12.288

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

SASA POLYESTER SANAYİ A.Ş. and ITS SUBSIDIARY

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

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 Group aims to maintain flexibility in funding by keeping committed credit lines available.

As of 31 December 2015;

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	151.952	153.493	74.530	78.963	-
Trade payables	9.714	9.714	9.714	-	-

Expected maturities

	Book Value	Total Cash Outflow Due to Contracts	3 months	3-12 months	1-5 years
Trade Payables	111.250	109.804	68.739	41.065	-
Other Payables	3.265	3.265	3.265	-	-

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	203.842	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	77.841	17.110	-
Other Payables	1.697	1.697	1.697	-	-

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

NOTE 30 - FINANCIAL RISK MANAGEMENT (continued)

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

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

Consistent with others in the industry, the Group 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 2015 and 31 December 2014 net debt/ (shareholders' equity + net debt) ratio is as follows:

	31 December 2015	31 December 2014
Total borrowings	308.494	345.208
Cash and cash equivalents	(34.456)	(13.986)
Deferred tax liabilities	8.398	5.694
Net debt	282.436	336.916
Shareholder's equity	391.067	320.336
Shareholder's equity+net debt	673.503	657.252
Net debt/(Shareholders' equity+net debt) ratio	42%	51%

NOTE 31 - SUBSEQUENT EVENT

None.