SASA POLYESTER SANAYİ A.Ş.

FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2012-30 JUNE 2012 AND INDEPENDENT AUDITOR'S REPORT

Translated into English from the Original Turkish Report

CONVENIENCE TRANSLATION OF THE REVIEW REPORT AND THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

Introduction

We have reviewed the accompanying balance sheet of Sasa Polyester Sanayi A.Ş. (the "Company") as of 30 June 2012 and the related statements of income, statement of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with financial reporting standards published by Capital Markets Board. Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with auditing standards published by Capital Markets Board. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the financial reporting standards published by the Capital Markets Board.

İstanbul, 17 August 2012

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Ömer Tanrıöver
Partner

CONTENTS		PAGE

BALANCE SHEET AS OF 30 JUNE 2012

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

	Notes	Current Period (Audited) 30 June 2012	Prior Period (Audited) 31 December 2011
ASSETS			
Current Assets		**481.079**	**386.130**
Cash and Cash Equivalents	3	39.016	40.436
Trade Receivables	6	155.233	136.898
- Other Trade Receivables		*155.233*	*136.023*
- Trade Receivables from Related Parties		-	*875*
Other Receivables	7	24.371	20.937
- Other Receivables		*23.711*	*20.707*
- Other Receivables from Related Parties		*660*	*230*
Inventory	8	258.725	187.763
Other Current Assets	15	3.734	96
Non-Current Assets		**248.894**	**234.052**
Equity Participation	4	440	440
Trade Receivables	6	268	268
Other Receivables	7	36	-
Investment Properties	9	1.514	1.609
Property, Plant and Equipment	10	181.870	184.300
Intangible Assets	11	3.239	3.531
Other Non Current Assets	15	61.527	43.904
TOTAL ASSETS		**729.973**	**620.182**
LIABILITIES			
Current Liabilities		**440.901**	**316.643**
Financial Liabilities	5	212.502	125.060
Trade Payables	6	208.289	172.647
- Other Trade Payables		*198.068*	*165.387*
- Trade Payables to Related Parties		*10.221*	*7.260*
Other Payables	7	15.785	13.489
- Other Payables		*15.784*	*13.450*
- Other Payables to Related Parties		*1*	*39*
Provisions	12	1.311	2.057
Provision for Employment Benefits	14	3.014	3.390
Non Current Liaibilities		**21.920**	**29.056**
Financial Liabilities	5	15	4.363
Other Payables	7	6.423	10.276
Retirement Pay Provision	14	14.971	14.233
Deferred Tax Liabilities	22	511	184
EQUITY		**267.152**	**274.483**
Share Capital	16	216.300	216.300
Share Capital Inflation Adjustments	16	196.213	196.213
Restricted Reserves	16	5.356	5.356
Retained Earnings	16	(143.386)	(185.496)
Net (Loss) / Profit for the Period		(7.331)	42.110
TOTAL LIABILITIES AND EQUITY		**729.973**	**620.182**
Contingent assets and liabilities	12, 13		

The accompanying notes form an integral part of these special purpose combined financial statements.
Convenience translation of the report and financial statements originally in Turkish.

SASA POLYESTER SANAYİ A.Ş.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

	Notes	Current Period (Audited) 1 January - 30 June 2012	Current Period (Audited) 1 April - 30 June 2012	Prior Period (Audited) 1 January - 30 June 2011	Prior Period (Audited) 1 April - 30 June 2011
OPERATING REVENUE					
Sales Revenue (net)	17	511,406	256,094	464,289	234,291
Cost of Sales (-)	17	(480,305)	(240,437)	(389,051)	(203,639)
GROSS PROFIT		**31,101**	**15,657**	**75,238**	**30,652**
Marketing, Sales and Distribution Expenses	18	(18,858)	(9,353)	(14,700)	(7,600)
Administrative Expenses (-)	18	(8,335)	(4,657)	(6,855)	(3,698)
Research and Development Expenses (-)	18	(1,200)	(617)	(1,102)	(552)
Other Operating Income	19	14,297	9,800	10,770	5,842
Other Operating Expenses (-)	19	(12,119)	(8,141)	(30,942)	(4,808)
OPERATING PROFIT		**4,886**	**2,689**	**32,409**	**19,836**
Financial Income	20	13,966	8,166	19,982	10,570
Financial Expenses (-)	21	(25,856)	(14,747)	(25,696)	(13,608)
OPERATING (LOSS) / PROFIT BEFORE TAX		**(7,004)**	**(3,892)**	**26,695**	**16,798**
Tax Benefit		**(327)**	**(24)**	**918**	**65**
- Current Tax (Expense) / Income		-	-	-	-
- Deferred Tax Benefit	22	(327)	(24)	918	65
PROFIT FOR THE YEAR		**(7,331)**	**(3,916)**	**27,613**	**16,863**
OTHER COMPREHENSIVE INCOME (AFTER TAX)		-	-	-	-
TOTAL COMPREHENSIVE INCOME		**(7,331)**	**(3,916)**	**27,613**	**16,863**
(Loss) / Earning Per Share					
- thousands of ordinary shares (TL)	23	(0.34)	(0.18)	1.28	0.78

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

	Notes	Paid in Capital	Inflation Adjustment to Shareholders Equity	Restricted Reserves	Accumulated Deficit and Net Profit for the Period	Total
Balance at 1 January 2011	**16**	**216,300**	**196,213**	**5,356**	**(185,496)**	**232,373**
Total comprehensive income		-	-	-	27,613	27,613
Balance at 30 June 2011	**16**	**216,300**	**196,213**	**5,356**	**(157,883)**	**259,986**
Balance at 1 January 2012	**16**	**216,300**	**196,213**	**5,356**	**(143,386)**	**274,483**
Total comprehensive loss (-)		-	-	-	(7,331)	(7,331)
Balance at 30 June 2012	**16**	**216,300**	**196,213**	**5,356**	**(150,717)**	**267,152**

STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

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

	Notes	(Audited) 1 January - 30 June 2012	(Audited) 1 Ocak - 30 Haziran 2011
(Loss) / Profit before taxation		**(7.004)**	**26.695**
Cash flows from operating activities:			
Depreciation and amortization expense	9, 10, 11	10.655	10.006
Interest expense	21	8.770	4.975
Gain on sale of fixed assets	19	(22)	(75)
Change in provision for employee benefits	14	2.904	3.020
Change in provisions	12	(746)	33
Interest income from bank deposits	20	(320)	(478)
Rediscount interest income (net)		309	-
Tax expense	7,19	-	21.135
Provision for impairment inventories-net	8, 17	225	1.040
Operating cash flows provided before changes in working capital:		**14.771**	**66.351**
Changes in operating assets and liabilities:			
Changes in trade receivable	6	(18.678)	(41.971)
Changes in due from related parties	6, 7	445	12.529
Changes in inventories	8	(71.187)	(58.588)
Changes in other receivables	7	(3.040)	(19.330)
Changes in other current assets	15	(3.638)	(3.432)
Changes in other non-current assets	15	(17.623)	(707)
Changes in trade payables	6	31.840	12.288
Changes in due to related parties	24	2.923	(1.019)
Changes in other long term liabilities	7	(133)	730
Changes in other short term liabilities	7	2.268	(1.231)
Net cash used in operating activities:		**(62.052)**	**(34.380)**
Employment termination benefits paid	14	(1.442)	(1.282)
Premium paid		(1.100)	-
Interest received	20	320	478
Interest paid	5,21	(6.730)	(5.908)
Tax payable paid	7	(3.654)	(1.218)
Net cash generated by operating activities		**(74.658)**	**(42.310)**
Investing activities:			
Purchase of property, plant and equipment and intangible assets	10, 11	(7.856)	(10.074)
Proceeds from sale of property, plant	9, 10, 19	40	85
Net cash used in investing activities		**(7.816)**	**(9.989)**
Financing activities:			
Bank loans received	5	180.411	204.160
Repayment of borrowings	5	(98.756)	(180.730)
Repayment of financial leasings	5	(601)	(255)
Net cash generated by financing acitivities		**81.054**	**23.175**
Net decrease in cash and cash equivalents		(1.420)	(29.124)
Cash and cash equivalents at the beginning of the period		40.436	61.705
Cash and cash equivalents at the end of the period	3	**39.016**	**32.581**

NOTE 1 – ORGANISATION NATURE OF OPERATIONS

Sasa Polyester Sanayi A.Ş. (*) (the "Company") was incorporated on 8 November 1966 in Adana. The Company is mainly engaged in the production and marketing of polyester fiber, yarns and related products and pet chips. The Company is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding") (**). In this context, the Company's ultimate parent company is Sabancı Holding. Shares of the Company are quoted on the Istanbul Stock Exchange.

The address of the registered office is as follows:

Yolgeçen Mahallesi Turhan Cemal Beriker Bulvarı No: 559 01355 Seyhan / Adana.

As of 30 June 2012, number of employees of the company is 1.270 (31 December 2011: 1.217).

(*) At the extraordinary general assembly meeting on September 23, 2011, the firm modified the second article, defined as "Brand", of its Articles of Association and replaced the brand name "Advansa Sasa Polyester Sanayi A.Ş." with "Sasa Polyester Sanayi A.Ş."

(**) Once The Company was a subsidiary of Advansa B.V, which is domiciled in the Netherlands and a subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding"). However, on May 26, 2011, Sabancı Holding purchased 11.031.300.118 Advansa Sasa Polyester Sanayi A.Ş shares (51%) which had been held by Advansa BV with par value of 110.313.001, 18 TL and paid 102.000.000 Euro.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

Basis of Preparation of Financial Statements and Significant Accounting Policies

The Company maintains its books of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation.

The Capital Markets Board of Turkey ("CMB") regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25 "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/ Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB has not been announced by TASB as of date of preparation of these financial statements, have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which is based on IAS/IFRS. The financial statements and the related notes to them are presented in accordance with the formats required and communicated on April 17, 2008 and on February 9, 2009 by the CMB.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis for presentation (cont'd)

Per decree no 660 published on the Official Gazette dated 2 November 2011 and became effective, additional article no: 1 of the 2499 numbered Law on establishment of TASB has been abrogated and establishment of Public Oversight, Accounting and Auditing Standards Association ("Board") has been decided by the Council of Ministers. In accordance with this additional temporary article no 1 of the decree, current regulations will prevail until related standards and regulations will be issued by the Board become effective. Therefore this situation, as of the reporting date, has no effect on the "Principles in Preparation of the Financial Statements" explained in this footnote.

Financial statements have been prepared based on the historical cost bases.

Financial statements are approved for declaration by Board of Directors on 8 August 2012 and signed by General Manager Toker Özcan and Finance Director Şemsi V. Atagan on behalf of the Board of Directors. The financial statements of the Company are subject to the approval of shareholders in the General Assembly and the shareholders possess the right to ask for amendment of these financial statements at the General Assembly after issuance.

Reporting Currency

The financial statements of the company have been presented with the currency followed for the basic economic activities of the company (functional currency). The financial conditions and economic activity results for each company, the financial statements have been presented in TL, which is the valid currency of the company.

2.2 Comparative information and the revising of the prior year financial statements

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

As of 31 December 2011, deferred VAT receivables stated in the other receivables amount to thousand TL 7.263 and stated in the other non-current receivables amount to thousand TL 24.923 classified to other non-current assets amount to thousand TL 32.186 in the accompanying financial statements and there is no effect on profit /(loss) as of 31 December 2011. As of 30 June 2012, in the accompanying financial statements the net effect of the miscellaneous sales income stated in the other operating income amount to thousand TL 2.592 has been separated into miscellaneous sales income and miscellaneous sales expense. Miscellaneous sales income amount to thousand TL 9.595 classified to other operating income and miscellaneous sales expenses amount to thousand TL 7.003 classified to other operating expenses and there is no effect on profit /(loss) as of 30 June 20112.

2.3 Offsetting

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

2.4 Changes in Accounting Policies

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Changes in Accounting Estimates and Errors

The effect of a change in an accounting estimate is recognized prospectively in the year of the change, if the change affects that year only; or the year of the change and future years, if the change affects both. There has not been any significant change in the accounting estimates of the Company in the current year.

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

2.6 Adoption of New and Revised International Financial Reporting Standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no impact on the financial statements are set out in the following paragraphs of this section.

a) New and Revised IFRSs do affect presentation and disclosures

None.

b) New and Revised IFRSs affecting the reported financial performance and / or financial position

None.

c) New and Revised IFRSs applied with no material effect on the consolidated financial statement

The following new and revised IFRSs have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IAS 12 Deferred Taxes – Recovery of Underlying Assets

The amendment is effective for annual periods beginning on or after 1 January 2012. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 *Investment Property*. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, through sale. The Group does not have investment property. The amendment did not have any effect on the consolidated financial statements.

Amendments to IFRS 7 Disclosures - Transfers of Financial Assets

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.
These amendments to IFRS 7 did not have a significant effect on the Group's disclosures. However, if the Company enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2. Basis for presentation of financial statements (cont'd)

2.6 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(d) Changes on standards, currently not effective and not applied by the company before the effective date and, changes and comments in current standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	Disclosures – Transfers of Financial Assets; Offsetting of Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statement
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IAS 32	Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related agreements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2. Basis for presentation of financial statements (cont'd)

2.6 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(d) Changes on standards, currently not effective and not applied by the company before the effective date and, changes and comments in current standards (cont'd)

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods.

The Company management anticipates that IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below:

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont’d)

2. Basis for presentation of financial statements (cont’d)

2.6 Adoption of New and Revised International Financial Reporting Standards (cont’d)

(d) Changes on standards, currently not effective and not applied by the company before the effective date and, changes and comments in current standards (cont’d)

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Ventures has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Company management anticipates that these five standards will be adopted in the Company's financial statements for the annual period beginning 1 January 2013, and it is foreseen by the Company management that the application of these five standards will not have any significant effect on financial statements. However, the Company management has not yet performed a detailed analysis of the impact of the application of these Standards and hence has not yet quantified the extent of the impact on financial statements.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The management anticipates that IFRS 13 will be adopted in the Company's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2. Basis for presentation of financial statements (cont'd)

2.6 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(d) Changes on standards, currently not effective and not applied by the company before the effective date and, changes and comments in current standards (cont'd)

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Company's' defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

On 19 October 2011 the IASB issued an Interpretation, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after 1 January 2014.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2. Basis for presentation of financial statements (cont'd)

2.6 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(d) Changes on standards, currently not effective and not applied by the company before the effective date and, changes and comments in current standards (cont'd)

Annual Improvements 2009/2011 Cycle

Further to the above amendments and revised standards, the IASB have issued Annual Improvements to IFRSs in May 2012 that cover 5 main standards/interpretations as follows:

IFRS 1 - Permit the repeated application of IFRS 1, borrowing costs on certain qualifying assets
IAS 1 - Clarification of the requirements for comparative information
IAS 16 - Classification of servicing equipment
IAS 32 - Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes
IAS 34 - Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments

All amendments are effective on or after 1 January 2013. Early adoptions of these amendments are allowed. The Company has not yet had an opportunity to consider the potential impact of the adoption of these amendments to the standards.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Significant Accounting Estimations and Decisions

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

Net Realizable Value of Inventory

Inventories are stated at the lower of cost and net realizable value. 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 estimate made by the management as of 30 June 2012 the cost of inventories was reduced by TL 3.803 (31 December 2011: TL 3.578) and the expense was recorded to cost of sales.

Determination of Recoverable Amount of Tangible Assets

As discussed in Note 10, the Company took into consideration the internal and external sources of information as described in IAS 36 "Impairment of Assets" as impairment indicators and performed a study based on discounted future cash flow models for the determination of the recoverable amount of the Company's tangible assets as at 30 June 2012. The future projections included in the subject study is heavily dependent on the demand of customers in the market. Moreover, the Company management foresees that weight of production and sale of the products with higher gross profit margin will increase in future periods. This study which is based on discounted future cash flows reflects the Company management's future estimations and assumptions.

Deferred tax

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Significant Accounting Estimations and Decisions (cont'd)

Employment benefits

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

Discount ratio is used to calculate for the fulfillment of obligations for severance compensation's present value of estimated future cash outflows (Note 14).

2.8 Significant Accounting Estimations and Decisions

The significant accounting policies that are used in preparing the financial statements are summarized below:

Revenue

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

Sale of goods:

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

The Company can attorney significant risks concerning ownership and acquisition to the receivers,

The Company has no significant control on ownership related long time administrative incorporation on 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;

Dividend and interest revenue:

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

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

Rental income:

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.8 Significant Accounting Estimations and Decisions (cont'd)

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

For the purpose of the accompanying financial statements, shareholders of the Sasa Polyester Sanayi A.Ş., the real and legal person shareholders and subsidiaries, affiliates, one of the partners Sabancı Holding (Note 24) directly or indirectly capital and managerial relationships with other than the Entity's subsidiaries of the located in institutions, the person who is directly or indirectly responsible of planning of the Entity's activities, implementation and supervision of competent, the Company's or its parent company's board member, administrative staff such as general managers, their close family members and those people's, either directly or indirectly, companies that operates under their control are considered and referred to as related companies.

Tangible Assets

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

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

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

Gains or losses on disposals of property, plant and equipment are determined by comparing the net book value and the net sales price of the asset; and are included in the related income and expense accounts, as appropriate.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.8 Significant Accounting Estimations and Decisions (cont'd)

Leasing

<u>Leasing – the Company as Lessee</u>

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

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

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

Assets Held for Sale

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

Intangible Assets

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

Research and Development Costs

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.8 Significant Accounting Estimations and Decisions (cont'd)

Financial Instruments

<u>Financial assets</u>

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'.

<u>Effective interest method</u>

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.

<u>Available for sale financial assets</u>

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designations on a regular basis.

All financial assets are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associates with the investment. After initial recognition, financial assets that are classified as available-for-sale are measured at fair value unless fair value cannot be reliably measured.

Other investments in which the Company has an interest below 20%, or over which the Company does not exercise a significant influence, or which are immaterial, are classified as available-for-sale. Available-for-sale investments that do not have quoted market prices in active markets and whose fair values cannot be measured reliably are carried at cost less any provision for diminution in value. Available-for-sale investments that have quoted market prices in active markets and whose fair values can be measured reliably are carried at fair value.

In accordance with the revised IAS 39 "Financial Instruments", unrealized gains and losses arising from the changes in the fair value of securities classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. When available-for-sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.8 Significant Accounting Estimations and Decisions (cont'd)

Financial Instruments (cont'd)

Receivables

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

Borrowings

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

Impairment of financial assets

Financial assets are reviewed for indicators of impairment at each balance sheet 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.8 Significant Accounting Estimations and Decisions (cont'd)

Financial Instruments (cont'd)

Cash and cash equivalents

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

Monetary assets

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

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

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

Financial liabilities

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

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Monetary liabilities

Fair value of bank loans and other monetary liabilities are assumed to approximate to their carrying amount. 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 recognized at their fair values.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.8 Significant Accounting Estimations and Decisions (cont'd)

Foreign Currency Transactions and Translation

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

During the preparation of financial statements, transactions on foreign currency (currencies other than TL) are recorded on the base of currencies on transaction date. Monetary assets and liabilities denominated in foreign currencies on balance sheet translated into Turkish Lira using exchange rates prevailing on the balance sheet 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. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

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

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

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

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

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

Earnings per Share

Earnings per share disclosed in the accompanying statement of income are determined by dividing net income by the weighted average number of shares in existence during the period concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.8 Significant Accounting Estimations and Decisions (cont'd)

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

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

Government Incentives and Grants

Government incentives are not reflected in the financial statements; without the business fulfillment 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 livable.

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.8 Significant Accounting Estimations and Decisions (cont'd)
Investment Property

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method. The cost of a self-constructed investment property is determined as its cost at the date when the construction or development is complete. On that date the subject asset qualifies as an investment property and thus transferred to investment properties class. The useful life estimation for the buildings within investment properties is between 18-25 years.

Provision for Employment Termination Benefits

Provision for severance:

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

The retirement benefit liability recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses. All actuarial gains and losses are reflected in the statement of income.

Taxation and Deferred Taxes

Tax expense consists of total current tax and deferred tax expense.

Current tax

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

Deferred Tax

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.8 Significant Accounting Estimations and Decisions (cont'd)

Taxation and deferred taxes (cont'd)

Deferred Tax (cont'd)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the period

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

Share Capital and Dividends

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

Restricted Reserves

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

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

NOTE 3 – CASH AND CASH EQUIVALENTS

	30 June 2012	December 2011
Cash in hand	2	2
Cheques received(*)	36,716	38,863
Banks -demand deposits	2,298	1,571
	39,016	**40,436**

(*) Cheques received constitute the cheques obtained from customers and given to banks for collection or cheques in portfolio as a result of trade activities and with maturities of less than three months.

NOTE 4 - FINANCIAL ASSETS

Available for sale financial assets

	30 June 2012		31 December 2011	
	TL Amount	%	TL Amount	%
Bimsa Uluslararası İş, Bilgi ve Yön.Sist.A.Ş. ("Bimsa")	1,484	10.00	1,484	10.00
	1,484		**1,484**	
Diminishment in value of Bimsa	(1,044)		(1,044)	
	440		**440**	

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

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

NOTE 5 - BORROWINGS

Short Term Borrowings

	30 June 2012	December 2011
Türkiye İş Bankası A.Ş.	67,231	4,203
Türkiye Garanti Bankası A.Ş.	63,873	21,199
Türkiye Halk Bankası A.Ş.	53,856	10,590
Türkiye İhracat Kredi Bankası A.Ş.	27,145	-
Türkiye Vakıflar Bankası T.A.O.	1	58,021
Akbank T.A.Ş.	-	30,148
	212,106	**124,161**
Short-term finance lease payables	396	899
Short term borrowings	**212,502**	**125,060**

Long Term Borrowings

	30 June 2012	December 2011
Akbank T.A.Ş.	-	4,250
	-	**4,250**
b) Long-term finance lease payable	15	113
Long term borrowings	**15**	**4,363**

Foreign currency denominated bank borrowings and corresponding interest expense accruals as at 30 June 2012 and 31 December 2011 are as follows:

Principal	**30 June 2012**			**31 December 2011**		
Original Currency	**Weighted Average Effective Interest Rates**	**Original Amount**	**TL**	**Weighted Average Effective Interest Rates**	**Original Amount**	**TL**
TL	12.22	-	163,071	12.04	-	64,214
USD	2.10	17,275,000	31,207	4.28	32,250,000	60,917
EUR	4.00	5,500,000	12,508	0.00	-	-
			206,786			**125,131**
Accrued interest						
TL		-	5,319		-	1,940
EUR		611	1		-	-
USD		-	-		709,317	1,340
			212,106			**128,411**

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

NOTE 5 – BORROWINGS (cont'd)

Financial lease payables

The Company's lease payables due to financial leasing agreements signed with Group Company Ak Finansal Kiralama A.Ş. (Note 24) are as follows:

	30 June 2012	31 Aralık 2011
Bir yıldan az	396	899
Bir yıldan fazla ve beş yıldan az	15	113
	411	**1,012**

The Company's all financial lease payables typify Euro with maturity period does not exceed five years. Bank borrowings and financial lease payables with maturities of less than one year are classified under "Short Term Liabilities", financial lease payables with maturates of more than one year are classified under "Long Term Liabilities".

As of balance sheet date, net book value of financial lease payables is TL 371 (31 December 2011: 764 TL).

Relating to financial leasing interest rate is fixed for the entire financial leasing period at contract date. Contract average effective annual interest rate is 7, 14% (31 December 2010: 7, 14%).

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	30 June 2012	December 2011
Trade receivables	153,016	131,375
Cheques received (*)	5,446	8,409
Due from related parties (Note 24)	-	875
Unearned credit finance income	(797)	(1,329)
Provision for doubtful receivables	(2,432)	(2,432)
	155,233	**136,898**

(*) Cheques received constitute the cheques obtained from customers and kept in portfolio as a result of trade activities and with maturities of more than three months.

Non-current receivables

Trade Receivables	30 June 2012	December 2011
Trade receivables	**268**	**268**

As of 30 June 2012 trade receivables are discounted by %0,91 for TL, by %0,33 for US Dollar, by %0,33 for Euro (31 December 2011: %1,00 for TL, %0,36 for US Dollar, %0,44 for Euro).

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

NOTE 6 - TRADE RECEIVABLES TRADE PAYABLES (cont'd)

As of 30 June 2012 and 31 December 2011 overdue but not impaired receivables are as follows:

Overdue Period	30 June 2012	December 2011
0 - 1 month	7,733	11,536
1 - 3 months	203	1,192
Over 3 months	458	1,439
Total	**8,394**	**14,167**

As of 30 June 2012 and 31 December 2011, due to existence of receivable insurance, bank guarantee, mortgage and other guarantees (i.e. cheques), the Company has not recorded any provision relation to trade receivables that were past due but not impaired.

Overdue and impaired receivables are as follows:

Overdue Period	30 June 2012	December 2011
Over 6 months	**2,432**	**2,432**

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

	2012	2011
Balance at 1 January	**(2,432)**	**(1,728)**
Provision released	-	-
Balance at 30 June	**(2,432)**	**(1,728)**

Trade Payables	30 June 2012	December 2011
Trade payables	198,648	166,808
Due to related parties (Note: 24)	10,221	7,260
Less: unincurred credit finance expense(-)	(580)	(1,421)
	208,289	**172,647**

As of 30 June 2012 trade payables are discounted by %0,91 for TL, by %0,33 for US Dollar, by %0,33 for Euro (31 December 2011: %1,00 for TL, %0,36 for US Dollar, %0,44 for Euro).

As of 30 June 2012 average credit terms for trade receivables and trade payables are 47 days and 93 days respectively (31 December 2011: 46 days and 82 days respectively).

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

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

Other Receivables	**30 June 2012**	**December 2011**
VAT return claimed subject to VAT rate reduction	15,569	15,431
VAT return claimed on export deliveries	1,609	1,646
Deferred special consumption tax	1,191	429
Due from related parties (Note 24)	660	230
Miscellaneous receivables	5,342	3,201
	24,371	**20,937**

Other non-current receivables	**30 June 2012**	**December 2011**
Other	**36**	**-**

Other Payables	**30 June 2012**	**December 2011**
Installment tax payable (*)	7,309	7,309
Social security and taxes payable	3,024	2,592
Due to personnel	1,734	754
Advances received from customers	1,309	750
Cancellation of PCT	1,191	429
Cancellation of VAT	816	1,215
Due to related party (Note 24)	1	39
Other	401	401
	15,785	**13,489**

Other Non-Current Liabilities	**30 June 2012**	**December 2011**
Installments of tax debts connected (*)	6,091	9,745
Other non-current liabilities	332	531
	6,423	**10,276**

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

The total amount payable as a result of the inspection made by the tax office, TL 32 417 for the tax imposed in 2007; 12.715 TL for 44.823 TL of penalty, as a result of the tax investigation in 2010 TL 12.497 and for TL 18.746 penalty imposed TL 9.212, calculated as a total of TL 21.927. Company will pay 18 equal installments beginning from June 2011 within 36 months and has already paid TL 8.527 of TL 21.927 as of the reporting date.

TL 792 of TL 21.927 related to the Value Added Tax will be subject to discount. The remaining TL 21.135 was accounted for as expense in 2011 financial statements (Note 19).

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

NOTE 8 – INVENTORIES

	30 June 2012	December 2011
Raw materials and supplies (*)	104,636	87,364
Intermediate goods	101,735	71,239
Finished goods	44,388	23,073
Semi-finished goods	3,029	3,288
By-products	3,965	2,573
Other	4,775	3,804
Less:impairment in value of inventories (**)	**(3,803)**	**(3,578)**
	258,725	**187,763**

Movement of provision for impairment of inventories	2012	2011
Balance at 1 January	**(3,578)**	**(3,058)**
Charge for the period (Note 17)	(225)	(1,040)
Balance at 30 June	**(3,803)**	**(4,098)**

The Company has increased its provision for impairment of inventories for TL 225 and therefore realized allowance for impairment in current year is TL 3.803 TL. As of 30 June 2012 , total inventory accounted with net realizable value is TL 149.926 (31 December 2011: TL 97.890).

For the period ended at 30 June 2012, the aggregate amount of inventories expensed and included in cost of goods sold is TL 385.821 (30 June 2011: TL 313.035).

(*) There is a damage in subject for Mono ethylene glycol (MEG) included in raw materials and supplies and amounting TL 13.470; and the Company performs the requirements for the usage of the raw material or for the damage indemnity.

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

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

NOTE 9 – INVESTMENT PROPERTY

The movement schedules of investment properties for the period ended 30 June 2012 and 2011are as follows:

	1 January 2012	Addition	30 June 2012
Cost:			
Land	5	-	5
Buildings	3,780	-	3,780
	3,785	-	**3,785**
Accumulated depreciation			
Building	2,176	95	2,271
Net Book Value	**1,609**	**(95)**	**1,514**

In the period between 1 January-30 June 2012 the Company has leased properties with the net book value of TL 1.514 (30 June 2011: TL 1.704) to the third parties through lease agreements. The Company does not have expense except depreciation depending on these agreements and the Company has generated rent income of TL 177 (30 June 2011: TL 170) (Note 19). The fair value of factory building was carried out according to the discounted cash flow and has been calculated as TL 2.364.

	1 January 2011	Addition	30 June 2011
Cost:			
Land	5	-	5
Buildings	3,780	-	3,780
	3,785	-	**3,785**
Accumulated depreciation			
Buildings	1,986	95	2,081
Net Book Value	**1,799**	**(95)**	**1,704**

The total depreciation for the period ended 30 June 2012 and 2011 is presented in the income accounts in Note 10.

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

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

The movement schedules of property, plant and equipment and related accumulated depreciation for the years ended 30 June 2012 and 2011 are as follows:

	1 January 2012	Additions	Transfers from construction in progress	Disposals	30 June 2012
Cost:					
Land	13,236	2,151	-	-	15,387
Land Improvements	8,225	-	-	-	8,225
Buildings	65,672	-	372	-	66,044
Machinery and equipment	391,307	1,107	4,242	(50)	396,606
Motor vehicles	1,960	2	-	-	1,962
Furniture and fixtures	6,488	313	18	(1,226)	5,593
Construction in progres	10,567	3,883	(4,632)	-	9,818
	497,455	**7,456**	**-**	**(1,276)**	**503,635**
Accumulated depreciation:					
Land İmprovements	5,296	236	-	-	5,532
Buildings	34,827	1,637	-	-	36,464
Machinery and equipment	266,016	7,813	-	(36)	273,793
Motor vehicles	1,927	2	-	-	1,929
Furniture and fixtures	5,089	180	-	(1,222)	4,047
	313,155	**9,868**	**-**	**(1,258)**	**321,765**
Net Book Value	**184,300**				**181,870**

As of balance sheet date, net book value of financial lease assets is TL 371.

The Company management took into consideration the internal and external sources of information as described in IAS 36 "Impairment of Assets" as impairment indicators and performed an impairment study. The Company made a study to measure the recoverable amount of its tangible assets as at 30 June 2012 using discounted cash flows model with a discount rate of 11,98%. The subject study prepared by the Company management is dependent on the appreciation of new products in the chemicals segment that the Company is capable of producing and has the capacity of producing with its existing machinery and equipment. Additionally, the Company management foresees the increase of the share of specialty products with higher gross profit margins in the textile segment in the future period. The study prepared by discounted cash flow method reflects the forecast and assumptions of Company management. Based on the results of this study no impairment loss on the Company's tangible assets is noted.

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

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (cont'd)

	1 January 2011	Additions	Transfers from construction	Disposals	30 June 2011
Cost:					
Land	13,236	-	-	-	13,236
Land improvements	8,225	-	-	-	8,225
Buildings	62,959	-	-	-	62,959
Machinery and equipment	369,593	390	873	-	370,856
Motor vehicles	2,178	3	-	(223)	1,958
Furniture and fixtures	5,984	185	5	-	6,174
Construction in progress	6,246	9,457	(1,254)	-	14,449
	468,421	**10,035**	**(376)**	**(223)**	**477,857**
Accumulated depreciaiton					
Land improvements	4,824	236	-	-	5,060
Buildings	31,649	1,577	-	-	33,226
Machinery and equipment	251,283	7,270	-	-	258,553
Motor vehicles	2,135	3	-	(213)	1,925
Furniture and fixtures	4,768	162	-	-	4,930
	294,659	**9,248**	**-**	**(213)**	**303,694**
Net Book Value	**173,762**				**174,163**

As of 30 June 2011, net book value of financial lease assets is TL 1.157.

Total depreciation and amortization charges for the 6 months period ended at 30 June 2012 and 2011 and the related income statement accounts are as follows:

	1 January - 30 June 2012	1 January - 30 June 2011
Cost of production (Note17)	9,021	8,419
Research expenses (Note 18)	993	989
General administrative expense (Note 18)	362	318
Selling marketing and distribution expenses (Note18)	279	280
	10,655	**10,006**

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

NOTE 11 – INTANGIBLE ASSETS

The movement schedules of intangible assets and related accumulated depreciation for the six month periods ended 30 June 2012 and 2011 are as follows:

	1 January 2012	Additions	30 June 2012
Cost			
Rights	4,812	400	5,212
Development costs	6,137	-	6,137
	10,949	**400**	**11,349**
Accumulated amortisation			
Rights	4,474	80	4,554
Development costs	2,944	612	3,556
	7,418	**692**	**8,110**
Net book value	**3,531**		**3,239**

	1 January 2011	Additions	30 June 2011
Cost			
Rights	4,606	39	4,645
Development costs	5,761	-	6,137
	10,367	**39**	**10,782**
Accumulated amortization			
Rights	4,362	50	4,412
Development costs	1,717	613	2,330
	6,079	**663**	**6,742**
Net book value	**4,288**		**4,040**

The income statement calculations concerning the amortization schedules in the accounting periods 30 June 2012 and 2011 are disclosed in Note 10.

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

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2012	**31 December 2011**
Provision for export expenses (**)	989	931
Provision for restructuring and demand of other receivables (*)	305	384
Provision for export insurance expenses (**)	-	734
Other	17	8
	1.311	**2.057**

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

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

The movement schedules of provision for restructuring expenses for the periods ended 30 June 2012 and 2011 are as follows:

Provision for Export Expenses

	2012	**2011**
Balance at 1 January	**931**	**496**
Charge for the period	5,954	6,323
Provision released	(5,896)	(5,737)
Balance at 30 June	**989**	**1,082**

Provision for restructuring expenses and other receivables

	2012	**2011**
Balance at 1 January	**384**	**601**
Charge for the period	84	28
Provision released	(163)	(159)
Balance at 30 June	**305**	**470**

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

NOTE 13 - COMMITMENTS

Commitments and contingencies, which are not included in the liabilities at 30 June 2012 and 2011, are as follows:

Commitments based on export incentive certificates

	30 June 2012	December 2011
The total amount of export commitment of documents stored in the document	832,197	667,125
The amounts mentioned include commitments based on export incentive certificates which are presently fulfilled but the closing transactions are not concluded yet	186,172	165,366
Total amount of open export incentives	646,024	445,092
Open export incentives	253,020	94,893

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

	30 June 2012			31 December 2011		
	TL Equivalent	TL	Euro	TL Equivalent	TL	Euro
A. CPMs given in the name of its own legal personality	42,249	37,516	2,000,000	42,982	38,094	2,000,000
B. CMP's given on be half of the fully consolidated companies	-	-	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of the business	-	-	-	-	-	-
D. Total amount of other CPM's given						
- Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-	-	-
- Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-
- Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
Total CPM amount	**42,249**	**37,516**	**2,000,000**	**42,982**	**38,094**	**2,000,000**

As of 30 June 2012 the percentage of the other CPM`s given by the Company to the total equity is 0% (31 December 2011: 0%).

Mortgages and guarantees taken at 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012	December 2011
Notes of guarantees taken	17,292	19,032
Letters of guarantees taken	1,939	2,035
Mortgages taken	234	234
Total	**19,465**	**21,301**

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

NOTE 14 – EMPLOYEE BENEFITS

Short Term Employee Benefits

	30 June 2012	December 2011
Unused vacation allowance	2,046	2,067
Premiums for senior management	150	1,100
Provision for employee expenses	818	223
	3,014	**3,390**

Long Term Employee Benefits

	30 June 2012	December 2011
Provision for employment termination benefits	**14,971**	**14,233**

Unused Vacation Allowance

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

Movements of unused vacation allowances are as follows:

	2012	2011
Balances of 1 January	**2,067**	**1,885**
Charge for the period (Note 19)	79	279
Allowance released	(100)	-
Balance at 30 June	**2,046**	**2,164**

Movement of the provision for employee expense is as follows:

	2012	2011
Balances of 1 January	**223**	**192**
Charge for the period	1,142	1,450
Allowances released	(547)	(872)
Balance at 30 June	**818**	**770**

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

NOTE 14 – EMPLOYEE BENEFITS (cont'd)

Provision for Employment Termination Benefits

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

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause excluding 25/2 article of labor law, is called up for military service or dies. As of 8 September 1999 related labor law was changed and retirement requirements made gradual. The amount payable consist of one gross wage for each year of service limited to maximum termination indemnity for non-union employees and 47 days gross wage for each year of service limited to maximum termination indemnity for union employees. Same payment is done for days remaining from 1 year.

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

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

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

	30 June 2012	December 2011
Discount rate (%)	4.66	4.66
Retention rate to estimate the probability of retirement(%)	98	98

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

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 2, 81 (1 January 2011: TL 2, 62), which is expected to be effective from 1 January 2011, has been taken into consideration in calculating the provision for employment termination benefits of the Company

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 3,03 TL (1 January 2012: TL 2,91) which is expected to be effective from 1 January 2011, has been taken into consideration in calculating the provision for employment termination benefits of the Company.

Movement of the reserve for employment termination benefits is as follows:

	2012	2011
Balances of 1 January	**14,233**	**12,745**
Charge for the period	2,180	2,163
Payments during the period	(1,442)	(1,282)
Balance at 30 June	**14,971**	**13,626**

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

NOTE 15 – OTHER ASSETS AND LIABILITIES

Other Current Asset	30 June 2012	December 2011
Insurance expenses	2,206	-
Revision expenses	968	-
Personnel expenses	163	-
Prepaid expenses	397	96
	3,734	**96**

Other Non-Current Asset	30 June 2012	December 2011
Deferred VAT	49,540	32,186
Spare parts	11,637	11,120
Prepaid expenses	350	598
	61,527	**43,904**

NOTE 16 - EQUITY

Sasa Polyester Sanayi A.Ş fully paid and issued capital each YKR 1 nominal value of 21.630.000.000 shares (31 December 2011: 21.630.000.000). The shareholders and shareholding structure of the Company at 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012		31 December 2011	
	TL	Share %	TL	Share %
H.Ö. Sabancı Holding A.Ş.	110,313	51	110,313	51
Public Offered	105,987	49	105,987	49
	216,300	**100**	**216,300**	**100**
Inflation adjustment to share capital (*)	196,213		196,213	
	412,513		**412,513**	

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

Shareholders' equity items of company as at 30 June 2012 and 31 December 2011 prepared in accordance with the Communiqué No: XI-29 are as follows:

	30 June 2012	31 December 2011
Share Capital	216,300	216,300
Inflation adjustment to share capital	196,213	196,213
Restricted reserves	5,356	5,356
Accumulated loss	(143,386)	(185,496)
Net (loss) / profit for the period	(7,331)	42,110
Shareholders'equity	**267,152**	**274,483**

NOTE 16 - EQUITY (cont'd)

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital.

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

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

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

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

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

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

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

NOTE 16 - EQUITY (cont'd)

Profit Distribution:

In accordance with the Capital Markets Board's (the "Board") Decree issued on 27 January 2010, in relation to the profit distribution of earnings derived from the operations in 2009, minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Serial:IV, No: 27 "Principles of Dividend Advance Distribution of Companies That Are Subject To The Capital Markets Board Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

NOTE 17 – SALES AND COST OF SALES

Sales Revenue

	1 January- 30 June 2012	1 January- 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
Domestic sales	313,761	272,367	165,371	137,778
Foreign sales	192,657	187,807	88,226	94,114
Other sales	6,844	5,278	3,306	2,615
Sales returns	(466)	(249)	(388)	(43)
Sales discounts	(1,356)	(673)	(387)	(162)
Other discounts	(34)	(241)	(34)	(11)
Sales Revenues(net)	**511,406**	**464,289**	**256,094**	**234,291**

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

NOTE 17 – SALES AND COST OF SALES (cont'd)

Cost of Sales

	1 January- 30 June 2012	1 January- 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
Dirct first raw material and supplies expenses	425,808	316,692	223,355	169,901
Energy expenses	45,733	35,215	24,647	17,804
Labour expenses	25,342	20,121	13,700	10,368
Other variable expenses	7,911	6,043	4,115	3,157
Amortization (Note 10)	7,324	6,619	3,603	3,450
Spare parts and maintenance expenses	3,453	2,924	1,748	1,544
Insurance expense	526	390	278	195
Usage of semi-finished goods	259	(965)	(862)	(456)
Other fixed expenses	112	90	66	37
Production cost for the year	**516,468**	**387,129**	**270,650**	**206,000**
Cost of waste goods sold	8,640	5,483	4,028	2,999
Cost adjustment to unrealised sales	2,928	(421)	2,928	(421)
Other idle time expenses	2,386	2,814	699	1,947
Idle time type amortisation (Note 10)	1,697	1,800	916	770
Provision for impairment inventories (Note 8)	225	1,040	244	178
Cost of goods sold	-	163	-	-
Stock count differences	(229)	(486)	(174)	(405)
Usage of finished and semi-finished goods	(51,810)	(8,471)	(38,854)	(7,429)
Cost of goods sold during the year	**480,305**	**389,051**	**240,437**	**203,639**

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

NOTE 18 – OPERATING EXPENSES

Selling, Marketing and Distribution Expenses

	1 January- 30 June 2012	1 January- 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
Export expenses	13,488	10,696	6,503	5,523
Personnel expenses	2,794	1,244	1,511	695
Insurance expenses	754	493	374	250
Taxes and duties	555	312	279	162
Energy expenses	354	293	171	145
Amortization (Note 10)	279	280	140	138
Rent expenses	20	1,062	10	535
Other	614	320	365	152
	18,858	**14,700**	**9,353**	**7,600**

General Administrative Expenses

	1 January- 30 June 2012	1 January- 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
Personnel expenses	5,393	4,400	3,238	2,433
Consultancy expenses	752	570	317	281
Seniority notice indemnity	441	435	206	435
Amortization (Note 10)	362	318	183	160
Insurance expences	257	175	129	89
Supplies, repair and maintenance expenses	215	199	127	94
Energy expences	126	103	63	51
Auxiliary service expenses	113	68	68	33
Other	676	587	326	122
	8,335	**6,855**	**4,657**	**3,698**

Research and Development Expenses

	1 January- 30 June 2012	1 January- 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
Amortization (Note 10)	993	989	498	492
Labour and personnel expenses	126	32	73	18
Other	81	81	46	42
	1,200	**1,102**	**617**	**552**

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

NOTE 19 – OTHER OPERATING INCOME/EXPENSES

Other operating income

	1 January- 30 June 2012	1 January- 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
Miscellaneous sales income	12,717	9,595	8,467	4,878
Provision of closed requests for restructuring and other receivables	1,050	810	1,029	810
Rent income	177	170	89	84
Fixed asset sales income	22	75	22	9
Insurance compensation income	44	22	40	12
Other	287	98	153	49
	14,297	**10,770**	**9,800**	**5,842**

Other operating expenses

	1 January - 30 June 2012	1 January- 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
Miscellaneous sales expense	10,896	7,003	7,606	3,625
Taxes and duties paid	546	975	288	683
Premiums for senior management (Note 14)	150	-	150	-
Provision for unused vacation (Note 14)	79	279	-	133
Provision for restructuring expenses	64	28	-	-
Provision for legal cases (Note 7)	-	21,135	-	-
Other	384	1,522	97	367
	12,119	**30,942**	**8,141**	**4,808**

NOTE 20 - FINANCIAL INCOME

	1 January- 30 June 2012	1 January- 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
Foreign exchange income	13,646	7,863	19,504	10,449
Interest income	320	303	478	121
	13,966	**8,166**	**19,982**	**10,570**

NOTE 21 - FINANCIAL EXPENSES

	1 January- 30 June 2012	1 January- 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
Foreign exchange losses	17,086	9,756	20,721	11,138
Interest expense	8,770	4,991	4,975	2,470
	25,856	**14,747**	**25,696**	**13,608**

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

NOTE 22 – TAX ASSETS AND LIABILITIES

Deferred income taxes

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

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 30 June 2012 and 31 December 2011 using the enacted tax rates are as follows:

	Cummulative temporary difference		**Deffered income tax asset/ (liabilities)**	
	30 June 2012	**31 Aralık 2011**	**30 June 2012**	**31 Aralık 2011**
Accumulated financial loss	(60,627)	(52,272)	12,125	10,454
Restatement and depreciation/ amortization difference	27,743	28,648	(5,549)	(5,730)
Retirement pay provision	(14,971)	(14,233)	2,994	2,847
Net difference between the tax base and carrying value of inventories	(6,362)	(7,268)	1,272	1,454
Adjustment for unrealized sales	(239)	(992)	48	198
Provision for accumulated unpaid vacation provision	(2,046)	(2,067)	409	413
Net difference between the tax base and the carrying value of assets held for investment	(41)	19	8	(4)
Adjustment for not accrued financial expenses	580	1,421	(116)	(284)
Adjustment for not accrued financial income	(797)	(1,329)	159	266
Other	(1,320)	(3,280)	264	656
Deferred income tax assets			17,279	16,288
Deferred income tax liabilities			(5,665)	(6,018)
Provision for deferred tax asset recognised from carry forward (*)			(12,125)	(10,454)
Deferred income tax liabilities,net			**(511)**	**(184)**

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

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

NOTE 22 – TAX ASSETS AND LIABILITIES (cont'd)

Deferred income tax asset

	30 June 2012	31 December 2011
Deferred income tax asset to be recovered after more than a year	3,403	3,260
Deferred income tax asset to be recovered within one year	1,751	2,574
	5,154	**5,834**

Deferred tax liabilities

	30 June 2012	31 December 2011
Deferred income tax asset to be recovered after more than a year	5,549	5,734
Deferred income tax asset to be recovered within one year	116	284
	5,665	**6,018**

Movements in deferred taxes can be analyzed as follows:

	2012	2011
Balance at 1 January	**(184)**	**(1,296)**
Change for the year	(327)	918
Balance at 30 June	**(511)**	**(378)**

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

	30 June 2012	30 June 2011
(Loss) / Profit before tax from operations	**(7.004)**	**26.695**
Expected taxation(20%)	1.401	(5.339)
Tax effects of:		
-Revenue that is exempt from taxation	176	-
-Expenses that are not deductible in determining taxable profit	(274)	(4.312)
-Effect of prior period income tax offset form prior period loses	(1.671)	10.478
-Other adjustment	41	91
Income tax recognized in profit/(loss)	**(327)**	**918**

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

NOTE 22 – TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefits through future taxable profits is probable. The Company did not recognize deferred tax assets of TL 60.627 (31 December 2011: TL 52.272) in respect of losses, which are summarized as follows:

2013	12,860
2014	39,412
2017	8,355
	60,627

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 2012 is 20% (2011: 20%).

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

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment allowance in its meeting held on 15 October 2009, and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment allowance for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated 8 January 2010, and thereby the time limitation regarding investment allowance was removed, however it has also been stated that balance regarding the calculation of the tax bases could not exceed 25% percent of the relevant income and the remaining balance after the investment allowance should be subject to 20% of corporate tax. The Company has unutilized carried forward investment allowance amounting to TL 72.492, in which TL 12.415 coming from balance subject to 19,8% withholding tax and the remaining 60.077 subject to no tax (31 December 2011: TL 72.033).

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

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

NOTE 22 – TAX ASSETS AND LIABILITIES (cont'd)

In accordance with mentioned revision, 100% of research and development expenditures facilities related to technology and information research as of 2008 balance sheet date are deducted from income before tax. Expected research and development allowance of the Company as of 30 June is TL 671.

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

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

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

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. The aggregate amount of the Company's carry forward tax losses at 30 June 2012 is TL 60.627 (31 December 2011: TL 52.272).

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 the years ended 30 June 2012 and 2011 have been reconciled to the current year tax charge as follows:

	1 January- 30 June 2012	1 January- 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
Current period tax charge	-	-	-	-
Deferred tax income / (expense)	327	24	(918)	(65)
Total tax benefit	**327**	**24**	**(918)**	**(65)**

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

NOTE 23 – (LOSS) / EARNING PER SHARE

	1 January- 30 June 2012	1 January- 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2012
Net (loss)/gain attributable to sharel	(7,331)	(3,916)	27,613	16,863
Number of ordinary shares	21,630,000,000	21,630,000,000	21,630,000,000	21,630,000,000
Earnings per share in full TL thousands of ordinary shares	(0.34)	(0.18)	1.28	0.78

NOTE 24 – RELATED PARTY DISCLOSURES

a) Due from related parties:

	30 June 2012	31 December 2011
Group Companies	**660**	**1,105**
- Aksigorta A.Ş. ("Aksigorta")	644	214
- Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	15	14
- Temsa Global Sanayi ve Ticaret A.Ş ("Temsa")	1	2
- Kordsa Global Endüstriyel İplik ve Kord Bezi San. Tic. A.Ş. ("Kordsa")	-	875
Total	**660**	**1,105**

Due from related parties consists of only other receivables as of the report date (31 December 2011: TL 875 trade receivable, TL 230 other receivable). Related party receivables are without guarantees. No interest is calculated for receivables.

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

NOTE 24 – RELATED PARTY DISCLOSURES (cont'd)

b) Due to related parties:

	30 June 2012	31 December 2011
1) Shareholders	**1**	**39**
- Sabancı Holding	1	39
2) Participation	**53**	**144**
- Bimsa	53	144
3) Group Companies	**10,168**	**7,116**
- Enerjisa	8,351	6,565
- Aksigorta	1,234	205
- Olmuksa	581	337
- Sabancı Üniversitesi	2	-
- Ak Finansal Kiralama A.Ş.	-	5
- Yünsa	-	4
Total	**10,222**	**7,299**

As of the report date, TL 10.221 of payables to related parties is trade payables, TL 1 is other payables (31 December 2011: TL 7.260 TL trade payables, TL 39 other payables). As of 30 June 2012 average maturities of trade receivables and trade payables to related parties are 44 days and 81 days respectively (31 December 2011: 70 days and 60 days respectively).

c) Bank deposits:

	30 June 2012	31 December 2011
Akbank	422	949

d) Lease payables:

Ak Finansal Kiralama A.Ş.	30 June 2012	31 December 2011
Short term lease payables	396	899
Long term lease payables	15	113
Total	**411**	**1,012**

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

NOTE 24 – RELATED PARTY DISCLOSURES (cont'd)

e) Loans:

	30 June 2012	31 December 2011
Akbank	-	34,398

f) Sales to related parties:

	1 January - 30 June 2012	
	Good	**Service**
Shareholders	**-**	**83**
- Enerjisa	-	76
- Temsa	-	4
- Kordsa	-	3
Toplam	**-**	**83**

	1 January - 30 June 2011	
	Good	**Service**
1) Shareholders	**-**	**64**
- Sabancı Holding (*)	-	57
- Advansa B.V. (**)	-	7
2) Group Companies	**5,821**	**86**
- Advansa Marketing Company (**)	4,148	-
- Advansa GMBH (**)	1,668	-
- Dönkasan	5	-
- Enerjisa	-	69
- Temsa	-	11
- Kordsa	-	6
Total	**5,821**	**150**

(*) Since the Company was a center in Netherlands and subsidiary of Sabanci Holding subsidiary Advansa BV, Sabanci Holding purchased 11.031.300.118 shares of Advansa Sasa Polyester Sanayi AS (%51) in the nominal value of TL 110.313.001,18 on 26 May 2011 at a price of 102 million Euro within Advansa BV portfolio.

(**) Sabancı Holding, sold all its share in Holland based Advansa BV to Germany based BBMMR Holding Gmbh in 14th June 2011. Depending on this sale; Advansa BV and its subsidiaries Advansa Marketing Company and Advansa Gmbh cease to be a related party for the Company.

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

NOTE 24 – RELATED PARTY DISCLOSURES (cont'd)

f) Sales to related parties (cont'd):

	1 April - 30 June 2012	
	Good	**Service**
Group Companies	**-**	**40**
- Enerjisa	-	38
- Temsa	-	1
- Kordsa	-	1
Total	**-**	**40**

	1 April - 30 June 2011	
	Good	**Service**
1) Shareholders	**-**	**62**
- Sabancı Holding (*)	-	55
- Advansa B.V. (**)	-	7
2) Group Companies	**2,749**	**44**
- Advansa Marketing Company (**)	1,535	-
- Advansa GMBH (**)	1,214	-
- Dönkasan	-	-
- Enerjisa	-	35
- Temsa	-	6
- Kordsa	-	3
Total	**2,749**	**106**

(*) Since the Company was a center in Netherlands and subsidiary of Sabanci Holding subsidiary Advansa BV, Sabanci Holding purchased 11.031.300.118 shares of Advansa Sasa Polyester Sanayi AS (%51) in the nominal value of TL 110.313.001,18 on 26 May 2011 at a price of 102 million Euro within Advansa BV portfolio.

(**) Sabancı Holding, sold all its share in Holland based Advansa BV to Germany based BBMMR Holding Gmbh in 14th June 2011. Depending on this sale; Advansa BV and its subsidiaries Advansa Marketing Company and Advansa Gmbh cease to be a related party for the Company.

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

NOTE 24 – RELATED PARTY DISCLOSURES (cont'd)

g) Purchases from related parties:

	1 January - 30 June 2012			
	Good	**Service**	**Fixed Assets**	**Rents**
1) Shareholders	**-**	**51**	**-**	**79**
- Sabancı Holding	-	51	-	79
2) Participation	**-**	**351**	**387**	**-**
- Bimsa	-	351	387	-
3) Group Companies	**874**	**43,220**	**-**	**-**
- Olmuksa	874	-	-	-
- Enerjisa	-	38,334	-	-
- Aksigorta	-	4,660	-	-
- Avivasa	-	183	-	-
- Sabancı Üniversitesi	-	16	-	-
- Ak Finansal Kiralama	-	15	-	-
- Akyatırım Menkul Değerler A.Ş.	-	12	-	-
Total	**874**	**43,622**	**387**	**79**

The Company makes purchases of electricity and steam from Enerjisa, one of the related parties of the Company.

	1 January - 30 June 2011			
	Good	**Service**	**Fixed Assets**	**Rents**
1) Shareholders	**-**	**1**	**-**	**69**
- Sabancı Holding (*)	-	1	-	69
2) Participation	**-**	**360**	**10**	**-**
- Bimsa	-	360	10	-
3) Group Companies	**673**	**36,054**	**-**	**-**
- Olmuksa	673	-	-	-
- Enerjisa	-	31,237	-	-
- Aksigorta	-	3,740	-	-
- Advansa Marketing Company (**)	-	882	-	-
- Avivasa	-	164	-	-
- Akyatırım Menkul Değerler A.Ş.	-	12	-	-
- Ak Finansal Kiralama	-	11	-	-
- Çimsa	-	8	-	-
Total	**673**	**36,415**	**10**	**69**

(*) Since the Company was a center in Netherlands and subsidiary of Sabanci Holding subsidiary Advansa BV, Sabanci Holding purchased 11.031.300.118 shares of Advansa Sasa Polyester Sanayi AS (%51) in the nominal value of TL 110.313.001,18 on 26 May 2011 at a price of 102 million Euro within Advansa BV portfolio.

(**) Sabancı Holding, sold all its share in Holland based Advansa BV to Germany based BBMMR Holding Gmbh in 14th June 2011. Depending on this sale; Advansa BV and its subsidiaries Advansa Marketing Company and Advansa Gmbh cease to be a related party for the Company.

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

NOTE 24 – RELATED PARTY DISCLOSURES (cont'd)

g) Purchases from related parties (cont'd):

	1 April - 30 June 2012			
	Good	**Service**	**Fixed Assets**	**Rents**
1) Shareholders	**-**	**-**	**-**	**40**
- Sabancı Holding (*)	-	-	-	40
2) Participation	**-**	**136**	**156**	**-**
- Bimsa	-	136	156	-
3) Group Companies	**453**	**23,009**	**-**	**-**
- Olmuksa	453	-	-	-
- Enerjisa	-	20,537	-	-
- Aksigorta	-	2,363	-	-
- Avivasa	-	93	-	-
- Sabancı Üniversitesi	-	16	-	-
Total	**453**	**23,145**	**156**	**40**

	1 April - 30 June 2011			
	Good	**Service**	**Fixed Assets**	**Rents**
1) Shareholders	**-**	**-**	**-**	**34**
- Sabancı Holding (*)	-	-	-	34
2) Participation	**-**	**207**	**10**	**-**
- Bimsa	-	207	10	-
3) Group Companies	**450**	**18,555**	**-**	**-**
- Olmuksa	450	-	-	-
- Enerjisa	-	15,839	-	-
- Aksigorta	-	1,925	-	-
- Advansa Marketing Company (**)	-	707	-	-
- Avivasa	-	82	-	-
- Çimsa	-	2	-	-
Total	**450**	**18,762**	**10**	**34**

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

NOTE 24 – RELATED PARTY DISCLOSURES (cont'd)

h) Financial income:

	1 January-30 June 2012	1 January-30 June 2011	1 April -30 June 2012	1 April -30 June 2012
Akbank	2	2	427	92

i) Financial expenses:

	1 January-30 June 2012	1 January-30 June 2011	1 April -30 June 2012	1 April -30 June 2012
Akbank	1,714	724	387	287

j) Remuneration of directors and key management personnel:

As of 30 June 2012 and 2011 remuneration of directors and key management personnel amounts are as follows:

	1 January-30 June 2012	1 January-30 June 2011	1 April -30 June 2012	1 April -30 June 2012
Short term employee benefits	1,395	738	1,204	595
Employment termination benefits	349	349	-	-
Total	**1,744**	**1,087**	**1,204**	**595**

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

NOTE 25 - FINANCIAL RISK MANAGEMENT

Financial Risk Management

Financial risk factors

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

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

Market risk

Foreign exchange risk

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

Foreign Currency Position Table

Assets and liabilities denominated in foreign currencies at 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012			
	TL	**USD**	**EURO**	**GBP**
Trade receivables(Including other receivables)	162,312	67,226,306	17,969,883	-
Monetary financial assets (Including cash and banks)	26,918	14,578,610	250,976	3,899
Other	1,452	195,884	472,275	8,956
Current Asset	**190,682**	**82,000,800**	**18,693,134**	**12,855**
Total Asset	**190,682**	**82,000,800**	**18,693,134**	**12,855**
Trade payables(Including other payables)	(184,535)	(75,677,163)	(21,026,367)	(1,994)
Financial liablilties	(44,112)	(17,275,000)	(5,674,212)	-
Other	(984)	(33,920)	(404,448)	(1,115)
Short term liabilities	**(229,631)**	**(92,986,083)**	**(27,105,027)**	**(3,109)**
Financial liabilities	(15)	-	(6,745)	-
Long term liabilities	**(15)**	**-**	**(6,745)**	**-**
Total liabilities	**(229,646)**	**(92,986,083)**	**(27,111,772)**	**(3,109)**
Net foreign currency position	**(38,964)**	**(10,985,283)**	**(8,418,638)**	**9,746**
Export	192,657	16,633,024	69,413,734	-
Import	299,405	69,178,054	76,052,808	-

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (cont’d)

	31 December 2011			
	TL	**USD**	**EURO**	**GBP**
Trade receivables(Including other receivables)	130,260	52,014,294	13,098,718	-
Monetary financial assets				
(Including cash and banks)	31,150	16,127,397	276,038	4,255
Other	404	5,335	150,386	8,914
Current Asset	**161,814**	**68,147,026**	**13,525,142**	**13,169**
Total Asset	**161,814**	**68,147,026**	**13,525,142**	**13,169**
Trade payables(Including other payables)	(149,345)	(11,171,946)	(52,449,191)	(22,857)
Financial liablilties	(58,924)	(30,719,317)	(367,708)	-
Other	(734)	-	(300,268)	-
Short term liabilities	**(209,003)**	**(41,891,263)**	**(53,117,167)**	**(22,857)**
Financial liabilities	(4,363)	(2,250,000)	(46,311)	-
Long term liabilities	**(4,363)**	**(2,250,000)**	**(46,311)**	**-**
Total liabilities	**(213,366)**	**(44,141,263)**	**(53,163,478)**	**(22,857)**
Net foreign currency position	**(51,552)**	**24,005,763**	**(39,638,336)**	**(9,688)**
Export	335,985	22,390,070	130,215,390	-
Import	478,817	66,249,485	156,126,009	-

Foreign Currency Sensitivity Analysis

	Profit / (Loss)	
As of 30 June 2012;	**Appreciation of Foreign Currency**	**Depreciation of Foreign Currency**
10% change in US Dollar/TL Parity :		
US Dollar net asset	(1,984)	1,984
US Dollar net hedged amount	-	-
US Dollar net effect	**(1,984)**	**1,984**
10%change in EURO/TL Parity:		
EURO net asset	(1,915)	1,915
EURO net hedged amount	-	-
Euro net effect	**(1,915)**	**1,915**
10%change in GBP/TL Parity:		
GBP net asset	3	(3)
GBP net hedged amount	-	-
GBP net effect	**3**	**(3)**
Total	**(3,896)**	**3,896**

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (cont'd)

	Profit / (Loss)	
As of 31 December 2011;	**Appreciation of Foreign Currency**	**Depreciation of Foreign Currency**
10% change in US Dollar/TL Parity :		
US Dollar net asset	4,534	(4,534)
US Dollar net hedged amount	-	-
US Dollar net effect	**4,534**	**(4,534)**
Euro'nun TL karşısında %10 değişmesi halinde:		
EURO net asset	(9,687)	9,687
EURO net hedged amount	-	-
Euro net effect	**(9,687)**	**9,687**
10%change in GBP/TL Parity:		
GBP net asset	(3)	3
GBP net hedged amount	-	-
GBP net effect	**(3)**	**3**
Total	**(5,156)**	**5,156**

At 30 June 2012, had the TL weakened / strengthened by 10% against the US Dollar ceteris paribus, net loss for the period would have been higher / lower by TL 1.984 (31 December 2011: TL 4.534), mainly as a result of foreign exchange losses / gains arising from the translation of US Dollar assets and liabilities.

At 30 June 2012, had the TL weakened / strengthened by 10% against the Euro ceteris paribus, net loss for the period would have been higher / lower by TL 1.915 (31 December 2011: TL 9.687), mainly as a result of foreign exchange losses / gains arising from the translation of Euro assets and liabilities.

Interest rate risk

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

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

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (cont'd)

Interest Rate Financial Instruments

	30 June 2012	31 December 2011
Fixed interest rate financial instruments		
Principle	*207,197*	*126,143*
Interest	*5,320*	*3,280*
Total fixed financial liabilities	**212,517**	**129,423**

At 30 June 2012, if interest rates on TL denominated borrowings had been 10% higher/lower ceteris paribus, net loss for the period would have been TL 163 (31 December 2011: net gain TL 64 lower/higher) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

At 30 June 2012, if interest rates on US Dollar denominated borrowings had been 10% higher/lower ceteris paribus, net loss for the period would have been TL 31 higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings (31 December 2011 : net gain TL 61 lower/higher).

At 30 June 2012, if interest rates on Euro denominated borrowings had been 10% higher/lower ceteris paribus, net loss for the period would have been TL 13 higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings (31 December 2011 : None).

Credit Risk

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

Receivables

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

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (cont'd)

Credit Risk Exposure according to Financial Instrument Types

	Receivables				
	Trade Receivables		Other Receivables		Time
30 June 2012	Related Party	Other	Related Party	Other	Deposit
-Maximum credit risk exposure as of balance sheet date	-	155,501	660	73,288	-
-Guaranteed maximum risk by commitment or etc.(*)	-	124,556	-	-	-
-Net book value of non-overdue or unimpaired financial asset	-	144,675	660	73,288	2,298
Net book value of financial assets that would be overdue or impaired unless restructed	-	-	-	-	-
Net book value of overdue assets that are not impaired	-	8,394	-	-	-
-The part that is Guaranteed by commitment or etc.		7,396	-	-	-
-Net book value of impaired assets	-	2,432	-	-	-
- Overdue(gross book value)	-	2,432	-	-	-
- Impairment		(2,432)	-	-	-

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

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (cont'd)

Credit Risk Exposure according to Financial Instrument Types (cont'd)

	Receivables				
	Trade Receivables		Other Receivables		Time
31 December 2011	**Related Party**	**Other**	**Related Party**	**Other**	**Deposit**
-Maximum credit risk exposure as of balance sheet date	875	136,291	230	52,893	1,571
-Guaranteed maximum risk by commitment or etc.	-	109,169	-	52,893	-
-Net book value of non-overdue or unimpaired financial asset	875	119,692	230	52,893	1,571
Net book value of financial assets that would be overdue or impaired unless restructed	-	-	-	-	-
Net book value of overdue assets that are not impaired	-	14,167	-	-	-
-The part that is Guaranteed by commitment or etc.		8,572	-	-	-
-Net book value of impaired assets	-	2,432	-	-	-
- Overdue(gross book value)	-	2,432	-	-	-
- Impairment	-	(2,432)	-	-	-

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (cont’d)

As of 30 June 2012 and 31 December 2011 net book value of overdue assets that not impaired is as follows:

Trade Receivables	**30 June 2012**	**December 2011**
Overdue 1-30 days	7,733	11,536
Overdue1-3 months	203	1,192
Overdue 3-12 months	458	1,439
Total	**8,394**	**14,167**
Portion under the guarantee of collaterals,etc(*)	7,396	8,572

(*) Related guarantees consist of receivable insurance, bank guarantees, mortgages and costumer cheques.

Liquidity Risk

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

As of 30 June 2012;

Contractual Maturities

Financial Liabilities Other than Derivatives

	Book Value	**Total Cash Outflow Due to Contracts**	**3 monhts**	**3-12 months**	**1-5 years**
Bank borrowings	206,786	222,340	115,065	107,275	-
Financial leasing liabilities	411	426	174	236	16
Trade payables	15,126	15,126	15,126	-	-
Other payables	14,130	14,130	2,569	5,138	6,423

Expected maturities

Financial Liabilities Other than Derivatives

	Book Value	**Total Cash Outflow Due to Contracts**	**3 monhts**	**3-12 months**	**1-5 years**
Bank borrowings	-	-	-	-	-
Trade payables	193,163	193,743	178,332	15,411	-
Other payables	8,585	8,585	8,585	-	-

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (cont'd)

As of 31 December 2011;

Contractual Maturities

Financial Liabilities Other than Derivatives					
	Book Value	**Total Cash Outflow Due to Contracts**	**3 monhts**	**3-12 months**	**1-5 years**
Bank borrowings	125,131	133,278	4,220	124,808	4,250
Financial leasing liabilities	1,012	1,056	299	640	117
Trade payables	14,755	14,755	14,755	-	-
Other payables	17,983	17,983	2,569	5,138	10,276

Expected Maturities

Financial Liabilities Other than Derivatives					
	Book Value	**Total Cash Outflow Due to Contracts**	**3 monhts**	**3-12 months**	**1-5 years**
Bank borrowings	-	-	-	-	-
Trade payables	157,890	159,311	159,311	-	-
Other payables	13,450	13,450	13,450	-	-

Funding risk

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

Capital risk management

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

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

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

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (cont'd)

As of 30 June 2012 and 2011 net debt/ (shareholders' equity + net debt) ratio is as follows:

	30 June 2012	December 2011
Total borrowings	462,821	345,699
Cash and cash equivalents	(39,016)	(40,436)
Deferred tax liabilities	(511)	(184)
Net debt	423,294	305,079
Shareholder's equity	267,152	274,483
Shareholder's equity+net debt	690,446	579,562
Net debt/ (Shareholders'equity+net debt) ratio	61%	53%

NOTE 26 – SUBSEQUENT EVENTS

None noted.