

**(CONVENIENCE TRANSLATION OF A REPORT ORIGINALLY
ISSUED IN TURKISH)**

SASA POLYESTER SANAYİ A.Ş.

**FINANCIAL STATEMENTS AND INDEPENDENT REVIEW
REPORT FOR THE INTERIM PERIOD BETWEEN
1 JANUARY – 30 JUNE 2013**

(Convenience translation of a review report originally issued in Turkish)

**Independent auditor's report for the interim period
between 01 January-30 June 2013**

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 June 30, 2013, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended. The Company management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Turkish Accounting Standards as accepted by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the principles and standards on the review of interim financial statements as stated in the auditing standards issued by the Capital Market 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 independent auditing standards issued by the Capital Market 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 independent 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 Turkish Accounting Standards issued by the Public Oversight Accounting and Auditing Standards Authority.

Other Issue

The balance sheet dated December 31, 2012 and the financial statements for the six-month interim period ended June 30, 2012 were subjected to a full-scope audit and a limited review, respectively, by another audit firm. The said audit firm (a) expressed an unqualified opinion in its independent auditors' report dated March 1, 2013 on the financial statements prepared as of December 31, 2012 and (b) stated in its independent review report dated August 17, 2012 that no significant matters had come to their attention that will cause that financial statements dated June 30, 2012 were not prepared in accordance with the Financial Reporting Standards promulgated by the Capital Market Board.

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



Metin Canoğulları SMMM
Engagement Partner

12 August 2013
Istanbul, Turkey

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(CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

SASA POLYESTER SANAYİ A.Ş.

INTERIM STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2013

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

		<i>Restated</i>
	Notes	Current Period (Reviewed) 30 June 2013
		Prior Period (Audited) 31 December 2012
ASSETS		
Current Assets		462.384
Cash and Cash Equivalents	3	1.917
Trade Receivables	6	256.855
- <i>Other Trade Receivables</i>		256.850
- <i>Trade Receivables from Related Parties</i>		5
Other Receivables	8	18.823
- <i>Other Receivables</i>		18.723
- <i>Other Receivables from Related Parties</i>		100
Inventory	9	177.589
Prepaid Expenses	10	7.200
Non-Current Assets		221.894
Financial Investments	4	-
Trade Receivables	6	106
Other Receivables	8	36
Investment Properties	11	1.324
Tangible Assets	12	164.084
Intangible Assets	13	3.598
Prepaid Expenses	10	259
Deferred Tax Assets	25	355
Other Non-Current Assets	17	52.132
TOTAL ASSETS		684.278
LIABILITIES		
Current Liabilities		426.269
Financial Liabilities	5	231.439
Trade Payables	6	171.926
- <i>Other Trade Payables</i>		159.096
- <i>Trade Payables to Related Parties</i>		12.830
Employee Benefit Obligations	7	4.921
Other Payables	7	9.584
- <i>Other Payables to Third Parties</i>		9.584
- <i>Other Payables to Related Parties</i>		-
Derivative Instruments	18	2.640
Current Provisions		5.759
- <i>Short-Term Provisions</i>	14	3.095
- <i>Short-Term Provisions For Employment Benefits</i>	16	2.664
Non-Current Liabilities		16.198
Other Payables	7	-
Non-Current Provisions		16.198
- <i>Non-Current Provisions For Employment Benefits</i>	16	16.198
Deferred Tax Liabilities	25	-
EQUITY		241.811
Share capital	19	216.300
Share Capital Inflation Adjustments	19	196.213
Restricted Reserves	19	5.356
Actuarial Loss Fund For Employee Termination Benefits	19	(1.114)
Hedging Fund Reserve	19	(2.640)
Accumulated Losses	19	(173.081)
Net Profit/(Loss) for the Period		777
TOTAL LIABILITIES		684.278

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

SASA POLYESTER SANAYİ A.Ş.

INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE INTERIM PERIOD BETWEEN 1 JANUARY 30 JUNE 2013

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

	Notes	<i>Restated</i>			
		Current Period (Reviewed)	Current Period (Not Audited)	Prior Period (Audited)	Prior Period (Not Audited)
		1 January-30 June 2013	1 April-30 June 2013	1 January-30 June 2012	1 April-30 June 2012
CONTINUING OPERATIONS					
Revenue (net)	20	534.587	265.514	511.406	256.094
Cost of Sales (-)	20	(504.460)	(248.336)	(480.305)	(240.437)
GROSS PROFIT		30.127	17.178	31.101	15.657
General Administrative Expenses (-)	21	(7.758)	(3.878)	(8.335)	(4.657)
Marketing, Sales and Distribution Expenses (-)	21	(17.927)	(9.138)	(18.858)	(9.353)
Research and Development Expenses (-)	21	(1.277)	(628)	(1.200)	(617)
Other Operating Income	22	40.144	23.968	31.131	17.634
Other Operating Expenses (-)	22	(28.257)	(17.808)	(32.339)	(17.665)
OPERATING PROFIT		15.052	9.694	1.500	999
Investment Income		112	112	22	1
Investment Expenses (-)		(1)	(1)	-	-
Financial Income	23	1.520	602	545	243
Financial Expenses (-)	24	(16.276)	(10.124)	(9.071)	(5.135)
OPERATING (LOSS) / PROFIT BEFORE TAX		407	283	(7.004)	(3.892)
Tax Benefit/(Expense)		370	250	(327)	(24)
- Current Tax Expense		-	-	-	-
- Deferred Tax Income/(Expense)	25	370	250	(327)	(24)
PROFIT FOR THE PERIOD		777	533	(7.331)	(3.916)
Other Comprehensive Income / (Expense)					
Actuarial Loss Arising From Employee Benefits		-	-	-	-
Cash flow hedge losses		(2.640)	-	-	-
TOTAL COMPREHENSIVE/ INCOME (EXPENSE)		(1.863)	533	(7.331)	(3.916)
(Loss) / Earning Per Share	26	(0,09)	0,02	(0,34)	(0,18)

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

SASA POLYESTER SANAYİ A.Ş.**CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013**

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

	Notes	Paid in Capital	Inflation Adjustment to Shareholders Equity	Restricted Reserves	Actuarial losses arising from employee benefits	Hedging Fund Reserve	Accumulated Losses/ Retained Earnings	Total Equity
Balance at 1 January 2012	19	216.300	196.213	5.356	-	-	(143.386)	274.483
Changes in Accounting Policies (2.2)		-	-	-	(783)	-	783	-
Total comprehensive loss (-)		-	-	-	-	-	(7.331)	(7.331)
Balance at 30 June 2012	19	216.300	196.213	5.356	(783)	-	(149.934)	267.152
Balance at 1 January 2013	19	216.300	196.213	5.356	-	-	(174.195)	243.674
Changes in Accounting Policies (2.2)		-	-	-	(1.114)	-	1.114	-
Total comprehensive loss (-)		-	-	-	-	(2.640)	777	(1.863)
Balance at 30 June 2013	19	216.300	196.213	5.356	(1.114)	(2.640)	(172.304)	241.811

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

SASA POLYESTER SANAYİ A.Ş.

**CASH FLOWS FOR THE INTERIM PERIOD
BETWEEN 1 JANUARY – 30 JUNE 2013**

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

		<i>Restated</i>
		Prior Period
	Current Period	(Audited)
	(Reviewed)	1 January - 30 June
	1 January - 30 June	1 January - 30 June
Notes	2013	2012
Profit/(Loss) before taxation	407	(7.004)
Cash Flows from operating activities		
Depreciation and amortization expense	9, 10, 11 10.515	10.655
Interest expense	21 6.154	8.770
Gain on sale of fixed assets	19 (112)	(22)
Change in provision for employee benefits	14 3.096	2.904
Change in provisions	12 981	(746)
Interest income from bank deposits	20 (4)	(320)
Rediscount interest income (net)	(201)	309
Provision for impairment inventories-net	8, 17 (535)	225
Operating cash flows provided		
before changes in working capital:	20.301	14.771
Changes in operating assets and liabilities:		
Changes in trade receivable	6 (53.391)	(18.678)
Changes in due from related parties	6, 7 249	445
Changes in inventories	8 36.759	(82.824)
Changes in other receivables	7 (6.925)	(3.040)
Changes in prepaid expenses	15 (6.681)	(3.638)
Changes in other non-current assets	15 18.988	(5.986)
Changes in trade payables	6 52.655	31.840
Changes in due to related parties	24 551	2.923
Changes in debt for employee termination benefits	2.056	-
Changes in other long term liabilities	7 (133)	(199)
Changes in other short term liabilities	7 (2.943)	2.334
Net cash generated by operating activities:	61.486	(62.052)
Employment termination benefits paid	14 (1.857)	(1.442)
Changes in premium provision	(700)	(1.100)
Tax payable paid	7 (3.655)	(3.654)
Net cash used in operating activities	55.274	(68.248)
Investing activities:		
Purchase of property, plant and equipment and intangible assets	10, 11 (1.982)	(7.856)
Proceeds from sale of property, plant	9, 10, 19 933	40
Net cash used in investing activities	(1.049)	(7.816)
Financing activities:		
Bank loans received	5 550.790	180.411
Repayment of borrowings	5 (596.013)	(98.756)
Repayment of financial leasings	5 (92)	(601)
Interest Received	20 4	320
Interest Paid	5 (10.782)	(6.730)
Net cash generated by financing activities	(56.093)	74.644
Net increase / (decrease) in cash and cash equivalents	1.868	(1.420)
Cash and cash equivalents at the beginning of the period	3.785	40.436
Cash and cash equivalents at the end of the period	3 1.917	39.016

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

SASA POLYESTER SANAYİ A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

As of 30 June 2013, number of employees of the Company is 1.135 (31 December 2012: 1.200).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

Basis of Preparation of Financial Statements and Significant Accounting Policies

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

The Company has prepared its financial statements for the interim period ended June 30, 2013 in accordance with Turkish Accounting Standard, numbered 34 Interim Financial Reporting.

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

Functional and representative currency of the Company is TL.

The interim financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the POA.

SASA POLYESTER SANAYİ A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.1 Basis of preparation (continued)

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

Financial statements are approved for declaration by Board of Directors on August 12, 2013 and signed by General Manager Toker Özcan and Cost Accounting, Budgeting and Reporting Manager Ferat Göç on behalf of the Board of Directors. The financial statements of the Company are subject to the approval of shareholders in the General Assembly and the shareholders possess the right to ask for amendment of these financial statements at the General Assembly after issuance.

2.2 Comparatives and restatement of prior periods' financial statements

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

Employee benefits, actuarial income/losses related to employee termination benefits are recognized under equity. This practice is effective for the periods starting as of January 1, 2013 and has been implemented retrospectively. In its statement of income dated 31 December 2012, the Company recognized the actuarial loss amounting to TL 1.114 (with deferred tax impact netted off), into the "general administrative expenses" and "deferred tax income/expense" account, classified in actuarial loss gain fund for employee termination benefits by netting through 2012 net loss for the period.

The Company has classified change in spare part amounting to TL 11.637 which was classified under change in other non-current assets in the cash flow statement in the period of June 30, 2012 under change in inventories.

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

- Spare parts amounting to TL 12.210 presented in other non-current assets were classified in inventories,
- Prepaid expenses amounting to TL 519 presented in other current assets were classified as a separate account in the statement of financial position,
- Prepaid expenses amounting to TL 200 presented in other non-current assets were classified as a separate account in the statement of financial position,

SASA POLYESTER SANAYİ A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.2 Comparatives and restatement of prior periods' financial statements (continued)

- Tax payable and other deductions amounting TL 2.865 presented under the account group of other liabilities were classified under liabilities for employee benefit obligations,
- The name of the account group for provisions related to employee benefits was amended as "current provisions..
- Debt provisions amounting TL 2.114 and provisions for employee benefits amounting TL 2.556 were presented in current provisions.

The classifications made in the statement of comprehensive income of the Company as of 30 June 2012 are as follows:

- Profit from currency differences amounting to TL 16.538 and from delay interest from sales on account amounting to TL 318 regarding trade receivables and payables under the finance income account were classified under other operating income,
- Income from the sale of fixed assets amounting to TL 22 shown in the account group of other operating income was classified under income from investment activities,
- Losses due to currency differences amounting to TL 20.220 shown in the account of finance expense were classified under other operating expenses.

2.3 Offsetting

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

2.4 Changes in Accounting Policies

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

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.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.6 New and Revised International Financial Reporting Standards

The accounting policies adopted in preparation of the interim financial statements as at 30 June 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

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

- TFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)", (The amendment affects disclosures only and did not have an impact on the financial position or performance of the Company.)
- TAS 1 "Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income" (The amendment affects presentation only and did not have an impact on the financial position or performance of the Company.)
- TAS 19 "Employee Benefits (Amended)" (Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain/(loss) under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Company used to recognize the actuarial gain and loss in profit and loss statement before this amendment. The retrospective effects of the amendment to recognise actuarial gain and loss in the comprehensive income statement are disclosed in Note 2.2.)
- TAS 27 "Separate Financial Statements (Amended)" (As a consequential amendment to TFRS 10 and TFRS 12, the POAS also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Company.)
- TAS 28 "Investments in Associates and Joint Ventures (Amended)" (As a consequential amendment to TFRS 11 and TFRS 12, the TASB also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. This amendment did not have an impact on the financial position or performance of the Company.)
- TFRS 10 "Consolidated Financial Statements" (TFRS10, TAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This amendment will not have an impact on the financial position or performance of the Company.)

SASA POLYESTER SANAYİ A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

- TFRS 11 "Joint Arrangements" , (The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have an impact on the financial position or performance of the Company.)
- TFRS 12 "Disclosure of Interests in Other Entities" , (TFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Apart from the disclosures regarding the significant issues and transactions in the interim period, disclosures according to the new standards are not applicable to interim periods so the Company did not provide this disclosure in the interim period.)
- TFRS 13 "Fair Value Measurement" , (The new Standard provides guidance on how to measure fair value under TFRS but does not change when an entity is required to use fair value. It is a single source of guidance under TFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after TFRS 13 is adopted. Some of the disclosures about the financial instruments mentioned above, have to be provided in the interim financial statements according to TAS 34.16 A (j). This amendment did not have an impact on the interim financial statements of the Company.)
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" , (The interpretation is not applicable for the Company and did not have any impact on the financial position or performance of the Company.)
- Transition Guidance "Amendments to TFRS 10, TFRS 11 and TFRS 12" , (The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which TFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between TFRS 10 and TAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons TASB has also amended TFRS 11 Joint Arrangements and TFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This amendment did not have an impact on the financial position or performance of the Company.)

Improvements to TFRS:

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

- TAS 1 Financial Statement Presentation: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.
- TAS 16 Property, Plant and Equipment: Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

- TAS 32 Financial Instruments: Presentation: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.
- TAS 34 Interim Financial Reporting: Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

Standards issued but not yet effective and not early adopted

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

- TAS 32 "Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)" : (These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.)
- TFRS 9 "Financial Instruments – Classification and measurement" , (As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.)

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

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

- TFRS 10 "Consolidated Financial Statements (Amendment)", The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.
- TFRIC Interpretation 21 Levies, (The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.)

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

- TAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment) (The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.)
- TAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment) (The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.)

Resolutions promulgated by the Public Oversight Authority

2013-1 Financial Statement Examples and User Guide

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

2013-2 Recognition of Mergers of Entities under Joint Control

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

2013-3 Recognition of Dividend Right Certificates

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

SASA POLYESTER SANAYİ A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

Resolutions promulgated by the Public Oversight Authority (continued)

2013-4 Recognition of Cross Shareholding Investments

A situation in which an entity has treasury shares in an entity with an investment in associate; the recognition of cross shareholding has been assessed based on the type of the investment and different recognition principles. With the subject resolution, the subject has been assessed under three main topics below and the recognition principles for each one of them has been specified.

- i) In the event that the subsidiary holds the financial instruments based on equity of the parent,
- ii) In the event that affiliates and joint ventures hold the financial instruments based on equity of the investing entity,
- iii) In the event that the entity's financial instruments based on equity are held by the entity in which it has investments recognized within the scope of TAS 38 and TFRS 9.

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

2.7 Significant Accounting Estimations and Decisions

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

Net Realizable Value of Inventory

Inventories are stated at the lower of cost and net realizable value. The Company Management has determined that the cost of inventories is higher than the realizable value as of the reporting date. The impairment calculation requires management to estimate the future cash flows expected to arise from the sale of inventories and the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Based on the estimation made by the Management as of June 30, 2013 the cost of inventories was reduced by TL 1.498 (31 December 2012: TL 2.033) and it was recorded to cost of sales.

SASA POLYESTER SANAYİ A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.7 Significant Accounting Estimations and Decisions (continued)

Determination of Recoverable Amount of Tangible Assets

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

Deferred tax

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

Retirement Pay Liability

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

At the end of each year, the Company determines the appropriate discount ratio. This ratio is used to calculate for the fulfilment of obligations for severance compensation's present value of estimated future cash outflows (Note 14).

SASA POLYESTER SANAYİ A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.8 Summary of Significant Accounting Policies

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

Revenue:

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

Sale of goods:

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

Transformation the significant risks and benefits of ownership to the buyer by the Company.

The absence of Company's continuing managerial involvement associated with ownership and effective control over the goods sold,

The amount of revenue can be measured reliably,

It is probable that the economic benefits associated with the transaction will flow to the entity and,

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other Revenues are recognized in accordance with following;

Dividend and interest revenue:

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

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

Planning according to segments:

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

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

SASA POLYESTER SANAYİ A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.8 Summary of Significant Accounting Policies (continued)

Rental income:

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

Inventories

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

Related Parties

In these financial statements, the Company's partners, the senior management team and board of directors members, their families and companies controlled by them or affiliated to them, associates and partnerships are accepted and referred as related parties (Note 24).

Tangible Assets

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

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

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

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

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.8 Summary of Significant Accounting Policies (continued)

Leasing

Leasing – the Company as Lessee

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

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

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

Tangible Assets Held For Sale

According to the company management, tangible assets which are held for sale, which the sale accounting has been completed within 1 year from the statement of financial position date and which there is no active intention of holding the asset are valued with minimum of the book value and the fair value. The recovery of the book value doesn't depend on the usage of the relevant tangible asset but the sale of the tangible asset. For the tangible assets classified under current assets held for sale, the depreciation provision is stopped as of the date of the classification date.

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.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.8 Summary of Significant Accounting Policies (continued)

Financial Instruments

Financial assets

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

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

Effective interest method

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

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

Financial assets available for sale

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

All financial assets are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associates with the investment. After initial recognition, financial assets that are classified as available-for-sale are measured at fair value if fair value can be reliably measured.

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

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

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.8 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Receivables

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

Borrowings

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

Impairment of financial assets

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

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

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

SASA POLYESTER SANAYİ A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.8 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

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 income statement. The net gain or loss recognized in income statement includes interest amount which has paid for mentioned financial liabilities.

Monetary liabilities

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

SASA POLYESTER SANAYİ A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.8 Summary of Significant Accounting Policies (continued)

Effects of changes in foreign currency

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

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

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

- Foreign exchange gain/losses related to assets under construction for future productive use, and included as an adjustment to interest costs and added on cost of those assets,
- Hedging transaction foreign currency risks (hedging accounting policies are described below),
- Foreign exchange differences forming part of the foreign operation net investment, accounted under reserves, associated with profit or loss on sale of the net investment, arising from international activity debt and receivables without intention or possibility of any payment.

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

Earnings per Share

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

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.8 Summary of Significant Accounting Policies (continued)

Provisions, Contingent Assets and Liabilities

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

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

Government Grants

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

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

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

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

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

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

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.8 Summary of Significant Accounting Policies (continued)

Investment Property

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

Provision for Employment Termination Benefits

Severance Payments:

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

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

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

Taxation and Deferred Taxes

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

Current tax

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

SASA POLYESTER SANAYİ A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.8 Summary of Significant Accounting Policies (continued)

Taxation and Deferred Taxes (continued)

Deferred Taxes

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

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

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

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

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

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

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

2.8 Summary of Significant Accounting Policies (continued)

Taxation and Deferred Taxes (continued)

Current and deferred tax for the year

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

Share Capital and Dividends

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

Restricted Reserves

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

NOTE 3- CASH AND CASH EQUIVALENTS

	30 June 2013	31 December 2012
Cash on hand	4	3
Bank - demand deposits	1.913	3.782
	<hr/> 1.917	<hr/> 3.785

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

NOTE 4- FINANCIAL ASSETS

Available for sale financial assets

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	TL Amount	%	TL Amount	%
Bimsa Uluslararası İş, Bilgi ve Yön.Sist.A.Ş. ("Bimsa") (*)	-	-	1.484	10,00
	-	-	1.484	-
Diminishment in value of Bimsa	-	-	(1.044)	-
	-	-	440	-

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

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

NOTE 5- BORROWINGS

Short term borrowings

	<u>30 June 2013</u>	<u>31 December 2012</u>
Short-term bank borrowings	231.422	281.496
	231.422	281.496
Short-term finance lease payables	17	109
Short-term borrowings	231.439	281.605

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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NOTE 5- BORROWINGS (continued)

Foreign currency denominated bank borrowings and corresponding interest expense accruals as at 30 June 2013 and 31 December 2012 are as follows:

Principal	30 June 2013			31 December 2012		
	Weighted Average Effective Interest Rates	Original Amount	TL	Weighted Average Effective Interest Rates	Original Amount	TL
TL	5,54	-	137.050	10,47	-	149.221
USD	1,21	49.000.000	94.315	1,51	63.000.000	112.304
EUR	-	-	-	1,55	6.500.000	15.286
			231.365			276.811
Accrued interest						
TL		-	50		-	4.682
USD		3.750	7		1.472	3
EUR		-	-		110	-
			231.422			281.496

Financial leasing payables

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

	30 June 2013	31 December 2012
Up to 1 year	17	109
1-5 years	-	-
	17	109

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

As of balance sheet date, net book value of financial leasing payables is TL 24 (31 December 2012: TL 86).

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

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 6 – TRADE RECEIVABLES AND TRADE PAYABLES

Trade Receivables

	30 June 2013	31 December 2012
Trade receivables	191.820	146.756
Cheques received (*)	68.063	59.576
Due from related parties (Note 24)	5	6
Provision for doubtful receivables	(3.033)	(3.033)
	256.855	203.305

(*) Cheques received constitute the cheques obtained from customers and kept in portfolio as a result of trade activities and consist of TL 47.448 with maturities of more than three months (31 December 2012: TL 39.637).

Non-current trade receivables

	30 June 2013	31 December 2012
Trade receivables	106	106
	106	106

As of 30 June 2013 trade receivables are discounted by 0,45% for TL, 0,11% for USD, 0,11% for EUR. (As of 31 December 2012 0,80% for TL, 0,17% for USD, 0,14% for EUR).

As of 30 June 2013 and 31 December 2012, past due but not provisioned trade receivables as follows:

Overdue Period	30 June 2013	31 December 2012
0 - 1 month	13.656	10.729
1 - 3 months	388	510
Over 3 months	-	173
Total	14.044	11.412

As of 30 June 2013 and 31 December 2012, due to existence of receivable insurance, bank guarantee, mortgage and other guarantees (i.e. cheques), the Company has not recorded any provision relation to trade receivables that were past due but not impaired.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 6 – TRADE RECEIVABLES AND TRADE PAYABLES (continued)

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

Over Period	30 June 2013	31 December 2012
Over 6 months	3.033	3.033
Total	3.033	3.033

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

	2013	2012
Balance at 1 January	(3.033)	(2.432)
Provision reeased (Note: 19)	-	-
Balance at 30 June	(3.033)	(2.432)

Trade Payables

	30 June 2013	31 December 2012
Trade payables	159.096	106.482
Due to related parties (Note: 24)	12.830	12.257
	171.926	118.739

As of 30 June 2013 trade payables are discounted by using 0,45% for TL, 0,11% for USD, 0,11% for EUR.(As of 31 December 2012 0,80% for TL, 0,17% for USD, 0,14% for EUR).

As of 30 June, 2013average turnover for trade receivables and trade payables are 51 days and 78 days, respectively (31 December 2012: 59 days and 65 days respectively).

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 7 – EMPLOYEE BENEFIT OBLIGATIONS

Liabilities for employee benefits

	30 June 2013	31 December 2012
Social security and taxes payable	2.547	2.180
Due to personnel	2.374	685
	4.921	2.865

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	30 June 2013	31 December 2012
VAT return claimed on export deliveries	5.685	860
VAT return claimed subject to VAT rate reduction	5.612	-
Value Added Tax ("VAT")	3.842	6.850
Deferred special consumption tax	2.539	1.883
Miscellaneous receivables	1.045	2.205
	18.723	11.798

Due from related parties (Note 24)	100	348
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Other Non-Current Receivables

	30 June 2013	31 December 2012
Other	36	36
	36	36

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 8 - OTHER RECEIVBLES AND PAYABLES (continued)

Other Payables

	30 June 2013	31 December 2012
Installment tax payable (*)	6.091	7.309
Taxes payable	714	330
Cancellation of PCT	1.710	1.611
Advances received from customers	429	2.691
Cancellation of VAT	300	654
Due to related party (Note 24)	-	22
Other	340	1.150
	9.584	13.767

Other Non-Current Liabilities

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

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

(*) The total amount payable as a result of the inspection made by the tax office, TL 32.417 for the tax imposed in 2007; TL 12.715 for TL 44.823 of penalty, as a result of the tax investigation in 2010 TL 12.497 and for TL 18.746 penalty imposed TL 9.212, calculated as a total of TL 21.927. Company will pay 18 equal instalments beginning from June 2011 within 36 months and has already paid TL 15.836 of TL 21.927 as of the reporting date. TL 792 of TL 21.927 related to the Value Added Tax will be subject to discount. The remaining TL 21.135 was accounted for as expense in the financial statements of 2011.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 9 – INVENTORIES

	30 June 2013	31 December 2012
Raw materials and supplies	48.563	73.330
Intermediate goods	63.830	94.531
Finished goods	44.568	36.858
Spare parts	11.723	12.210
Semi-finished goods	2.692	2.916
By-products (*)	4.497	4.976
Other	3.214	3.235
Less: Impairment in value of inventories (*)	(1.498)	(2.033)
	177.589	226.023

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

Movement of Provision for Impairment of Inventories

	1 January 2013 - 30 June 2013	1 January 2012 - 30 June 2012
Balance at 1 January	(2.033)	(3.578)
Charge for the period	-	(225)
Provision used	535	-
Balance at 30 June	(1.498)	(3.803)

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

The Company has decreased TL 2.033 for its provision for impairment of inventories TL 535 and therefore realized allowance for impairment in current year for TL 1.498. As of 30 June 2013, total inventory accounted with net realizable value is TL 109.896 (31 December 2012: TL 133.422).

For the period ended at 30 June 2013, the aggregate amount of inventories expensed and included in cost of goods sold is TL 408.897 (30 June 2012: TL 385.821).

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 10 – PREPAID EXPENSES

Prepaid Expenses (Short-term)

	30 June 2013	31 December 2012
Prepaid personnel expenses	127	-
Prepaid insurance expenses	3.508	-
Other prepaid expenses	3.565	519
	7.200	519

Prepaid Expenses (Long-term)

	30 June 2013	31 December 2012
Prepaid expenses	200	200
Advance for construction in progress	59	-
	259	200

NOTE 11 – INVESTMENT PROPERTIES

The movement schedules of investment properties and related accumulated depreciation for the years ended 30 June 2013 and 2012 are as follows;

	1 January 2013	Additions	Other transfers	Disposal	30 June 2013
Cost					
Land	5	-	-	-	5
Buildings	3.780	-	-	-	3.780
	3.785	-	-	-	3.785
Accumulated Depreciation					
Building	2.366	95	-	-	2.461
	1.419				1.324

As of June 30, 2013 the Company has leased properties with the net book value of TL 1.419 (30 June 2012: TL 1.514) to the third parties through lease agreements.

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

NOTE 11 – INVESTMENT PROPERTIES (continued)

The Company has generated rent income of TL 193 (30 June 2012: TL 177) throughout the period resulting from these lease agreements (Note 19). The fair value of factory building was carried out according to the discounted cash flow and has been calculated TL 3.802.

	1 January 2012	Additions	Other transfers	Disposal	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

The total depreciation for the period ended 30 June 2013 and 2012 is presented in Note 12.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

The movement schedules of property, plant and equipment and related accumulated depreciation for 30 June 2013 and 2012 are as follows;

	1 January 2013	Additions	Transfers from construction in progress	Other Transfers	Disposals	30 June 2013
Cost						
Land	15.551	-	-	-	-	15.551
Land Improvements	8.224	-	-	-	-	8.224
Buildings	66.047	-	-	-	-	66.047
Machinery and equipment	400.233	738	340	377	(3.175)	398.513
Motor vehicles	1.905	-	-	-	-	1.905
Furniture and fixtures	5.693	102	-	-	-	5.795
Construction in progress	7.300	803	(340)	-	(2)	7.761
	504.953	1.643	-	377	(3.177)	503.796
Accumulated depreciation						
Land Improvements	5.779	236	-	-	-	6.015
Buildings	38.321	1.638	-	-	-	39.959
Machinery and equipment	282.105	7.494	-	219	(2.356)	287.462
Motor vehicles	1.874	2	-	-	-	1.876
Furniture and fixtures	4.230	171	-	-	(1)	4.400
	332.309	9.541	-	219	(2.357)	339.712
Net book value	172.644					164.084

As of balance sheet date, net book value of financial lease assets is TL 24.

The Company management took into consideration the internal and external sources of information as described in TAS 36 "Impairment of Assets" as impairment indicators and performed an impairment study. The Company made a study to measure the recoverable amount of its tangible assets as at 30 June 2013 using discounted cash flows model with a discount rate of 10,36%. 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.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (continued)

	1 January		Transfers from	Other	30 June	
	2012	Additions	construction in progress	Transfers	Disposals	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 progress	10.567	3.883	(4.632)	-	-	9.818
	497.455	7.456	-	-	(1.276)	503.635
Accumulated depreciation						
Land Improvements	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 30 June 2012, net book value of financial lease assets is TL 371.

Total depreciation and amortization charges for the period between 1 January - 30 June 2013 and 1 January- 30 June 2012 and the related income statement accounts are as follows:

	1 January - 30 June 2013	1 January - 30 June 2012
Cost of production (Note 20)	8.665	9.021
Research expenses (Note 21)	1.165	993
General administrative expenses (Note 21)	406	362
Selling, marketing and distribution expenses (Note 21)	279	279
	10.515	10.655

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NOTE 13 - INTANGIBLE ASSETS

The movement schedules of intangible assets and related accumulated depreciation for the year ended 30 June 2013 and 2012 are as follows:

	1 January 2013	Additions	Transfers from construction in progress	Other Transfers	Disposals	30 June 2013
Cost						
Rights	5.374	339	-	-	-	5.713
Development costs	7.601	-	-	-	-	7.601
	12.975	339	-	-	-	13.314

Accumulated amortisation

Rights	4.640	119	-	-	-	4.759
Development costs	4.197	760	-	-	-	4.957
	8.837	879	-	-	-	9.716
Net book value	4.138					3.598

	1 January 2012	Additions	Transfers from construction in progress	Other Transfers	Disposals	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

The total amortization for the year ended 30 June 2013 and 2012 is presented in Note 12.

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NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2013	31 December 2012
Provision for restructuring and demand of other receivables (*)	1.350	1.076
Provision for export expenses (**)	1.736	1.038
Other	9	-
	3.095	2.114

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

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

The movement schedules of provision for restructuring expenses for the periods ended 30 June 2013 and 2012 are as follows:

Provision for export expenses

	1 January 2013 - 30 June 2013	1 January 2012 - 30 June 2012
Balance at 1 January	1.038	931
Charge for the period	8.353	5.954
Provision released	(7.655)	(5.896)
Balance at 30 June	1.736	989

Provision for restructuring expenses and other receivables

	1 January 2013 - 30 June 2013	1 January 2012 - 30 June 2012
Balance at 1 January	1.076	384
Charge for the period	280	84
Provision released	(6)	(163)
Balance at 30 June	1.350	305

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NOTE 15 – COMMITMENTS

Commitments and contingencies, which are not included in the liabilities at 30 June 2013 and 31 December 2012, are as follows:

Commitments based on export incentive certificates

	30 June 2013	31 December 2012
The total amount of export commitment of documents stored in the document	789.634	804.004
The amounts mentioned include commitments based on export incentive certificates which are presently fulfilled but the closing transactions are not concluded yet	449.121	222.254
Total amount of open export incentives	340.513	581.750
Open export incentives	92.373	197.234

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

	30 June 2013				31 December 2012		
	TL Equivalent	TL	USD	Euro	TL Equivalent	TL	Euro
A. CPMs given in the name of its own legal personality	242.946	46.599	99.397.552	2.000.000	55.488	50.785	2.000.000
B. CPM's given on behalf 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	242.946	46.599	99.397.552	2.000.000	55.488	50.785	2.000.000

As of 30 June 2013 the percentage of the other CPM's given by the Company to the total equity is 0% (31 December 2012: 0%).

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

NOTE 15 – COMMITMENTS (continued)

Mortgages and guarantees taken at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Notes of guarantees taken	17.214	17.292
Letters of guarantees taken	2.385	1.939
Mortgages taken	234	234
Total	19.833	19.465

NOTE 16 - EMPLOYEE BENEFITS

Short term employee benefits

	30 June 2013	31 December 2012
Unused vacation allowance	1.676	1.693
Provision for employee expenses	988	163
Premiums for senior management	-	700
	2.664	2.556

	30 June 2013	31 December 2012
Provision for employment termination benefits	16.198	15.767
	16.198	15.767

Unused Vacation Allowance

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

	1 January 2013 - 30 June 2013	1 January 2012 - 30 June 2012
Balances of 1 January	1.693	2.067
Charge for the period (Note 19)	109	79
Allowance released	(126)	(100)
Balance at 30 June	1.676	2.046

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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NOTE 16 - EMPLOYEE BENEFITS (continued)

Movements in the provision for employee expense are as follows:

	1 January 2013 - 30 June 2013	1 January 2012 - 30 June 2012
Balances of 1 January	163	223
Charge for the period	5.605	1.142
Allowance released	(4.780)	(547)
Balance at 30 June	988	818

Movements of premiums for senior management are as follows:

	1 January 2013 - 30 June 2013	1 January 2012 - 30 June 2012
Balances of 1 January	700	1.100
Charge for the period	-	150
Allowance released	(700)	(1.100)
Balance at 30 June	-	150

Provision for employment termination benefits

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

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

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

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

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.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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NOTE 16 - EMPLOYEE BENEFITS (continued)

	30 June 2013	31 December 2012
Discount rate (%)	3,73	3,73
Retention rate to estimate the probability of retirement(%)	98	98

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

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 3,25 (1 January 2012: TL 2,81), which is expected to be effective from 1 July 2013, has been taken into consideration in calculating the provision for employment termination benefits of the Company.

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

	1 January 2013 - 30 June 2013	1 January 2012 - 30 June 2012
Balances of 1 January	15.767	14.233
Charge for the period	2.288	2.180
Payments during the period	(1.857)	(1.442)
Balance at 30 June	16.198	14.971

NOTE 17 - OTHER ASSETS AND LIABILITIES

Other Non-Current Assets

	30 June 2013	31 December 2012
Deferred VAT	52.132	58.910
	52.132	58.910

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NOTE 18 – DERIVATIVE INSTRUMENTS

	30 June 2013	31 December 2012
Forward Contracts	(2.640)	-
	(2.640)	-

The Company has preserved some part of its TL based payment via foreign currency forward contracts whose amount is USD 49.000.00. As of 30 June 2013, the Company's foreign currency forward contracts revaluation amount is TL 2.640 and this amount has disclosed under derivatives and equity. (2012: None)

NOTE 19 - SHAREHOLDERS' EQUITY

Sasa Polyester Sanayi A.Ş fully paid and issued capital each KR 1 nominal value of 21.630.000.000 shares (31 December 2012: 21.630.000.000). The shareholders and shareholding structure of the Company at 30 June 2013 and 31 December 2012 are as follows:

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

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

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NOTE 19 - SHAREHOLDERS' EQUITY (continued)

Shareholders' equity items of company as at 30 June 2013 and 31 December 2012 prepared in accordance with the Communiqué No: XI-29 are as follows:

	30 June 2013	31 December 2012
Share Capital	216.300	216.300
Inflation adjustment to share capital	196.213	196.213
Restricted reserves	5.356	5.356
Accumulated loss	(173.081)	(143.386)
Actuarial gain/loss	(1.114)	(1.114)
Hedge fund for financial risk	(2.640)	-
Net (loss) / profit for the period	777	(29.695)
Shareholders' equity	241.811	243.674

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.

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NOTE 19 - SHAREHOLDERS' EQUITY (continued)

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

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

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

Profit Distribution:

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 2010, 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.

In accordance with the decree of the CMB dated February 25, 2005 and numbered 7/242 regarding the amount of profit to be distributed, which is calculated in accordance with the regulations of the CMB regarding the obligation of minimum profit distribution over the net distributable profit, the whole amount of profit to be distributed shall be distributed in the event that it can be provided from the distributable profit in the legal records, and the whole amount of the net distributable profit in the legal records shall be distributed in the event that it cannot be provided from the distributable profit in the legal records. In the event that there is a loss in the financial year in the financial statements prepared in accordance with the regulations of the CMB or in any of the legal records, no profit distribution shall be made.

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NOTE 20 - SALES AND COST OF SALES

Sales Revenue

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Domestic sales	333.966	313.761	156.541	165.371
Foreign sales	198.648	192.657	109.059	88.226
Other sales	3.704	6.844	1.112	3.306
Sales returns	(723)	(466)	(441)	(388)
Sales discounts	(950)	(1.356)	(699)	(387)
Other discounts	(58)	(34)	(58)	(34)
Sales Revenues(net)	534.587	511.406	265.514	256.094

Cost of Sales

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Direct first raw material and supplies expenses	382.878	425.808	196.527	223.355
Energy expenses	49.298	45.733	25.203	24.647
Labour expenses	24.377	25.342	12.257	13.700
Amortization	7.335	7.324	3.755	3.603
Other variable expenses	6.500	7.911	3.453	4.115
Spare parts and maintenance expenses	2.115	3.453	1.025	1.748
Insurance expense	426	526	221	278
Other fixed expenses	83	112	42	66
Usage of semi-finished goods	(78)	259	(126)	(862)
Production cost for the year	472.934	516.468	242.357	270.650
Usage of WIP and finished goods	13.204	(51.810)	(7.903)	(38.854)
Cost adjustment to unrealised sales	10.001	2.928	10.001	2.928
Cost of waste goods sold	4.138	8.640	2.064	4.028
Other idle time expenses	4.009	2.386	1.458	699
Idle time type amortisation	1.330	1.697	578	916
Provision for impairment inventories - net	(535)	225	-	244
Stock count differences	(621)	(229)	(219)	(174)
Cost of good sold during the year	504.460	480.305	248.336	240.437

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NOTE 21 - OPERATING EXPENSES

Selling, Marketing and Distribution Expense

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Export expenses	10.984	13.488	4.606	6.503
Personnel expenses	2.210	2.794	1.107	1.511
Taxes and duties	504	555	210	279
Insurance expenses	543	754	261	374
Energy expenses	363	354	186	171
Amortization (Note 10)	279	279	140	140
Rent expenses	121	20	14	10
Other	2.923	614	2.614	365
	17.927	18.858	9.138	9.353

General Administrative Expenses

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Personnel expenses	4.489	5.393	2.306	3.238
Seniority notice indemnity	684	441	310	206
Consultancy expenses	578	752	256	317
Amortization (Note 10)	406	362	205	183
Insurance expenses	315	257	167	129
Supplies, repair and maintenance expenses	198	215	92	127
Energy expenses	120	126	58	63
Auxiliary service expenses	137	113	80	68
Other expenses	831	676	404	326
	7.758	8.335	3.878	4.657

Research and Development Expenses

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Amortization (Note 10)	1.165	993	583	498
Labour and personnel expenses	1	126	-	73
Other expenses	111	81	45	46
	1.277	1.200	628	617

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NOTE 22 - OTHER OPERATING INCOME/EXPENSES

Other operating income

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Foreign exchange gain from trade receivables/payables	20.756	16.538	14.552	7.536
Miscellaneous sales income	12.559	12.717	7.646	8.486
Scrap sales income	2.726	-	266	-
Insurance compensation income	1.252	44	188	40
Financial income from credit sales	1.223	318	376	301
Provision of closed requests for restructuring and other receivables	826	1.050	700	1.029
Rent income	193	177	96	89
Other income	609	287	144	153
	40.144	31.131	23.968	17.634

Other operating expense

	1 January - 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Foreign exchange loss from trade receivables/payables	14.904	20.220	10.393	9.524
Miscellaneous sales expense	11.307	10.896	6.859	7.606
Taxes and duties paid	485	546	280	288
Provision for restructuring expenses	280	64	37	-
Provision for unused vacation (Note 14)	109	79	109	-
Premiums for senior management (Note 14)	-	150	-	150
Other	1.172	384	130	97
	28.257	32.339	17.808	17.665

NOTE 23 - FINANCIAL INCOME

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Foreign exchange income	1.516	543	598	241
Interest income	4	2	4	2
	1.520	545	602	243

NOTE 24 - FINANCIAL EXPENSES

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Foreign exchange losses	10.122	-	7.310	-
Interest expense	6.154	9.071	2.814	5.135
	16.276	9.071	10.124	5.135

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NOTE 25 - 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 2013 and 31 December 2012 using the enacted tax rates are as follows:

	Cumulative temporary difference		Deferred income tax asset/ (liabilities)	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Accumulated financial loss	(79.563)	(83.529)	15.913	16.706
Net difference between the tax base and the carrying value of tangible and intangible assets	24.679	27.329	(4.936)	(5.466)
Retirement pay provision	(16.198)	(15.767)	3.240	3.153
Net difference between the tax base and carrying value of inventories	(4.123)	(3.939)	825	788
Provision for accumulated unpaid vacation	(1.676)	(1.693)	335	339
Provision for accumulated unpaid vacation the carrying value of assets held for investment	(164)	(101)	33	20
Adjustment for not accrued financial expenses	164	123	(33)	(25)
Adjustment for not accrued financial income	(506)	(666)	101	133
Other	(2.386)	(3.850)	477	770
Deferred income tax assets			21.237	22.182
Deferred income tax liabilities			(4.969)	(5.491)
Provision for deferred tax asset recognised from carry forward (*)			(15.913)	(16.706)
Deferred income tax assets/liabilities, net			355	(15)

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

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NOTE 25 - TAX ASSETS AND LIABILITIES (continued)

Deferred income tax asset

	30 June 2013	31 December 2012
Deferred income tax asset to be recovered after more than a year	3.575	3.492
Deferred income tax asset to be recovered within one year	1.749	1.984
	5.324	5.476

Deferred tax liabilities

	30 June 2013	31 December 2012
Deferred income tax asset to be recovered after more than a year	4.936	5.466
Deferred income tax asset to be recovered within one year	33	25
	4.969	5.491

Movements in deferred taxes can be analyzed as follows:

	1 January 2013 - 30 June 2013	1 January 2012 - 30 June 2012
Balance at 1 January	(15)	(184)
Change for the year	370	(327)
Balance at 30 June	355	(511)

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NOTE 25 - TAX ASSETS AND LIABILITIES (continued)

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

	<u>30 June 2013</u>	<u>30 June 2012</u>
(Loss) / Profit before tax from operatio	407	(7.004)
Expected taxation (%20)	(81)	1.401
Tax effects of:		
-Revenue that is exempt from taxation	173	176
-Expenses that are not deductible in determining taxable profit	(630)	(274)
-Effect of prior period income tax offset form prior period losses	616	(1.671)
-Other adjustment	292	41
Income tax recognized in profit/(loss)	370	(327)

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 79.563 (31 December 2012: TL 83.529) in respect of losses, which are summarized as follows

2013	8.893
2014	39.412
2017	31.258
	<u>79.563</u>

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

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

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NOTE 25 - TAX ASSETS AND LIABILITIES (continued)

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

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

In accordance with mentioned revision, 100% of research and development expenditures facilities related to technology and information research as of 2008 balance sheet date are deducted from income before tax. Expected research and development allowance of the Company as of 30 June 2013 is TL 671.

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

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 2013 is TL 79.563 (31 December 2012: TL 83.529).

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NOTE 25 - TAX ASSETS AND LIABILITIES (continued)

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

Total taxes payable for 30 June 2013 and 2012 have been reconciled to the current year tax charge as follows:

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Current period tax charge	-	-	-	-
Deferred tax income / (expense)	(370)	327	(250)	24
Total tax benefit	(370)	327	(250)	24

NOTE 26 - EARNINGS PER SHARE

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Net (loss)/gain attributable to shareholders	(1.863)	(7.331)	533	(3.916)
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	(0,09)	(0,34)	0,02	(0,18)

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NOTE 27 - RELATED PARTY DISCLOSURES

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

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

a) **Due from related parties:**

	30 June 2013	31 December 2012
Group Companies	105	354
- Aksigorta A.Ş. ("Aksigorta") (2)	76	333
- Enerjisa Enerji Üretim A.Ş. ("Enerjisa") (2)	16	15
- Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa") (2)	5	6
- Avivasa (2)	8	-
Total	105	354

Receivables from related party adds up to TL 5 (31 December 2012: TL 6) it consists of trade receivable, TL 100 (31 December 2012: TL 348) and other receivables. Related party receivables are without guarantees. No interest is calculated for receivables.

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NOTE 27 - RELATED PARTY DISCLOSURES (continued)

b) Due to related parties:

	30 June 2013	31 December 2012
1) Shareholders	-	22
- Sabancı Holding (3)	-	22
2) Group Companies	12.830	12.257
- Enerjisa (2)	8.074	11.318
- Enerjisa Doğalgaz Toptan Satış A.Ş. ("Enerjisa Doğalgaz") (2)	2.987	-
- Aksigorta (2)	1.651	494
- Bimsa (2)	50	99
- Temsa (2)	33	-
- Çimsa (2)	26	-
- Sabancı Üniversitesi (2)	8	21
- Yünsa (2)	1	-
- Olmuksa (*) (2)	-	322
- Ak Finansal Kiralama A.Ş. (2)	-	3
Total	12.830	12.279

As of the report date, 12.830 TL of payables to related parties is trade payables. (31 December 2012: 12.257 TL trade payables, 22 TL other payables). As of 30 June 2013 average maturity of trade receivables and trade payables to related party, respectively, 34 days and 20 days (31 December 2012: 55 days and 20 days).

(*) All of the shares of Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş which is in the portfolio of Sabancı Holding were sold to International Paper Container Holdings (Spain) on January 3, 2013 and as of this date, Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş. is no longer a related party for the Company.

c) Bank deposits:

	30 June 2013	31 December 2012
Akbank (2)	609	1.513
Total	609	1.513

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NOTE 27 - RELATED PARTY DISCLOSURES (continued)

d) Lease Payables:

Ak Finansal Kiralama A.Ş. (2)	30 June 2013	31 December 2012
Short term lease payables	17	109
Total	17	109

e) Sales to related parties:

	1 January - 30 June 2013		
	Good	Service	Fixed Asset
1) Shareholders			
- Sabancı Holding (3)	-	-	402
2) Group Companies	4.453	85	-
- Kordsa (2)	4.448	1	-
- Yünsa (2)	5	-	-
- Enerjisa (2)	-	80	-
- Tamsa (2)	-	3	-
- Aksigorta (2)	-	1	-
Total	4.453	85	402

	1 January - 30 June 2012	
	Good	Service
1) Group Companies	-	83
- Enerjisa (2)	-	76
- Tamsa (2)	-	4
- Kordsa (2)	-	3
Total	-	83

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NOTE 27 - RELATED PARTY DISCLOSURES (continued)

		1 April - 30 June 2013	
	Good		Service
1) Group Companies	3		42
- Yünsa (2)	3		-
- Enerjisa (2)	-		40
- Temsa (2)	-		1
- Aksigorta (2)	-		1
Total	3		42

		1 April - 30 June 2012	
	Good		Service
1) Group Companies	-		40
- Kordsa (2)	-		1
- Enerjisa (2)	-		38
- Temsa (2)	-		1
Total	-		40

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NOTE 27 - RELATED PARTY DISCLOSURES (continued)

f) Purchases from related parties:

	1 January - 30 June 2013			
	Good	Service	Fixed Asset	Rent
1) Shareholders	-	89	-	47
- Sabancı Holding (3)	-	89	-	47
2) Group Companies	28	58.164	358	-
- Olmuksa (2)	27	-	-	-
- Yünsa (2)	1	-	-	-
- Enerjisa (2)	-	39.153	-	-
- Enerjisa Doğalgaz (2)	-	15.370	-	-
- Aksigorta (2)	-	3.046	-	-
- Bimsa (2)	-	249	358	-
- Avivasa (2)	-	163	-	-
- Temsa (2)	-	95	-	-
- Sabancı Üniversitesi (2)	-	42	-	-
- Çimsa (2)	-	33	-	-
- Akyatırım Menkul Değerler A.Ş. (2)	-	13	-	-
Toplam	28	58.253	358	47
	1 January - 30 June 2012			
	Good	Service	Fixed Asset	Rent
1) Shareholders	-	51	-	79
- Sabancı Holding (3)	-	51	-	79
2) Participation	-	351	387	-
- Bimsa (1)	-	351	387	-
3) Group Companies	874	43.220	-	-
- Olmuksa (2)	874	-	-	-
- Enerjisa (2)	-	38.334	-	-
- Aksigorta (2)	-	4.660	-	-
- Sabancı Üniversitesi (2)	-	16	-	-
- Avivasa (2)	-	183	-	-
- Ak Finansal Kiralama (2)	-	15	-	-
- Akyatırım Menkul Değerler A.Ş. (2)	-	12	-	-
Toplam	874	43.622	387	79

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 27 - RELATED PARTY DISCLOSURES (continued)

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

	1 April - 30 June 2013			
	Good	Service	Fixed Asset	Rent
1) Shareholders	-	89	-	24
- Sabancı Holding (3)	-	89	-	24
2) Group Companies	1	30.287	21	-
- Yünsa (2)	1	-	-	-
- Enerjisa (2)	-	20.411	-	-
- Enerjisa Doğalgaz (2)	-	7.804	-	-
- Aksigorta (2)	-	1.797	-	-
- Bimsa (2)	-	144	21	-
- Avivasa (2)	-	82	-	-
- Çimsa (2)	-	33	-	-
- Sabancı Üniversitesi (2)	-	16	-	-
Toplam	1	30.376	21	24

	1 April - 30 June 2012			
	Good	Service	Fixed Asset	Rent
1) Shareholders	-	-	-	40
- Sabancı Holding (3)	-	-	-	40
2) Participation	-	136	156	-
- Bimsa (1)	-	136	156	-
3) Group Companies	453	23.009	-	-
- Olmuksa (2)	453	-	-	-
- Enerjisa (2)	-	20.537	-	-
- Aksigorta (2)	-	2.363	-	-
- Avivasa (2)	-	93	-	-
- Sabancı Üniversitesi (2)	-	16	-	-
Toplam	453	23.145	156	40

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 27 - RELATED PARTY DISCLOSURES (continued)

g) Financial income:

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Akbank (2)	-	2	-	2
Total	-	2	-	2

h) Financial expense:

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Akbank (2)	28	1.714	13	724
Total	28	1.714	13	724

i) As of 30 June 2013 and 2012 remuneration of directors and key management personnel amounts are as follows:

	1 January- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April- 30 June 2012
Short term employee benefits	855	1.395	488	738
Employment termination benefits	-	349	-	349
Total	855	1.744	488	1.087

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 28 - 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 2013 and 31 December 2012 are as follows:

	30 June 2013			
	TL	USD	EURO	GBP
Trade receivables(Including other receivables)	236.158	84.298.287	29.399.451	-
Monetary financial assets (Including cash and banks)	1.387	509.640	156.514	4.282
Other	104	36.944	3.981	7.708
Current Asset	237.649	84.844.871	29.559.946	11.990
Total Asset	237.649	84.844.871	29.559.946	11.990
Trade payables(Including other payables)	(150.853)	(2.469.783)	(58.115.513)	(4.586)
Financial liabilities	(94.332)	(49.000.000)	(6.745)	-
Other	(1.743)	(96.609)	(616.393)	(2.769)
Short term liabilities	(246.928)	(51.566.392)	(58.738.651)	(7.355)
Financial liabilities	-	-	-	-
Long term liabilities	-	-	-	-
Total liabilities	(246.928)	(51.566.392)	(58.738.651)	(7.355)
Net foreign currency position	(9.279)	33.278.479	(29.178.705)	4.635
Export	198.648	7.709.549	73.687.048	67.115
Import	232.615	8.209.539	88.038.140	3.370

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (continued)

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

Foreign Currency Sensitivity Analysis

As of 30 June 2013;	<u>Profit / (Loss)</u>	
	<u>Appreciation of Foreign Currency</u>	<u>Depreciation of Foreign Currency</u>
10% change in US Dollar/TL Parity :		
US Dollar net asset	6.405	(6.405)
US Dollar net hedged amount	-	-
US Dollar net effect	6.405	(6.405)
10%change in EURO/TL Parity:		
EURO net asset	(7.335)	7.335
EURO net hedged amount	-	-
Euro net effect	(7.335)	7.335
10%change in GBP/TL Parity:		
GBP net asset	1	(1)
GBP net hedged amount	-	-
GBP net effect	1	(1)
Total	(929)	929

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (continued)

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

At 30 June 2013, had the TL weakened / strengthened by 10% against the US Dollar ceteris paribus, net loss for the period would have been higher / lower by TL 6.405 (31 December 2012: TL 696), mainly as a result of foreign exchange losses / gains arising from the translation of US Dollar assets and liabilities.

At 30 June 2013, had the TL weakened / strengthened by 10% against the Euro ceteris paribus, net loss for the period would have been higher / lower by TL 7.335 (31 December 2012: TL 2.169), mainly as a result of foreign exchange losses / gains arising from the translation of Euro assets and liabilities.

Interest rate risk

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

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

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Position Table

30 June 2013 31 December 2012

Fixed interest rate financial instruments

<i>Principle</i>	231.382	276.920
<i>Interest</i>	57	4.685
Total fixed financial liabilities	231.439	281.605

Variable interest rate financial instruments

Financial liabilities	-	-
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At 30 June 2013, if interest rates on TL denominated borrowings had been 10% higher / lower ceteris paribus, net gain for the period would have been TL 137 (31 December 2012: TL 149) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At 30 June 2013, if interest rates on US Dollar denominated borrowings had been 10% higher/lower ceteris paribus, net loss for the period would have been TL 94 higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings (31 December 2012 : TL 112).

At 30 June 2013, the Company has not EUR denominated borrowings but if interest rates on EUR denominated borrowings had been 10% higher/lower ceteris paribus, net loss for the period would have been TL higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings (31 December 2012 : TL 15).

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.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Exposure according to Financial Instruments Types

30 June 2013	Receivables				
	Trade Receivables		Other Receivables		Time
	Related Party	Other	Related Party	Other	Deposit
-Maximum credit risk exposure as of balance sheet date	5	256.956	100	18.759	1.913
-Guaranteed maximum risk by commitment or etc.(*)	-	213.325	-	-	-
-Net book value of non-overdue or unimpaired financial asset	5	239.879	100	18.759	1.913
Net book value of financial assets that would be overdue or impaired unless restricted	-	-	-	-	-
Net book value of overdue assets that are not impaired	-	14.044	-	-	-
-The part that is Guaranteed by commitment or etc.	-	12.676	-	-	-
-Net book value of impaired assets	-	3.033	-	-	-
- Overdue(gross book value)	-	3.033	-	-	-
- Impairment		(3.033)	-	-	-

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

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Exposure according to Financial Instruments Types (continued)

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

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (continued)

As of 30 June 2013 and 31 December 2012 net book value of overdue assets that not impaired is as follows:

Trade Receivables	30 June 2013	31 December 2012
Overdue 1-30 days	13.656	10.729
Overdue 1-3 months	388	510
Overdue 3-12 months	-	173
Total	14.044	11.412
Portion under the guarantee of collaterals, etc(*)	12.676	9.802

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

Liquidity risk

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

As of 30 June 2013;

Contractual maturities

	Financial Liabilities Other than Derivatives				
	Book Value	Total Cash Outflow Due to Contracts	3 months	3-12 months	1-5 years
Bank borrowings	231.422	231.576	121.380	110.196	-
Financial leasing liabilities	17	18	18	-	-
Trade payables	18.528	18.528	18.528	-	-
Other payables	6.423	6.423	2.569	3.854	-

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (continued)

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	153.398	153.562	138.906	14.656	-
Other payables	8.082	8.083	8.083	-	-

As of 31 December 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	276.811	285.526	133.335	152.191	-
Financial leasing liabilities	109	112	48	64	-
Trade payables	18.389	18.389	18.389	-	-
Other payables	10.276	10.276	2.569	5.138	2.569

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2013 (Continued)

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (continued)

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	100.350	100.473	68.045	32.428	-
Other payables	8.903	8.903	8.903	-	-

Funding risk

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

Capital risk management

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

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

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

As of 30 June 2013 and 31 December 2012 net debt/ (shareholders' equity + net debt) ratio is as follows:

	30 June 2013	31 December 2012
Total borrowings	442.467	439.997
Cash and cash equivalents	(1.917)	(3.785)
Deferred tax liabilities	355	(15)
Net debt	440.550	436.197
Shareholder's equity	241.811	243.674
Shareholder's equity+net debt	682.361	679.871
Net debt/ (Shareholders'equity+net debt) ratio	65%	64%

NOTE 29 - SUBSEQUENT EVENT

None.