

**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITORS'
REVIEW REPORT ORIGINALLY ISSUED IN TURKISH**

SASA POLYESTER SANAYİ A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS'
REVIEW REPORT FOR THE INTERIM PERIOD
1 JANUARY - 30 JUNE 2016**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

1. We have reviewed the accompanying condensed consolidated balance sheet of Sasa Polyester Sanayi A.Ş. (the “Company”) and its subsidiary (collectively referred as the “Group”) as of 30 June 2016, and the related condensed consolidated statements of comprehensive income, condensed consolidated changes in equity and condensed consolidated cash flows for the six-month period then ended. The Group management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with the financial reporting standards accepted by the Capital Markets Board. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with financial reporting standards accepted by the Capital Markets Board (Note 2).



Other Matter

5. The financial statements of the Group as of 31 December 2015 and for the year then ended were audited and the condensed consolidated interim financial statements as of 30 June 2015 and for the six-month period then ended were reviewed by another audit firm whose audit report dated 29 February 2016 expressed an unqualified opinion and whose review report dated 4 August 2015 expressed a conclusion that no material non-compliance with respect to the financial reporting standards accepted by the Capital Market Board has come to their attention.

Additional Paragraph for Convenience Translation into English

6. The accounting principles described in Note 2 to the condensed consolidated interim financial statements (defined as “CMB Financial Reporting Standards”) differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying condensed consolidated interim financial statements of SASA Polyester A.Ş. are not intended to present the financial position and results of operations of the Group in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

ORIGINALLY ISSUED IN TURKISH

Murat Sancar, SMMM
Partner

Istanbul, 29 July 2016

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**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

SASA POLYESTER SANAYİ A.Ş.

**CONDENSED CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2016 AND
31 DECEMBER 2015**

(Amounts expressed in a thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	30 June 2016	31 December 2015
ASSETS			
Current assets		686,642	480,881
Cash and cash equivalents	3	103,130	34,456
Trade receivables	5	338,737	228,620
- Due from non-related parties	5.27	337,248	228,233
- Due from related parties		1,489	387
Other receivables	7	1,308	1,062
- Due from non-related parties		1,308	1,062
Inventories	8	205,493	202,662
Prepaid expenses	9	6,108	352
Other tax assets	25	1,860	-
Other current assets	17	24,173	7,896
Assets held for sale	13	5,833	5,833
Non-current assets		203,306	218,680
Trade receivables	5	-	320
Other receivables	7	77	60
Investment properties	10	761	850
Tangible assets	11	150,962	141,604
Intangible assets	12	1,884	2,068
Prepaid expenses	9	15,578	1,577
Deferred tax asset	25	5,715	8,398
Other non-current assets	17	28,329	63,803
Total current assets		889,948	699,561
LIABILITIES			
Current liabilities		275,546	284,811
Short-term financial liabilities	4	131,643	151,952
- Due to non-related parties		131,643	151,952
Trade payables	5	127,736	120,964
- Due to non-related parties		127,736	120,964
Payables related to employee benefits	6	5,411	3,677
Other payables	7	1,077	497
- Due to non-related parties		1,077	497
Deferred income	7	2,724	2,768
Current income tax liabilities	25	5,434	1,389
Short term provisions		1,521	3,564
-Other short term provisions	14	1,137	1,064
-Short term provisions for employee benefits	16	384	2,500
Non-current liabilities		183,571	23,683
Long-term financial liabilities	4	156,660	-
- Due to non-related parties		156,660	-
Long-term provisions		26,911	23,683
-Long term provisions for employee benefits	16	26,911	23,683
EQUITY			
Share capital		430,831	391,067
Share capital	18	216,300	216,300
Adjustment to share capital	18	196,213	196,213
Restricted reserves	18	10,099	5,963
Other comprehensive income/expense not to be reclassified to profit or loss	18	(2,073)	(2,073)
-Remeasurement of defined benefit obligation		(2,073)	(2,073)
Accumulated losses	18	(29,472)	(96,067)
Net profit for the period		39,764	70,731
TOTAL LIABILITIES		889,948	699,561
Contingent asset, liability and commitments	14.15		

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

SASA POLYESTER SANAYİ A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE
INTERIM PERIODS ENDED 30 JUNE 2016 AND 2015**

(Amounts expressed in a thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 January 2015
Revenue	19	581,042	297,059	559,495	297,076
Cost of sales (-)	19	(498,239)	(244,060)	(483,324)	(248,731)
GROSS PROFIT		82,803	52,999	76,171	48,345
General administrative expenses (-)	20	(8,185)	(3,915)	(9,092)	(4,667)
Marketing expenses (-)	20	(28,700)	(14,965)	(25,195)	(12,419)
Research and development expenses (-)	20	(762)	(375)	(912)	(450)
Other operating income	22	38,558	24,740	55,580	24,929
Other operating expenses (-)	22	(34,239)	(19,071)	(35,394)	(25,738)
OPERATING PROFIT		49,475	39,413	61,158	30,000
Investment income	21	1,203	3	-	-
OPERATING PROFIT BEFORE FINANCIAL LOSS		50,678	39,416	61,158	30,000
Financial income	23	8,067	5,611	2,662	1,416
Financial expenses (-)	24	(10,663)	(7,437)	(27,610)	(8,194)
OPERATING PROFIT BEFORE TAX		48,082	37,590	36,210	23,222
Tax Benefit/(Expense)		(8,318)	(6,891)	4,202	3,635
-Current tax expense	25	(5,635)	(5,310)	(372)	(372)
- Deferred tax income / (expense) (-)	25	(2,683)	(1,581)	4,574	4,007
PROFIT FOR THE PERIOD		39,764	30,699	40,412	26,857
TOTAL COMPREHENSIVE INCOME		39,764	30,699	40,412	26,857
Earnings per share	26	0.184	0.142	0.187	0.124

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

SASA POLYESTER SANAYİ A.Ş.

**CONDENSED INTERIM CONDOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS
ENDED**

30 JUNE 2016 AND 2015

(Amounts expressed in a thousand Turkish Lira ("TRY") unless otherwise indicated.)

					Other comprehensive income / (expense) not in the reclassified to profit or loss			
	Notes	Paid in Capital	Inflation Adjustment to Shareholders Equity	Restricted Reserves	Remeasurement losses of defined benefit pension plans	Net profit of year	Accumulated Losses	Total Equity
Balance at 1 January 2015	18	216,300	196,213	5,356	(2,073)	-	(95,460)	320,336
Transfers		-	-	607	-	-	(607)	-
Total comprehensive income		-	-	-	-	40,412	-	40,412
Balance at 30 June 2015	18	216,300	196,213	5,963	(2,073)	40,412	(96,067)	360,748
Balance at 1 January 2016	18	216,300	196,213	5,963	(2,073)	70,731	(96,067)	391,067
Transfers				4,136	-	(70,731)	66,595	-
Total comprehensive income		-	-	-	-	39,764	-	39,764
Balance at 30 June 2016	18	216,300	196,213	10,099	(2,073)	39,764	(29,472)	430,831

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

SASA POLYESTER SANAYİ A.Ş.

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
ENDED**

30 JUNE 2016 AND 2015

(Amounts expressed in a thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January - 30 June 2016	1 January - 30 June 2015
Profit/ (loss) before taxation		48,082	36,210
Cash flows from operating activities			
Depreciation and amortization expense	10,11,12,13	5,719	6,992
Interest expense	24	4,792	5,133
Gain on sale of fixed assets	21	(1,203)	-
Provision for impairment fixed assets	11.22	-	6,195
Change in provision for employee benefits	14.16	5,116	3,287
Changes in provisions	14.16	384	114
Interest income from bank deposits	23	(988)	(284)
Rediscount interest income (net)	5	195	(173)
Provision for doubtful receivable	5	78	151
Premium provision	16	-	1,247
Cancelled premium provision	16	(1,264)	-
Provision for impairment inventories-net	9	(6,350)	3,752
Operating cash flows provided before changes in working capital:		54,561	62,624
Changes in operating assets and liabilities:			
Changes in trade receivable	5	(108,914)	(16,802)
Changes in due from related parties	5.7	(1,102)	271
Changes in inventories	8	3,519	(20,842)
Changes in other receivables	7	(263)	1,918
Changes in prepaid expenses	9	(19,757)	(3,822)
Changes in other current assets	17	(16,277)	2,881
Changes in other non-current assets	17	35,474	5,710
Changes in trade payables	5	6,718	56,936
Changes in due to related parties	27	(44)	(9,384)
Changes in debt for employee termination benefits	6	1,734	2,096
Changes in other short term liabilities	7	580	552
Net cash generated by operating activities:		(43,771)	82,138
Employment termination benefits paid	14.16	(1,817)	(1,684)
Changes premium provisions	16	(1,236)	(1,247)
Paid corporate tax	27	(1,860)	-
Tax payable paid	7	(1,590)	-
Net cash used in operating activities:		(50,274)	79,207
Investing activities:			
Purchase of property, plant and intangible assets	11.12	(14,892)	(17,324)
Proceeds from sale of property, plant and equipments	11.13	1,293	-
Net cash used in investing activities:		(13,599)	(17,324)
Financing activities:			
Bank loans received	4	244,038	150,576
Interest paid	4.24	(6,363)	(9,559)
Interest received	22	988	284
Repayment of borrowings	4	(106,116)	(159,931)
Net cash generated by financing activities		132,547	(18,630)
Net increase / (decrease) in cash and cash equivalents	3	68,674	43,253
Cash and cash equivalents at the beginning of the period	3	34,456	13,986
Cash and cash equivalents at the end of the period	3	103,130	57,239

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

SASA POLYESTER SANAYİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2016**

(Amounts expressed in a thousand Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Sasa Polyester Sanayi A.Ş. ("Group") was incorporated on 8 November 1966 in Adana. The Group is mainly engaged in the production and marketing of polyester fibre, yarns and related products and polyester chips. The Group is a subsidiary of Erdemoğlu Holding A.Ş. ("Erdemoğlu Holding") and accordingly its ultimate parent company is Erdemoğlu Holding.(*). Shares of Sasa Polyester Sanayi A.Ş. are quoted on the Borsa 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 2016, number of employees of the Group is 1,119 (31 December 2015: 1,078).

(*) Hacı Ömer Sabancı Holding A.Ş. has sold all the shares in Sasa Polyester Sanayi A.Ş. with a nominal value of TRY 110,313,001.18 corresponding to 51 % of the total share capital of Sasa Polyester Sanayi A.Ş. to Erdemoğlu Holding with a price of USD 104,189,990 as at 30 April 2015.

Subsidiaries

The Company has founded, Sasa Dış Ticaret A.Ş. with TRY 2,000 paid in capital owning 100% of shares, ("the Subsidiary"), in accordance with the Board of Directors decision numbered 24 and dated August 27, 2015, in order to gain an effective structure to the Company's export operations. Sasa and its subsidiary, together will be referred to as the "Group".

Summary of Significant Accounting Policies

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Group preferred to present its consolidated interim financial statements in condensed version. The Group's condensed consolidated interim financial statements do not include all disclosures and notes that should be included at year-end financial statements. Therefore the condensed consolidated interim financial statements should be considered together with the year-end financial statements.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of presentation

Principles for Preparation of Financial Statements and Significant Accounting Policies

The accompanying condensed consolidated interim financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, condensed consolidated interim financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA").

The Group prepared its condensed consolidated interim financial statements for the period ended 30 June 2016, in accordance with the TAS 34 "Interim Financial Reporting" in the framework of the Communiqué Serial: XII and numbered 14.1 and its related announcements. The condensed consolidated interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB, including its mandatory information.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

SASA POLYESTER SANAYİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2016**

(Amounts expressed in a thousand Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Group preferred to present its consolidated interim financial statements in condensed version. The Group's condensed consolidated interim financial statements do not include all disclosures and notes that should be included at year-end financial statements. Therefore the condensed consolidated interim financial statements should be considered together with the year-end financial statements.

The Company and its subsidiary maintain their accounting records and prepare their statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The condensed consolidated interim financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These condensed consolidated interim financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS/IFRS.

The Board of Directors has approved the condensed consolidated financial statements and given authorization for the issuance on 29 July 2016. The General Assembly has the authority to amend the condensed consolidated financial statements.

2.2 Comparative Information and Restatement of Prior Periods' Consolidated Financial Statements

In order to allow for the determination of the financial situation and performance trends the Group's condensed consolidated interim financial statements have been presented comparatively with the previous period. The Group presented consolidated balance sheet as of 30 June 2016 comparatively with the balance sheet as of 31 December 2015; comprehensive consolidated income statements, consolidated statements of cash flow and consolidated statements of change in shareholders' equity as of 30 June 2016 comparatively with the 30 June 2015 financial statements. Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current period. Reclassifications done for the purpose of compliance between current period and previous period consolidated financial statements has been disclosed.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED
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SASA POLYESTER SANAYİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2016**

(Amounts expressed in a thousand Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.6 Amendments in International Financial Reporting Standards

The accounting policies adopted in preparation of the interim financial statements as at 30 June 2016 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2016. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

Turkey Accounting Standards (TAS) or the International Financial Reporting Standards (IFRS) when preparing financial statements that comply with the standard changes and comments in the notes to be shown as follows:

A) Due to TAS 8 paragraph 28, in effect as of the reporting date with changes and interpretations to existing standards and new standards:

The new TAS/IFRS clarification regarding their impact on the financial statements:

- a) headline of TAS/IFRS;
- b) if the change in accounting policy is made in accordance with the relevant transitional provisions;
- c) clarification of changes on accounting policy;
- d) disclosure of the transitional provisions;
- e) the effects may be the next period of the transitional provisions;
- f) possibly, the current and the amount of correction for each prior period presented;
 - i. each affected financial statements should be presented, and
 - ii. if "TAS 33 Earnings per Share" standard applicable for the company, ordinary shares and diluted earnings per share should be calculated again;
- g) if possible not presented for prior periods of the amount of the adjustment period; and
- h) retrospective application must describe the events that led to this situation it is not possible for any period or periods, and which date from the change in accounting policy should be disclosed and how it is applied.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2016**

(Amounts expressed in a thousand Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

B) Due to TAS 8 paragraph 30, have been published as of the reporting date, standards have not yet entered into force, amendments and interpretations:

Published, but has not yet entered into force a new TAS/IFRS has not been applied early:

- a) in such a case; and
- b) TAS/IFRS's potential impact on the financial statements in the period of the change should be applied for determining the first known or reasonably estimable information should be disclosed in the financial statements.

a. Standards, amendments and interpretations applicable as at 30 June 2016

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to IAS 16 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2016**

(Amounts expressed in a thousand Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendment to IFRS 10 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
 - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
 - IAS 19, 'Employee benefits' regarding discount rates.
 - IAS 34, 'Interim financial reporting' regarding disclosure of information.
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports

b. Standards, amendments and interpretations effective after 30 June 2016:

- Amendments to IAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments IAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.

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SASA POLYESTER SANAYİ A.Ş.

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NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 16 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.7 Significant Accounting Estimations and Decisions

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Group preferred to present its consolidated interim financial statements in condensed version. The Group's condensed consolidated interim financial statements do not include all disclosures and notes that should be included at year-end financial statements. Therefore the condensed consolidated interim financial statements should be considered together with the year-end financial statements.

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NOTE 3 - CASH AND CASH EQUIVALENTS

	30 June 2016	31 December 2015
Cash on hand	14	14
Cash in banks	103,116	34,442
-Demand deposits	23,966	4,459
-Time deposits (*)	79,150	29,983
	103,130	34,456

(*) As at 30 June 2016 and 31 December 2015 time deposits with less than three months maturity are as follows:

Currency	Interest Rate (%)	Maturity	30 June 2016
TRY	9,75	1 July 2016	5.000
EURO	1,59	1 July 2016	74.150
			79.150

Currency	Interest Rate (%)	Maturity	31 December 2015
TRY	11,18	4 January 2016	10.870
USD	1	4 January 2016	11.805
EURO	1	4 January 2016	7.308
			29.983

The Group does not have any blocked deposits as at 30 June 2016 and 31 December 2015.

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NOTE 4 - FINANCIAL LIABILITIES

Short-term financial liabilities:

	30 June 2016	31 December 2015
Short-term bank borrowings	128,083	147,837
Borrowings from related parties	3,560	4,115
	131,643	151,952

Long-term financial liabilities:

	30 June 2016	31 December 2015
Long-term bank borrowings	156,660	-
	156,660	-

Foreign currency denominated bank borrowings and corresponding interest expense accruals as at 30 June 2016 and 31 December 2015 are as follows:

Principal	30 June 2016			31 December 2015		
	Weighted Average Effective Interest Rates (%)	Original Amount	TRY	Weighted Average Effective Interest Rates (%)	Original Amount	TRY
TRY	11.37	-	13,399	9.72	-	41,428
USD	1.95	12,500,000	36,170	1.75	22,000,000	63,966
EURO	3.84	73,900,000	236,805	1.30	13,550,341	43,058
			286,374			148,452
Accrued interest						
TRY		-	57		-	3,500
EURO		-	1,872		-	-
			288,303			151,952

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NOTE 5 - TRADE RECEIVABLES AND TRADE PAYABLES

Trade Receivables

	30 June 2016	31 December 2015
Trade receivables (*)	212,572	174,727
Cheques received (**)	129,333	58,226
Due from related parties (Note 27)	1,489	387
Deferred financial incomes (-)	(988)	(1,129)
Provision for doubtful receivables	(3,669)	(3,591)
	338,737	228,620

(*) As of 30 June 2016 trade receivables are discounted by 0.84% for TRY, 0.13% for USD, 0.13% for EUR. (As of 31 December 2015 0.84% for TRY, 0.13% for USD, 0.13% for EUR).

(**) Cheques received constitute the cheques obtained from customers and kept in portfolio as a result of trade activities and consist of TRY 32,646 with maturities of less than three months (31 December 2015: TRY 28,312).

Long Term Trade Receivables

Trade Receivables

	30 June 2016	31 December 2015
Trade receivables	-	320
	-	320

As of 30 June 2016 and 31 December 2015, past due but not impaired trade receivables as follows:

Overdue Period	30 June 2016	31 December 2015
0 - 1 month	15,021	15,279
1 - 3 months	1,991	1,269
Over 3 months	1,419	399
Total	18,431	16,947

As of 30 June 2016 and 31 December 2015, 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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NOTE 5 - TRADE RECEIVABLES AND TRADE PAYABLES (Continued)

The analysis of past due and impaired trade receivables are as follows:

Over period	30 June 2016	31 December 2015
0 - 3 months	78	259
Over 6 months	3,591	3,332
Total	3,669	3,591

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

	1 January - 30 June 2016	1 January - 30 June 2015
Balance at 1 January	(3,591)	(3,282)
Charged for the period (Note 22)	(78)	(151)
Balance at 30 June	(3,669)	(3,433)

Trade Payables

	30 June 2016	31 December 2015
Trade payables	127,736	120,964
	127,736	120,964

As of 30 June 2016 trade payables are discounted by 0.84% for TRY, 0.13% for USD, 0.13% for EUR. (As of 31 December 2015 0.84% for TRY, 0.13% for USD, 0.13% for EUR).

As of 30 June, 2016 average turnover for trade receivables and trade payables are 84 days and 73 days, respectively (31 December 2015: 79 days and 82 days respectively).

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NOTE 6 - LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits

	30 June 2016	31 December 2015
Social security and taxes payable	2,864	2,664
Due to personnel	2,547	1,013
	5,411	3,677

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	30 June 2016	31 December 2015
Receivables from insurance indemnity	412	539
Job advance	184	204
Other receivables	712	319
	1,308	1,062

Other Non-Current Receivables

	30 June 2016	31 December 2015
Deposits and guarantees	77	60
	77	60

Other Payables

	30 June 2016	31 December 2015
Taxes payables	1,059	478
Other	18	19
	1,077	497

Deferred Income

	30 June 2016	31 December 2015
Advances taken	2,724	2,768
	2,724	2,768

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NOTE 8 - INVENTORIES

	30 June 2016	31 December 2015
Raw materials and supplies	132,810	82,444
Intermediate goods	52,412	92,587
Finished goods	13,503	27,002
By products (*)	3,128	3,844
Semi-finished goods	3,258	3,475
Spare parts	3,954	3,500
Other	3,365	3,097
Less: Impairment in value of inventories (**)	(6,937)	(13,287)
	205,493	202,662

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

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

Movement of Provision for Impairment of Inventories:

	1 January - 30 June 2016	1 January - 30 June 2015
Balance at 1 January	(13,287)	(9,535)
Charged for the period (Note 19)	6,350	(3,752)
Balance at 30 June	(6,937)	(13,287)

The Group has decreased TRY 6,350 of its provision for impairment of inventories which was amounting TRY 13,287 and therefore realized allowance for impairment in current year for TRY 6,937. As of 30 June 2015, total inventory accounted with net realizable value is TRY 72,852 (31 December 2015: TRY 130,361).

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NOTE 9 - PREPAID EXPENSES

Prepaid Expenses (Short-term)

	30 June 2016	31 December 2015
Prepaid insurance	4,120	4
Other prepaid expenses	1,988	348
	6,108	352

Prepaid Expenses (Long-term)

	30 June 2016	31 December 2015
Fix asset advance (*)	15,320	1,537
Prepaid expenses for the following years	258	40
	15,578	1,577

(*) They are the advance payments for the solid state polymerization facility the group started building in the last quarter of 2015.

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NOTE 10 - INVESTMENT PROPERTIES

The movement schedules of investment properties and related accumulated depreciation for the years ended 30 June 2016 and 2015 are as follows:

	1 January		30 June
	2016	Additions	2016
Cost			
Land	5	-	5
Buildings	3,780	-	3,780
	3,785	-	3,785
Accumulated depreciation			
Building	2,935	89	3,024
Net book value	850		761

As of June 30, 2016 the Group has leased properties with the net book value of TRY 761 (30 June 2015: TRY 945) to the third parties through lease agreements. The Group has generated rent income of TRY 250 (30 June 2015: TRY 227) throughout the period resulting from these lease agreements (Note 22). The fair value of factory building was carried out according to the discounted cash flow and has been calculated TRY 5,759 (31 December 2015: TRY 4,672) with inflation rate is %5.1 discount rate is %10.02.

	1 January		30 June
	2015	Additions	2015
Cost			
Land	5	-	5
Buildings	3,780	-	3,780
	3,785	-	3,785
Accumulated depreciation			
Building	2,746	94	2,840
Net book value	1,039		945

The total depreciation for the period ended 30 June 2016 and 2015 is presented in Note 11.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

The movement schedules of property, plant and equipment and related accumulated depreciation for 30 June 2016 and 2015 are as follows:

	1 January 2016	Additions	Transfers	Disposals	30 June 2016
Cost					
Land	25,764	-	-	-	25,764
Land improvements	7,193	-	-	-	7,193
Buildings	62,328	-	-	-	62,328
Machinery and equipments	396,821	1,182	618	(98)	398,523
Motor vehicles	1,790	-	-	-	1,790
Furniture and fixtures	5,910	156	-	(109)	5,957
Construction in progress	2,532	13,312	(618)	-	15,226
	502,338	14,650	-	(207)	516,781
Accumulated depreciation					
Land improvements	6,178	39	-	-	6,217
Buildings	43,087	1,525	-	-	44,612
Machinery and equipments	305,475	3,418	-	(12)	308,881
Motor vehicles	1,708	12	-	-	1,720
Furniture and fixtures	4,286	208	-	(105)	4,389
	360,734	5,202	-	(117)	365,819
Net book value	141,604				150,962

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January					30 June
	2015	Additions	Transfers	Impairments	Disposals	2015
Cost						
Land	15,537	10,227	-	-	-	25,764
Land improvements	7,179	-	-	-	-	7,179
Buildings	59,829	2,499	-	-	-	62,328
Machinery and equipments (*)	401,772	1,165	2,957	(8,909)	(24)	396,961
Motor vehicles	1,785	-	-	-	-	1,785
Furniture and fixtures	5,083	183	-	-	(2)	5,264
Construction in progress	1,832	2,724	(2,957)	-	-	1,599
	493,017	16,798	-	(8,909)	(26)	500,880
Accumulated depreciation						
Land improvements	5,772	203	-	-	-	5,975
Buildings	40,061	1,500	-	-	-	41,561
Machinery and equipments	300,752	4,547	-	(2,714)	(24)	302,561
Motor vehicles	1,684	12	-	-	-	1,696
Furniture and fixtures	3,900	165	-	-	-	4,065
	352,169	6,427	-	(2,714)	(24)	355,858
Net book value	140,848					145,022

(*) Spare parts amounting to TRY 8,909 presented in inventory account has transferred as of January 1, 2014. Impairment analysis made for spare parts, as a result of this analysis impairment amounting TRY 6,195 is booked under other operating expenses (Note 22) in the financial statements.

As of June 30, 2016 and 2015 the Company does not acquired property, plant and equipment through finance leases. As of June 30, 2016 and 2015 there is no blockage or pledge on property, plant and equipment.

As of 30 June 2016 and 2015, total depreciation and amortization charges for the period between and the related income statement accounts are as follows:

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January - 30 June 2016	1 January - 30 June 2015
Cost of goods sold (Note 19)	4,272	5,441
Research expenses (Note 20)	552	721
General administrative expenses (Note 20)	624	548
Marketing expenses (Note 20)	271	282
	5,719	6,992

NOTE 12 - INTANGIBLE ASSETS

The movement schedules of intangible assets and related accumulated depreciation for the year ended 30 June 2016 and 2015 are as follows:

	1 January 2016	Additions	30 June 2016
Cost			
Rights	6,676	244	6,920
Development costs	7,600	-	7,600
	14,276	244	14,520
Accumulated amortisation			
Rights	5,169	282	5,451
Development costs	7,039	146	7,185
	12,208	428	12,636
Net book value	2,068		1,884

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NOTE 12 - INTANGIBLE ASSETS (Continued)

	1 January 2015	Additions	30 June 2015
Cost			
Rights	5,928	526	6,454
Development costs	7,600	-	7,600
	13,528	526	14,054
Accumulated amortisation			
Rights	4,662	247	4,909
Development costs	6,443	310	6,753
	11,105	557	11,662
Net book value	2,423		2,392

The total amortization for the year ended 30 June 2016 and 2015 is presented in Note 11.

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NOTE 13 - ASSET HELD FOR SALE

The movement schedules of asset held for sale and related accumulated depreciation for the year ended 30 June 2016 and 2015 are as follows:

	1 January 2016	Disposals	30 June 2016
Cost			
Land	14	-	14
Land improvements	1,045	-	1,045
Buildings	6,538	-	6,538
Machinery and equipments	12,196	-	12,196
Motor vehicles	224	-	224
Furniture and fixtures	290	-	290
	20,307	-	20,307
Accumulated depreciation			
Land improvements	819	-	819
Buildings	4,154	-	4,154
Machinery and equipments	9,001	-	9,001
Motor vehicles	224	-	224
Furniture and fixtures	276	-	276
	14,474	-	14,474
Net book value	5,833		5,833

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

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NOTE 13 - ASSET HELD FOR SALE (Continued)

	1 January 2015	Disposals	30 June 2015
Cost			
Land	14	-	14
Land improvements	1,045	-	1,045
Buildings	6,538	-	6,538
Machinery and equipments	13,595	(926)	12,669
Motor vehicles	224	-	224
Furniture and fixtures	290	-	290
	21,706	(926)	20,781
Accumulated depreciation			
Land improvements	819	-	819
Buildings	4,154	-	4,154
Machinery and equipments	10,176	(763)	9,413
Motor vehicles	224	-	224
Furniture and fixtures	276	-	276
	15,649	(763)	14,886
Net book value	6,057		5,895

NOTE 14- PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2016	30 June 2015
Provision for restructuring and demand of other receivables (*)	1,135	819
Other	2	-
	1,137	819

(*) 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.

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NOTE 14- PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Provision for restructuring expenses and other receivables

	1 January - 30 June 2016	1 January - 30 June 2015
Balance at 1 January	1,064	675
Changed for the period (Note 22)	147	234
Allowance released	(76)	(90)
Balance at 30 June	1,135	819

NOTE 15 - COMMITMENTS

Commitments and contingencies, which are not included in the liabilities at 30 June 2016 and 31 December 2015, are as follows:

Commitments based on export incentive certificates

	30 June 2016	31 December 2015
The total amount of export commitment of documents stored in the document	2,702,526	2,496,047
The amount mentioned include commitments based on export incentivesertificate which are presently fulfilled but the closing transactions are not concluded yet	2,021,781	1,815,683
Total amount of open export incentives	680,745	680,364
Open export incentives	179,379	234,055
	30 June 2016	31 December 2015
Open letter of credits	30,778	26,912

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NOTE 15 - COMMITMENTS (Continued)

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

	30 June 2016				31 December 2015			
	TRY Equivalent	TRY	USD	Euro	TRY Equivalent	TRY	USD	Euro
A.CPMs given in the name of its own legal personality	139.820	25.048	16.519	20.900	142.752	34.299	22.000	14.000
B.CPMs given on behalf of the fully consolidated companies	-	-	-	-	-	-	-	-
C.CPMs given on behalf of third parties for ordinary course of the business	-	-	-	-	-	-	-	-
D.Total amount of other CPMs given								
- Total amount of CPMs given on behalf of the majority shareholder	-	-	-	-	-	-	-	-
- Total amount of CPMs given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-	-	-
- Total amount of CPMs given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-
Total CPM Amount	139.820	25.048	16.519	20.900	142.752	34.299	22.000	14.000

As of 30 June 2016 the percentage of the other CPM's given by the Company to the total equity is 0% (31 December 2015: 0%).

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NOTE 15 - COMMITMENTS (Continued)

Mortgages and guarantees taken at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
Letters of guarantees taken	8.992	10.032
Cheques and notes of guarantees taken	1.719	1.719
Mortgages taken	234	234
Total	10.945	11.985

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NOTE 16 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Short term employee benefits

	30 June 2016	31 December 2015
Provision for personnel expenses	384	-
Provision for bonus	-	2,500
	384	2,500

Long term employee benefits

	30 June 2016	31 December 2015
Provision for employment termination benefits	24,173	21,620
Unused vacation allowance	2,738	2,063
	26,911	23,683

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 - 30 June 2016	1 January - 30 June 2015
Balance at 1 January	2,063	1,856
Charge for the period (Note 22)	675	308
Balance at 30 June	2,738	2,164

Movements of premiums for senior management are as follows:

	1 January - 30 June 2016	1 January - 30 June 2015
Balance at 1 January	2,500	2,500
Charge of the period	-	1,247
Allowance released	(1,264)	
Allowance paid	(1,236)	(1,247)
Balance at 30 June	-	2,500

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NOTE 16 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

Provision for Employment Termination Benefits

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

Under Turkish Labor Law, the 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.

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

	30 Haziran 2016	30 Haziran 2015
Discount rate (%)	3.81	3.81

Discount rate is derived upon the difference of long-term interest's rates in TRY 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 TRY 4,30 (1 January 2016: TRY 4,09), which is expected to be effective from 1 July 2016. has been taken into consideration in calculating the provision for employment termination benefits of the Group.

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

	1 January - 30 June 2016	1 January - 30 June 2015
Balance at 1 January	21,620	18,446
Charge for the period	4,294	2,745
Allowance released	(1,741)	(1,594)
Balance at 30 June	24,173	19,597

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NOTE 17 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	30 June 2016	31 Aralık 2015
Value added tax (*)	23,274	7,483
Deferred special consumption tax	899	413
	24,173	7,896

(*) The Group applied for a VAT refund amounting to TRY 6,178 before 30 June 2016 and expects to collect it in cash in the next few months (31 December 2015: TRY 679).

Other Non-Current Assets

	30 June 2016	31 Aralık 2015
Deferred VAT(**)	28,329	63,803
	28,329	63,803

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

NOTE 18 - 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 2015: 21,630,000,000). The shareholders and shareholding structure of the Company at 30 June 2016 and 31 December 2015 are as follows

	30 June 2016		31 Aralık 2015	
	TRY	Share (%)	TRY	Share (%)
Erdemoğlu Holding A.Ş.	183,431	84.80	183,431	84.80
Other	32,869	15.20	32,869	15.20
	216,300	100	216,300	100
Adjustments 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 18 - SHAREHOLDERS' EQUITY (Continued)

Shareholders' equity items of Group as at 30 June 2016 and 31 December 2015 prepared in accordance with the Communiqué No: XI-29 are as follows:

	30 June 2016	31 Aralık 2015
Share capital	216,300	216,300
Adjustments to share capital	196,213	196,213
Restricted reserves	10,099	5,963
Accumulated loss	(29,472)	(96,067)
Actuarial gain / (loss)	(2,073)	(2,073)
Net (loss) / profit for the period	39,764	70,731
Equity	430,831	391,067

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 18 - SHAREHOLDERS' EQUITY (Devamı)

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

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

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

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

Dividend distribution

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

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

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

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NOTE 19 - SALES AND COST OF SALES

Sales

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Domestic sales	322,927	177,818	314,423	166,280
Foreign sales	253,186	117,912	250,596	134,999
Other sales	9,883	4,745	1,671	1,152
Sales return	(1,620)	(448)	(2,447)	(1,410)
Sales discounts	(3,324)	(2,968)	(4,561)	(3,851)
Other discounts	(10)	-	(187)	(94)
Sales Revenues (Net)	581,042	297,059	559,495	297,076

Cost of Sales

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Direct first raw material and supplies expenses	372,892	194,102	355,227	190,828
Energy expenses	50,263	22,806	55,487	27,759
Labour expenses	32,018	16,429	28,703	14,901
Spare parts and maintenance expenses	4,844	3,106	4,000	2,178
Amortization (Note 11)	3,939	2,141	4,396	2,207
Insurance expenses	1,087	701	1,113	561
Usage of semi-finished goods	217	1,089	(988)	(1,326)
Other fixed expenses	6,005	1,331	8,710	4,635
Production cost for the year	471,265	241,705	456,648	241,743
Usage of WIP and finished goods	26,595	2,525	10,991	(5,988)
Cost of waste goods sold	3,413	1,661	1,735	1,144
Other idle time expenses	2,578	1,237	2,967	1,440
Cost of trade goods sold	588	-	-	-
Idle time type amortization (Note 11)	333	-	1,045	517
Periodicity adjustments	-	-	6,274	8,609
Provision for impairment inventories - net (Note 9)	(6,350)	(3,000)	3,752	1,308
Stock count differences	(183)	(68)	(88)	(42)
Cost of good sold during the year	498,239	244,060	483,324	248,731

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**NOTE 20 - MARKETING, GENERAL ADMINISTRATIVE AND RESEARCH AND
DEVELOPMENT EXPENSES**

General Administrative Expenses

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Personnel expenses	5,327	2,356	4,330	2,625
Amortization expenses (Note 11)	624	314	548	288
Severance and notice pay	584	335	544	301
Consultancy expenses	476	332	569	434
Supplies, repair and maintenance expenses	248	120	323	165
Insurance expenses	259	130	286	144
Auxiliary expenses	132	48	284	111
Energy expenses	109	55	110	59
Seniority notice idemnity (Note 16)	-	-	1,247	-
Other expenses	426	225	851	540
	8,185	3,915	9,092	4,667

Marketing Expenses

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Export expenses	21,646	11,527	19,503	10,075
Personnel expenses	3,299	1,565	2,700	1,304
Tax and duties	1,877	918	1,166	244
Insurance expenses	333	171	483	207
Energy expenses	296	143	313	165
Amortization expenses (Note 11)	271	135	282	141
Rent expenses	9	5	12	7
Other expenses	969	501	736	276
	28,700	14,965	25,195	12,419

Research and Development Expenses

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Amortization expenses (Note 11)	552	276	721	361
Maintenance expenses	32	20	27	12
First raw material and supplies expenses	9	-	9	-
Other expenses	169	79	155	77
	762	375	912	450

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NOTE 21 - INCOME/EXPENSE FROM INVESTING OPERATIONS

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Gain on sales of tangible assets (*)	1,203	3	-	-
	1,203	3	-	-

(*) It includes various idle machinery and equipment sales with zero book value.

NOTE 22- OTHER OPERATING INCOME / EXPENSE

Other Operating Income

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Foreign exchange gain from trade receivables / payables	22,376	15,112	39,705	16,587
Miscellaneous sales income	8,800	4,937	11,344	5,493
Provision no longer required	2,500	1,264	101	101
Financial income from credit sales	1,250	624	2,114	1,100
Scrap sales income	333	142	793	452
Rent income	250	125	227	114
Insurance compensation income	163	18	159	130
Dividende income from participations	-	-	-	-
Other income	2,886	2,518	1,137	952
	38,558	24,740	55,580	24,929

Other Operating Expense

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Foreign exchange gain from trade receivables / payables	22,475	12,198	18,585	13,845
Miscellaneous sales expense	8,518	4,456	9,053	4,630
Taxes and duties paid	803	417	756	546
Provision for unused vacation (Note 16)	675	394	308	229
Provision for restructuring expenses (Note 14)	147	11	234	223
Provision for doubtful receivable expense (Note 5)	78	78	151	-
Provision for impairment of fixed asset (*)	-	-	6,195	6,195
Other	1,543	1,517	112	70
	34,239	19,071	35,394	25,738

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NOTE 22 - OTHER OPERATING INCOME / EXPENSE (Continued)

(*) Spare parts amounting to TRY 8,909 presented in inventory account has transferred as of January 1, 2014. Impairment analysis made for spare parts, as a result of this analysis impairment amounting TRY 6,195 is booked under other operating expenses (Note 22) in the financial statements.

NOTE 23 - FINANCIAL INCOME

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Foreign exchange income	7,079	4,924	2,378	1,313
Interest income	988	687	284	103
	8,067	5,611	2,662	1,416

NOTE 24 - FINANCIAL EXPENSES

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Foreign exchange loss	5,871	4,589	22,477	5,334
Interest expense	4,792	2,848	5,133	2,860
	10,663	7,437	27,610	8,194

NOTE 25 - TAX ASSETS AND LIABILITIES

Deferred income taxes

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

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 2016 and 31 December 2015 using the enacted tax rates are as follows:

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

	Cumulative temporary difference		Deferred income tax asset / (liabilities)	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Net difference between the tax base and carrying value of tangible and intangible assets	(18,439)	(8,571)	(3,688)	(1,714)
Retirement pay provision	24,173	21,620	4,835	4,324
Net difference between the tax base and carrying value of inventories	16,113	15,451	3,223	3,090
Correction of the sale that are not realize	1,035	4,330	207	866
Provision for accumulated unpaid vacation	2,738	2,063	548	413
Held for sale asset's net difference between the book value and tax value	(937)	(753)	(187)	(151)
Provision for restruction expense	1,135	1,064	227	213
Provision for restructuring asset for investment's net difference between the book value and tax value	550	488	110	98
Provision for doubtful receivable	1,432	1,354	286	271
Provision for export expense	-	1,475	-	295
Adjustment for not accrued financial expenses	(213)	(159)	(44)	(33)
Adjustment for not accrued financial income	988	1,129	198	226
Provision for bonus	-	2,500	-	500
Deferred income tax assets			9,634	10,296
Deferred income tax liabilities			(3,919)	(1,898)
Deferred income tax asset/liabilities, net			5,715	8,398

Movements in deferred taxes can be analyzed as follows:

	1 January - 30 June 2016	1 January - 30 June 2015
Balance at 1 January	8,398	5,694
Deferred tax income of the term	(2,683)	4,574
Balance at 30 June	5,715	10,268

In addition, 1,168 TRY of the group's total discount rights, which is a portion of discounted corporate tax amounting 5,536 TRY, was offset from the profit.

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 2016 is 20% (2015: 20%).

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

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

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment allowance in its meeting held on 15 October 2009, and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment allowance for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated 8 January 2010, and thereby the time limitation regarding investment allowance was removed, however it has also been stated that balance regarding the calculation of the tax bases could not exceed 25% percent of the relevant income and the remaining balance after the investment allowance should be subject to 20% of corporate tax. The Company has unutilized carried forward investment allowance amounting to TRY 12.921 coming from balance subject to 19.8%. The Company uses unused investment tax in financial statements when financial income is occurred due to The Company cannot foresee its budget including taxable profits in the following periods.

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 14th (including the tax statements of March 2007 that Income Tax Law numbered 5615 is effective from 4 April 2007 and the law about the change in some laws) of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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

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

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

Total taxes payable for 30 June 2016 and 2015 have been reconciled to the current year tax charge as follows:

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Current period tax expense	(5,635)	(5,310)	(372)	(372)
Deferred tax income / (expense)	(2,683)	(1,581)	4,574	4,007
Total tax income / (expense)	(8,318)	(6,891)	4,202	3,635

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

Corporate Tax

	1 January- 30 June 2016	1 January- 30 June 2015
Corporate tax to be paid	5,624	(372)
Less: Prepaid taxes and funds	(190)	4,574
Current tax provision	5,434	4,202

	1 January- 30 June 2016	1 January- 30 June 2015
Corporate tax refund receivable	1,860	-
Current tax provision	1,860	-

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NOTE 26 - EARNINGS PER SHARE

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Net gain attributable to shareholders	39,764	30,699	40,412	26,857
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 hundreds of ordinary shares	0.184	0.142	0.187	0.124

NOTE 27 - RELATED PARTY DISCLOSURES

a) Due to related parties:

	30 June 2016	31 Aralık 2015
Özerdem Mensucat San. Tic. A.Ş.	772	85
Merinos Halı San. Tic. A.Ş.	662	235
Merinos Mobilya Tekstil San. Tic. A.Ş.	55	60
Dinarsu İmalat ve Ticaret T.A.Ş.	-	7
Toplam	1,489	387

b) Sales to related parties:

	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
	Good	Good	Good	Good
Merinos Halı San. Tic. A.Ş.	3,108	1,736	52	52
Özerdem Mensucat San. Tic. A.Ş.	2,767	1,381	46	46
Dinarsu İmalat ve Ticaret T.A.Ş.	218	150	-	-
Merinos Mobilya Tekstil San. Tic. A.Ş.	132	92	-	-
Total	6,225	3,359	98	98

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Amounts expressed in a thousand Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

c) As of 30 June 2016 and 2015 remuneration of directors and key management personnel amounts are as follows:

	1 January - 1 April - 30 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Short term benefits to senior management	1,083	410	1,415	652
Total	1,083	410	1,415	652

NOTE 28 - FINANCIAL RISK MANAGEMENT

Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The 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 Group.

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

Foreign Currency Position Table

Assets and liabilities denominated in foreign currencies at 30 June 2016 and 31 December 2015 are as follows:

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(Amounts expressed in a thousand Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

	30 June 2016			
	TRY	USD	EURO	GBP
Trade receivables	343,840	71,645	42,425	151
Monetary financial assets (including cash and banks)	96,675	1,420	28,783	86
Other	50	-	7	8
Current asset	440,565	73,065	71,214	244
Total asset	440,565	73,065	71,214	244
Trade payables (including other payables)	104,311	8,174	25,167	3
Financial liabilities	116,316	12,500	25,011	-
Other	3,935	80	1,150	4
Short term liabilities	224,562	20,754	51,329	8
Financial liabilities	156,660	-	48,889	-
Long term liabilities	156,660	-	48,889	-
Total liabilities	381,222	20,754	100,218	8
Not foreign currency position	59,343	52,311	(29,004)	237
Export	263,721	5,059	72,081	522
Import	388,480	20,913	99,695	2
	31 December 2015			
	TRY	USD	EURO	GBP
Trade receivables (including other receivables)	221,013	56,619	17,589	115
Monetary financial assets (including cash and banks)	23,412	4,761	2,856	64
Other	57	-	8	8
Current asset	244,482	61,380	20,453	187
Total asset	244,482	61,380	20,453	187
Trade payables (including other payables)	96,080	3,880	26,670	12
Financial liabilities	107,024	22,000	13,550	-
Other	-	-	0	-
Short term liabilities	203,104	25,880	40,220	12
Financial liabilities	-	-	-	-
Long term liabilities	-	-	-	-
Total liabilities	203,104	25,880	40,220	12
Not foreign currency position	41,378	35,500	(19,767)	175
Export	505,356	12,068	143,277	439
Import	624,215	29,999	178,987	-

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NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Sensitivity Analysis

	<u>Profit / (Loss)</u>	
	<u>Appreciation of Foreign Currency</u>	<u>Depreciation of Foreign Currency</u>
As of 30 January 2016;		
10% change in USD/TRY parity:		
USD net asset	15,137	(15,137)
USD net hedged amount	-	-
USD Net Effect	15,137	(15,137)
10% charge in EUR/TRY parity:		
EUR net asset	(9,294)	9,294
EUR net hedged amount	-	-
EUR Net Effect	(9,294)	9,294
10% change in GBP/TRY parity:		
GBP net asset	92	(92)
GBP net hedged amount	-	-
GBP Net Effect	92	(92)
Total	5,935	(5,935)

	<u>Profit / (Loss)</u>	
	<u>Appreciation of Foreign Currency</u>	<u>Depreciation of Foreign Currency</u>
As of 31 December 2015;		
10% change in USD/TRY parity:		
USD net asset	10,344	(10,344)
USD net hedged amount	-	-
USD Net Effect	10,344	(10,344)
10% charge in EUR/TRY parity:		
EUR net asset	(6,281)	6,281
EUR net hedged amount	-	-
EUR Net Effect	(6,281)	6,281
10% change in GBP/TRY parity:		
GBP net asset	75	(75)
GBP net hedged amount	-	-
GBP Net Effect	75	(75)
Total	4,138	(4,138)

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NOTE 29 - SUBSEQUENT EVENTS

As per the Board of Directors decision dated 05 May 2016, we applied to the Capital Markets Board to increase our company's issued capital from TRY 216,300,000 to TRY 266,300,000 by using TRY 50,000,000 of the favourable variance on the capital adjustment. The necessary permits were received on 30 June 2016 and the TRY 266,300,000 increase to issued capital was certified on 13 July 2016. Free of charge share at a rate of 23.11604% is given per share value.

At its 21 July 2016 meeting the Board of Directors decided unanimously to increase the company's issued capital from TRY 266,300,000 to TRY 366,300,000 which falls within Sasa Polyester Sanayi A.Ş.'s existing registered capital ceiling of TRY 500,000,000, and to obtain TRY 71,901,095.26 of the TRY 100,000,000 increase from the extraordinary reserves account, TRY 27,239,945.80 from the favourable variance on the capital adjustment account, and TRY 858,958.94 from the special funds account, and to give free of charge share at a rate of 37.55163% (thirty-seven point fifty-five thousand one hundred sixty-three) per share value.

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